

**TWENTIETH AMENDMENT
TO OFFERING PLAN FOR
37-30 83RD STREET
JACKSON HEIGHTS, NEW YORK**

The Offering plan dated March 10, 1987, together with the previous 19 amendments (collectively, the "Plan"), is hereby amended as follows:

1. FINANCIAL OBLIGATIONS

As of the date hereof 120 BA Associates, LLC ("120 BA") owns the unsold shares allocated to a total of 11 apartments set forth on Schedule A annexed. The total monthly maintenance which 120 BA must pay for Unsold Shares is approximately \$9,872.52 per month. Rent collected from Unsold Shares is approximately \$5,720.81 month. The aggregate monthly deficit of \$4,151.71 is met by sales and by other funds of 120 BA and its principals.

There are no other obligations of 120 BA which are due within the next twelve months other than payment of maintenance charges. 120 BA is current, and for at least the last twelve months, has been current with respect to all obligations under the Plan. The Unsold Shares are not pledged for any loan.

2. FINANCIAL STATEMENTS AND BUDGET

Annexed hereto as Schedule B are the financial statements for the years ending February 29, 2009 and February 28, 2008, February 28, 2010 and 2009, February 28, 2011 and 2010 and February 29, 2012 and 2011. The 2010, 2011, 2012 and 2013 budgets are annexed hereto as Schedule C. Maintenance is currently \$24.2397 per share per year.

3. 120 BA AND ITS PRINCIPAL'S INTEREST IN OTHER BUILDINGS

120 BA is a principal of seller of the following three offering plans as to which it owns more than 10% of the shares:

Esplanade Gardens Tenants Corp.
531 East Lincoln Avenue
Mt. Vernon, New York

120 Bennett Avenue Owners Corp.
120 Bennett Avenue
New York, New York 10033

Newport Apartments, Inc.
42-65 Kissena Boulevard

Flushing, New York

Except for these three properties, neither 120 BA, nor any of the individual principals of 120 BA, is a sponsor or a principal of a sponsor of offerings of cooperative interest in realty for any other properties as to which the offeror owns more than 10% of the shares, other than the cooperatives with respect to which Ira Lifshutz and Meyer Jeger are principals of seller, Sponsor or Holder of Unsold Shares listed below:

Kew Terrace Owners Corp.
7911 Main Street
Flushing, New York

32-30 Owners Corp.
32-30 93rd Street
Jackson Heights, New York

1717 East 18th Street Owners, Inc.
1717 East 18th Street
Brooklyn, New York

Holliswood Owners Corp.
Holliswood Gardens
Hollis, New York

86-10 Owners Corp.
56-10 109th Street
Richmond Hill, New York

Kew Court Owners Corp.
85-11 Lefferts Boulevard
Kew Gardens, New York

Fleetwood Court Apartments, Inc. (Meyer Jeger only)
808-840 Bronx River Road
Bronxville, New York

120 BA, Ira Lifshutz and Meyer Jeger, in their capacity as Sponsor and Holders of Unsold Shares are current with respect to their obligations as to these offerings. Copies of offering plans for all of these projects are available for copying at the Attorney General's office, 120 Broadway, 23rd Floor, New York, New York 10271

4. BOARD OF DIRECTORS

120 BA is not in control of the Board of Directors of the Corporation. The current members of the Board of Directors and officers are as follows ("120" indicates a director appointed by 120):

Jose Guerra	President
Melinda Eisenmann	Vice-President
Mirella Boselli	Treasurer
Juan Paulino	Secretary
Meyer Jeger	120 Director

5. REVISED ESCROW TRUST FUND REGULATIONS.

The Department of Law has revised its regulations to eliminate the Attorney General's authority to adjudicate disputes regarding the disposition of deposits, down payments and advances received by Sponsor pursuant to Sections 352-e(2-b) and 352-h of the New York General Business Law ("GBL"). The changes affect only Purchasers who have not received a fully executed Contract of Sale prior to the date of service of this Amendment. For all other Purchasers, the disclosures set forth in the Section of the Plan entitled "Procedure to Purchase" are modified as set forth herein.

Revised Procedure to Purchase.

Section 2 (D) of the 15th Amendment entitled "Escrows Terms" is hereby replaced with the disclosures set forth below in this Paragraph 5. Section 28 of the Contract of Sale, attached as Exhibit A to the 15th Amendment is hereby deleted in its entirety and replaced by the provisions set forth in the 2nd Rider to the Contract of Sale. The Escrow Agreement attached as Exhibit B to the 15th Amendment is also hereby replaced with the provisions of Rider 2 to the revised Contract of Sale. Rider 2 will be attached to and made part of each Contract of Sale entered into on or after the date of service of this Amendment.

Additionally, Section 37 of the Rider to Contract of Sale attached to the 15th Amendment, which discussed financing is hereby deleted in its entirety.

A revised copy of the Contract of Sale is attached as Schedule D.

The Escrow Agent

The law firm of Lefkowitz & Edelstein, whose address is 444 Madison Avenue, Suite 805, New York, New York 10022, and whose telephone number is (212) 759-1200 (the "Escrow Agent"), shall serve as escrow agent for Seller and the Purchaser.

The Escrow Account

The Escrow Agent has established an IOLA escrow account (the “Escrow Account”) at Provident Bank, located at 1412 Broadway, New York, New York 10018 (the “Bank”), a bank authorized to do business in the State of New York, account number 004047745. The name of the Escrow Account is “Lefkowitz & Edelstein IOLA Escrow Account.” The signatories on the Escrow Account, whom are admitted to practice law in the State of New York, are Richard S. Lefkowitz and Walter Edelstein.

The Bank is insured by the Federal Deposit Insurance Corporation generally to a maximum of \$250,000 in the aggregate with respect to all funds deposited by any person in one or more deposit accounts (including, without limitation, amounts deposited directly by such person and the Contract deposit held in escrow for such person by the Escrow Agent). If the Contract deposit exceeds \$250,000, or if the amount of Purchaser’s deposits at the Bank and the Contract deposit exceed \$250,000, the aggregate of the Contract deposit and all other such deposits will generally not be federally insured in excess of \$250,000. No representation or guaranty is made by the Escrow Agent or Seller that the Federal Deposit Insurance Corporation will insure Purchaser’s funds, if and when called upon to do so.

The contract deposit is to be paid by Purchaser’s unendorsed personal check, drawn on a bank to which checks are presented for payment through the New York Clearing House Association. Said check is to be made payable to the order of “Lefkowitz & Edelstein, as Escrow Agent.”

Any deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account and released in accordance to the terms of a written agreement between the Purchaser and Holder. Such deposits shall otherwise be treated in the same manner as the contract deposit.

The Escrow Account will be an “Interest on Lawyer Account” established in compliance with Section 497 of the Judiciary Law. Therefore, no interest on the account will be payable to either Holder or Purchaser. No fees of any kind may be deducted from the Escrow Account, and Holder shall bear all costs associated with the maintenance of the Escrow Account.

Contract of Sale

The Contract of Sale attached as Exhibit A to the 15th Amendment has been replaced with the Contract of Sale attached hereto as Schedule D. The relevant escrow trust fund provisions are included in Rider 2 to the revised Contract of Sale, which must be executed by the Escrow Agent.

Notification to Purchasers

Within ten (10) business days after the Contract of Sale has been tendered to the Escrow Agent together with the contract deposit, the Escrow Agent shall sign the Contract of Sale and place the contract deposit in the Escrow Account. The Escrow Agent shall then notify the Purchaser and Holder that such funds have been deposited into the Escrow Account and shall provide the account number and the initial interest rate to be earned on the contract deposit. Subject to the provisions of the next sentence, if such Purchaser does not receive notice of such deposit within fifteen (15) business days after unconditional tender and delivery of the contract deposit to Holder or the Selling Agent, then such Purchaser may rescind his Contract of Sale, so long as such right to rescind is exercised within ninety (90) days after such Purchaser's unconditional tender and delivery of the Contract deposit to Holder or the Selling Agent. Complaints concerning the failure to honor any such rescission requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, New York 10271. A Purchaser shall not, however, be entitled either to rescind his Contract of Sale or to receive a refund of his contract deposit where proof satisfactory to the Attorney General is submitted establishing that the contract deposit was timely deposited and notice as provided above was timely given to such Purchaser in conformity with the Attorney General's Regulations. The receipt of the contract deposit by the Escrow Agent and the deposit of the contract deposit in the Escrow Account will not be deemed acceptance of the Contract of Sale by Holder, which acceptance can only occur as in the Section of the Plan entitled "Procedure to Purchase."

Release of Funds

As provided in Section 352-h of the GBL, all contract deposits (but not advances made for upgrades, extras, or custom work received in connection with the Contract of Sale) are and shall continue to be the Purchaser's money and may not be commingled with any other money or pledged or hypothecated by Holder.

Under no circumstances shall Holder apply for release of the contract deposit of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance by the Department of Law of an amendment declaring the plan effective. Consummation of the Plan does not relieve Holder of its obligations pursuant to Section 352-e(2-b) or Section 352-h of the GBL.

The Escrow Agent shall release the contract deposit if so directed: (a) pursuant to the terms and conditions set forth in the Contract of Sale upon the closing of title to the Unit; (b) in a subsequent writing signed by both Holder and Purchaser; or (c) by a final, non-appealable judgment or order of a court of competent jurisdiction. If the Escrow Agent is not directed to release the contract deposit pursuant to clause (a), (b) or (c) above and receives a request by either party to release the Contract Deposit, then the Escrow Agent shall give both the Purchaser and Holder prior written notice of not less than thirty (30) days before releasing the Contract Deposit. If the Escrow Agent has not received notice of objection to the release of the contract deposit prior to the expiration of said thirty (30)-day period, the contract deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said

release. If the Escrow Agent receives a written notice from either party objecting to the release of the contract deposit within said thirty (30)-day period, the Escrow Agent shall continue to hold the contract deposit until otherwise directed pursuant to clause (a), (b) or (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the contract deposit contained in the Escrow Account (together with any interest earned thereon) with the clerk of the county in which the Unit is located and shall give written notice to both parties of such deposit.

Holder will not object to the release to any Purchaser of the contract deposit paid by such Purchaser, provided that such Purchaser has timely rescinded such Purchaser's Contract of Sale in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; nor shall Holder object to the release of their Contract Deposits to all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

Waiver Void

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

5. NO MATERIAL CHANGES

Except as has been set forth in this Amendment, there are no other material changes with respect to this offering.

Dated: September 17, 2013

120 BA Associates, LLC

Schedule A

Schedule A
Purchase Price and Other Financial Details for Each Apartment
37-30 83rd Street
Jackson Heights, new York 11357

Apartment Number	Status	Rooms/Baths	Number of Shares	Sales Price @ \$600 per Share	Estimated Monthly Maintenance @ \$2.0199	Estimated Annual Maintenance @ \$24.2397	Approximate Amount of Mortgage Applicable to Each Apartment @ \$91.20 per Share	Estimated Tax Deduction @ \$10.40 per Share
3A	S	4/1	438	\$262,800	\$884.72	\$10,616.59	\$39,945.60	\$4,555.20
3J	V	4.5/2	539	\$323,400	\$1,088.73	\$13,064.71	\$49,156.80	\$5,605.60
4B	S	4/1	407	\$244,200	\$822.10	\$9,865.19	\$37,118.40	\$4,232.80
4G	S	3.5/1	417	\$250,200	\$842.30	\$10,107.58	\$38,030.40	\$4,336.80
4M	S	4/1	407	\$244,200	\$822.10	\$9,865.19	\$37,118.40	\$4,232.80
4N	S	4/1	447	\$268,200	\$902.90	\$10,834.74	\$40,766.40	\$4,648.80
5A	S	4/1	473	\$283,800	\$955.41	\$11,464.95	\$43,137.60	\$4,919.20
5E	S	3.5/1	425	\$255,000	\$858.46	\$10,301.49	\$38,760.00	\$4,420.00
5G	S	3.5/1	442	\$265,200	\$892.80	\$10,713.55	\$40,310.40	\$4,596.80
6G	S	3.5/1	454	\$272,400	\$917.03	\$11,004.36	\$41,404.80	\$4,721.60
6K	S	3.5/1	453	\$271,800	\$915.01	\$10,980.18	\$41,313.60	\$4,711.20
			4,902	\$2,941,200	\$9,901.55	\$118,818.54		

Total = 11 units.

S=Stabilized

V=Vacant

Schedule B

**MONTEREY OWNERS CORP.
A COOPERATIVE HOUSING CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
FEBRUARY 29, 2009 AND FEBRUARY 28, 2008**

DOUGLAS CONDON CPA LLC

813 Eighth Avenue Brooklyn, N.Y. 11215-4148

Tel: (718) 788-3913 Fax: (718) 768-4303

Email: dougcondoncpallc@earthlink.net

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Monterey Owners Corp.

I have audited the accompanying balance sheets of Monterey Owners Corp. (the "Corporation") as of February 29, 2009 and February 28, 2008 and the related statements of revenues and expenses and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based upon my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monterey Owners Corp. as of February 29, 2009 and February 28, 2008 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As described in Note 6, the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the estimates of the future costs of major repairs and replacements that will be required in the future. The American Institute of Certified Public Accountants has determined that this information is required as supplementary information, although not required to be a part of, the basic financial statements.

Brooklyn, New York
August 13, 2009



MONTEREY OWNERS CORP.
A COOPERATIVE HOUSING CORPORATION
BALANCE SHEETS
FEBRUARY 29, 2009 AND FEBRUARY 28, 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Operating cash	\$ 280,339	\$ 546,052
Escrow cash	0	4,500
Receivables from shareholders	11,098	13,777
Property and equipment, less accumulated depreciation of \$ 4,069,779 and \$ 4,052,060 at February 28, 2009 and February 28, 2008	830,269	452,427
Land	508,237	508,237
Mortgage refinance costs, less accumulated amortization of \$15,030 and \$5,537 at February 28, 2009 February 28, 2008	79,894	89,387
Deposit	<u>770</u>	<u>770</u>
Total Assets	<u>\$ 1,710,607</u>	<u>\$ 1,615,150</u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 60,689	\$ 74,357
Security deposits	4,140	3,140
Mortgage and line of credit payables	<u>3,185,000</u>	<u>3,035,000</u>
Total liabilities	<u>3,249,829</u>	<u>3,112,497</u>
 <u>Shareholders' Equity</u>		
Common stock, \$1 par value, 35,000 shares authorized; 33,279 shares issued and outstanding	33,279	33,279
Additional paid in capital	2,701,098	2,701,098
Accumulated deficit	<u>(4,273,599)</u>	<u>(4,231,724)</u>
Total Shareholders' Equity	<u>(1,539,222)</u>	<u>(1,497,347)</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,710,607</u>	<u>\$ 1,615,150</u>

See accompanying notes to the financial statements.

MONTEREY OWNERS CORP.
A COOPERATIVE HOUSING CORPORATION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEARS ENDED FEBRUARY 29, 2009 AND FEBRUARY 28, 2008

<u>REVENUES</u>	<u>2009</u>	<u>2008</u>
Maintenance	\$ 687,207	\$ 633,812
Garage	71,543	65,742
Laundry	7,244	7,416
Special assessment	0	18,001
Tax refund	0	2,619
Interest and dividends	<u>4,685</u>	<u>14,542</u>
Total revenues	770,679	742,132
<u>EXPENSES</u>		
Real estate taxes	177,196	141,789
Interest	172,486	192,292
Heating expense (gas and fuel oil)	88,798	73,560
Repairs and maintenance	78,948	75,315
Water & sewer	48,450	47,534
Insurance	44,154	59,974
Salaries and related expenses	43,986	41,574
Professional fees	42,888	20,059
Supplies	36,036	27,123
Electricity	25,480	24,101
Management fees	15,611	18,718
Pest control	4,245	4,216
Office expenses	3,681	2,957
Miscellaneous	2,749	3,667
Licenses/permits	633	746
Prepayment penalty	0	96,467
Local law 11 expenses	0	26,292
Writeoff of previous loan costs	<u>0</u>	<u>12,339</u>
Total expenses before depreciation and amortization	<u>785,341</u>	<u>868,726</u>
Excess of (expenses over revenue)		
revenue over expenses before depreciation and amortization	(14,662)	(126,594)
Depreciation	17,719	13,185
Amortization	<u>9,493</u>	<u>8,663</u>
Excess of expenses over revenues	<u>\$ (41,874)</u>	<u>\$ (148,442)</u>

See accompanying notes to the financial statement

MONTEREY OWNERS CORP.
A COOPERATIVE HOUSING CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2009 AND FEBRUARY 28, 2008

Cash flows from operating activities:	<u>2009</u>	<u>2008</u>
Excess of expenses over revenues	\$ (41,874)	\$ (148,442)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities:		
Depreciation	17,719	13,185
Amortization	9,493	8,663
(Increase) decrease in:		
Receivables from shareholders	2,679	(4,441)
Escrow	4,500	21,482
Prepaid expenses	0	7,705
Increase (decrease) in:		
Security deposits	1,000	(3,330)
Accounts payable	<u>(13,667)</u>	<u>(2,168)</u>
Total adjustments	<u>21,724</u>	<u>41,096</u>
Net cash provided by (used in) operating activities	<u>(20,150)</u>	<u>(107,346)</u>
Cash flows from financing activities:		
New mortgage	150,000	3,035,000
Principal payment on a mortgage payables	<u>0</u>	<u>(2,301,441)</u>
Net cash provided (used) by financing activities	<u>150,000</u>	<u>733,559</u>
Cash flows from investing activities:		
Mortgage refinance costs (net)	0	(75,088)
Investment in building	<u>(395,563)</u>	<u>(52,690)</u>
Net cash used by investing activities	<u>(395,563)</u>	<u>(127,778)</u>
Net increase (decrease) in cash	<u>(265,713)</u>	<u>498,435</u>
Cash and equivalents beginning of year	<u>546,052</u>	<u>47,617</u>
Cash and equivalents end of year	<u>\$ 280,339</u>	<u>\$ 546,052</u>

See accompanying notes to the financial statements.

MONTEREY OWNERS CORP.
A COOPERATIVE HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2009 AND FEBRUARY 28, 2008

1. ORGANIZATION

Monterey Owners Corp. (the "Corporation"), commenced operations on January 6, 1986, under the Business Corporation Law of the State of New York. The purpose of the Corporation is to provide for the preservation of the values and amenities in the cooperative community and for the maintenance of the common facility. The Corporation owns a building and land at 37-30 83rd Street, Jackson Heights, New York, consisting of 78 residential apartments and one professional unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting method

The Corporation prepares its financial statements on the accrual basis of accounting which recognizes income when earned and expenses when incurred.

Depreciation

Depreciation is provided for using straight line methods over the estimated useful lives of the assets which varies from nineteen to twenty seven years.

Cash

For purposes of the statement of cash flows, cash includes the reserve fund, but excludes the escrow cash balances.

Use of estimates

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

3. INCOME TAXES

The Corporation is subject to federal taxation on its net income. The Corporation had an excess of expenses over revenues. That excess may be carried over to future periods to offset future income. For state income tax purposes, the Corporation can be taxed on its net income, net capital or by an alternative method, whichever is greater. Income tax expense for the years ended February 29, 2009 and February 28, 2008 was \$0 and \$0, respectively.

MONTEREY OWNERS CORP.
A COOPERATIVE HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2009 AND FEBRUARY 28, 2008

4. MORTGAGE PAYABLE

On August 13, 2007, the Corporation refinanced its mortgage with a \$3,035,000 ten year, interest only mortgage agreement, secured by the land and building, with Sovereign Bank. The interest rate on this mortgage is 6.08%, with monthly payments based upon a ten year term. The aggregate amount of required future payments of interest at February 29, 2009 is:

2009	\$184,528
2010	184,528
2011	184,528
2012	<u>184,528</u>
Total	<u>\$ 738,112</u>

As a result of the Corporation's mortgage with NCB, the Corporation is entitled to patronage dividends from NCB. These dividends are received in cash and stock. For the year ended February 28, 2008 the Corporation received cash dividends of \$7,639. For the year ended February 28, 2009 and February 28, 2008 the Corporation also received stock dividends of NCB class B2 stock. This stock is non-redeemable, non-transferable and pays no dividend.

On August 13, 2007 the Corporation secured a \$1,000,000 line of credit for extra capital for future major repairs and replacements. The interest rate is 7.75% per annum and \$150,000 has been drawn on the line.

5. MAINTENANCE FEE

Shareholders are subject to monthly assessments to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. The annual budget and assessments of shareholders are determined by the Board of Directors. The Corporation retains excess operating funds at the end of the operating year, if any, for use in future periods.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents do not require that funds be accumulated for future major repairs and replacements. Accumulated funds if any, are held in separate bank accounts and generally are not available for expenditures for normal operations. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future.

MONTEREY OWNERS CORP.
A COOPERATIVE HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2009 AND FEBRUARY 28, 2008

Continued:

If additional funds are needed, the Corporation has the right, subject to Board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

7. SPECIAL ASSESSMENT

A special assessment of \$18,001 was collected during the years ending February 28, 2008 to pay for additional costs associated with operating expenses.

MONTEREY OWNERS CORP.
FINANCIAL STATEMENTS
FOR THE YEARS ENDING
FEBRUARY 28, 2010 AND 2009

Douglas Condon CPA LLC
813 8th Ave Ste 2R
Brooklyn, NY 11215
718-788-3913

To the Board of Directors and Shareholders
Monterey Owners Corp.
c/o SLJ Property Management LLC
PO Box 541308
Flushing, NY 11354-7308

I have audited the accompanying balance sheets of Monterey Owners Corp. (the "Corporation") as of February 28, 2010 and February 28, 2009, and the related statements of income and expenses and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based upon my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monterey Owners Corp. as of February 28, 2010 and February 28, 2009 and the results of its operations and cash flows for the years than ended in conformity with generally accepted accounting principles.

As described in note 5, the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the estimates of the future costs of major repairs and replacements that will be required in the future. the American Institute of Certified Public Accountants has determined that this information is required as supplementary information, although not required to be a part of, the basic financial statements.

Douglas Condon CPA LLC

November 30, 2010



**MONTEREY OWNERS CORP.
BALANCE SHEETS
FEBRUARY 28, 2010 AND 2009**

ASSETS

	<u>2010</u>	<u>2009</u>
CASH	\$ -5,866.94	\$ 190,418.79
MAINTENANCE RECEIVABLE	11,989.68	11,098.02
BUILDINGS	4,973,746.87	4,900,047.64
ACCUMULATED DEPRECIATION	(4,098,802.00)	(4,069,779.00)
LAND	416,732.00	416,732.00
GARAGE LAND	91,505.00	91,505.00
DEFERRED FINANCING COSTS	94,924.49	94,924.49
ACCUMULATED AMORTIZATION	(24,522.00)	(15,030.00)
SECURITY DEPOSIT CON ED	770.00	770.00
	<u>770.00</u>	<u>770.00</u>
TOTAL ASSETS	<u>\$ 1,460,477.10</u>	<u>\$ 1,620,686.94</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

ACCOUNTS PAYABLE	\$ 66,321.84	\$ 60,689.08
TENANT SECURITY DEPOSITS	7,555.65	4,140.00
MORTGAGE PAYABLE	3,035,000.00	3,035,000.00
LINE OF CREDIT PAYABLE	82,813.02	150,000.00
Total Liabilities	<u>3,191,690.51</u>	<u>3,249,829.08</u>
STOCKHOLDERS' EQUITY		
CAPITAL STOCK	33,279.00	33,279.00
ADDITIONAL PAID IN CAPITAL	2,701,098.00	2,701,098.00
RETAINED EARNINGS	(4,465,590.41)	(4,363,519.14)
Total Stockholders' Equity	<u>(1,731,213.41)</u>	<u>(1,629,142.14)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,460,477.10</u>	<u>\$ 1,620,686.94</u>

See Accountant's Audit Report

**MONTEREY OWNERS CORP.
INCOME STATEMENT
FEBRUARY 28, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Revenue		
MAINTENANCE\COMMON CHARGE INC	\$ 610,620.52	\$ 642,082.12
GARAGE INCOME	69,722.92	71,542.92
LAUNDRY INCOME	6,933.92	7,244.67
INTEREST INCOME	<u>422.34</u>	<u>4,685.29</u>
Total Revenue	<u>687,699.70</u>	<u>725,555.00</u>
Expenses		
INTEREST EXPENSE	197,102.59	188,375.87
REAL ESTATE TAX	171,358.30	177,195.15
WATER & SEWER	58,098.35	48,450.35
INSURANCE	53,944.16	47,985.23
REPAIRS	52,520.06	99,944.72
PAYROLL NET	31,238.67	650.00
EMPLOYEE BENEFITS	28,213.49	4,801.00
FUEL	26,441.10	61,817.82
GAS	26,229.94	26,980.48
SUPPLIES	20,831.96	36,436.37
ELECTRICITY	19,059.83	25,480.00
MANAGEMENT FEES	19,048.60	17,172.21
PAYROLL TAX	10,702.84	38,338.61
LOCAL LAW 11 COSTS	10,000.00	0.00
PROFESSIONAL FEES	4,521.42	38,573.03
OTHER PROFESSIONAL FEES	3,390.50	0.00
ATTORNEY FEES	3,204.96	1,315.36
TELEPHONE	3,137.83	3,384.32
ACCOUNTING FEES	3,100.00	3,000.00
PEST CONTROL	3,021.95	4,245.01
PAYROLL FEES	1,504.01	1,521.57
OTHER	1,050.00	438.59
NYS FRANCHISE TAX	815.00	(124.00)
SECURITY - BUILDING	570.94	1,285.00
POSTAGE	515.35	297.09
PENALTIES	425.00	150.00
DUES & SUBSCRIPTIONS	419.80	474.00
NYC INCOME TAXES	414.00	0.00
BANK FEES	212.32	1,079.25
LICENSES & PERMITS	163.00	633.00
OFFICE EXPENSES	<u>0.00</u>	<u>238.41</u>
Total Expenses	<u>751,255.97</u>	<u>830,138.44</u>
Net Income (Loss) Before Depreciation and Amortization	<u>(63,556.27)</u>	<u>(104,583.44)</u>
DEPRECIATION	29,023.00	17,719.00
AMORTIZATION	<u>9,492.00</u>	<u>9,494.00</u>
Net Income (Loss)	<u>\$ (102,071.27)</u>	<u>\$ (131,796.44)</u>

See Accountant's Audit Report

**MONTEREY OWNERS CORP.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING FEBRUARY 28, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$(102,071.27)	\$(131,796.44)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and amortization	38,515.00	27,213.00
Decrease (Increase) in Operating Assets:		
Escrow	0.00	4,500.00
Maintenance receivable	(891.66)	2,679.00
(Decrease) Increase in Operating Liabilities:		
Accounts payable	5,632.76	(13,667.00)
Tenant security deposits	<u>3,415.65</u>	<u>1,000.00</u>
Total Adjustments	<u>46,671.75</u>	<u>21,725.00</u>
Net Cash Provided By (Used in) Operating Activities	(55,399.52)	(110,071.44)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	<u>(73,699.23)</u>	<u>(395,563.00)</u>
Net Cash Provided By (Used In) Investing Activities	(73,699.23)	(395,563.00)
CASH FLOWS FROM FINANCING ACTIVITIES		
Draw on line of credit	0.00	150,000.00
Mortgage Payable Principal Repayments	<u>(67,186.98)</u>	<u>0.00</u>
Net Cash Provided By (Used In) Financing Activities	(67,186.98)	150,000.00
NET INCREASE (DECREASE) IN CASH	(196,285.73)	(355,634.44)
CASH AT BEGINNING OF PERIOD	<u>190,418.79</u>	<u>546,053.23</u>
CASH AT END OF PERIOD	<u>\$ (5,866.94)</u>	<u>\$ 190,418.79</u>

See Accountant's Audit Report

**MONTEREY OWNERS CORP.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009**

1. ORGANIZATION

Monterey Owners Corp. , (the "Corporation") was organized on January 6, 1986 under the business corporation law of the State of New York. The Corporation maintains a building at 37-30 83rd Street in Jackson Heights, New York, consisting of 78 residential apartments and one professional unit.

2. ACCOUNTING POLICIES

These Financial Statements have been prepared on the accrual basis of accounting which recognizes income when earned and expenses when incurred.

Buildings and improvements are recorded at cost. Depreciation is provided over the estimated useful lives of the related assets which is 27 & 1/2 years based upon straight line methods.

Deferred financing costs which arose in connection with the Corporation's mortgage refinancing and line of credit financing, as discussed in Note 6 below, are being amortized on the straight line method.

3.COMMON CHARGES

Tenant-members are subject to monthly assessments to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements.

4. INCOME TAXES

Under the Internal Revenue Code and New York State and City tax laws, the Corporation is subject to taxation on net income. For New York State and City tax purposes, a tax on capital is authorized if it is greater than the tax on net income. The Corporation is subject to the tax on capital in New York State and City. Income tax expense for the years 2010 and 2009 was \$1,229 and \$(124), respectively.

5. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of the costs of major repairs and replacements that may be required in the future. The Corporation has also not developed a plan to fund those needs. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation has the right to increase maintenance assessments, pass special assessments, borrow funds, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

MONTEREY OWNERS CORP.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

6. MORTGAGE AND LINE OF CREDIT PAYABLE

On August 13, 2007, the Corporation refinanced its mortgage payable and entered into a \$3,035,000 ten year interest only mortgage payable secured by the land and building, with Sovereign Bank. This mortgage payable matures in August, 2017, bears interest at the rate of 6.08% per annum over the term of the mortgage. The monthly amount of interest is \$15,377.33. The aggregate amount of future payments of interest at February 28, 2010 is as follows:

2011	\$	184,528
2012		184,528
2013		184,528
2014		184,528
2015		184,528
2016		184,528
2017		<u>1,789,056</u>
		\$ 2,896,224

LINE OF CREDIT PAYABLE PAYABLE

On August 13, 2007 the Corporation entered into a \$1,000,000 line of credit payable. The line of credit matures in August, 2017 with an interest rate of 7.75% per annum. The monthly payment of principal and interest is \$3,242.99. \$150,000 has been drawn on the line of credit. The aggregate amount of required future payments of principal and interest at February 28, 2010 is:

2010	\$	38,916
2011		38,916
2012		38,916
2013		38,916
2014		<u>460,625</u>
		\$ 616,289

7. COMMON STOCK

The makeup of common stock is : Par value is \$1.00, with 35,000 shares authorized, 33,279 issued and outstanding.

MONTEREY OWNERS CORP.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

8. PATRONAGE DIVIDENDS

As a result of the Corporation's mortgage with NCB, the Corporation is entitled to patronage dividends from NCB. These dividends are received in cash and stock. For the year ended February 28, 2010 and February 28, 2009 the corporation received dividends of \$0.00 and \$0.00 respectively. The Corporation also received stock dividends of class B2 stock from NCB. This stock is non-redeemable, non-transferable and pays no dividend.

Monterey Owners Corp.
A Cooperative Housing Corporation
Financial Statements
February 28, 2011 and 2010



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INDEPENDENT AUDITOR'S REPORT

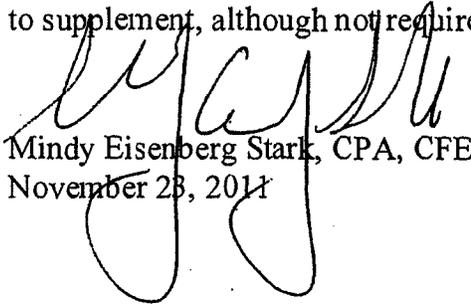
To the Stockholders of
Monterey Owners Corp.
New York, New York

I have audited the accompanying balance sheets of Monterey Owners Corp. as of February 28, 2011 and 2010 and the related statements of income and expenses, accumulated deficit and statement of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Monterey Owners Corp. as of February 28, 2011 and 2010 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Monterey Owners Corp. has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of the basic financial statements.


Mindy Eisenberg Stark, CPA, CFE
November 28, 2011

Monterey Owners Corp.
A Cooperative Housing Corporation
Balance Sheets
February 28, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 20,803	\$ 12
Maintenance and other receivables	37,201	37,311
Miscellaneous receivable	-	15,000
Prepaid expenses	26,310	24,816
Total Current Assets	<u>84,314</u>	<u>77,139</u>
 FIXED ASSETS:		
Land	508,237	508,237
Building and improvements	4,980,748	4,980,748
Less: accumulated depreciation	(4,130,136)	(4,098,802)
Total Fixed Assets	<u>1,358,849</u>	<u>1,390,183</u>
 OTHER ASSETS:		
Deferred mortgage costs	60,910	70,402
Utility deposit	770	770
Total Other Assets	<u>61,680</u>	<u>71,172</u>
Total Assets	<u>\$ 1,504,843</u>	<u>\$ 1,538,494</u>

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Balance Sheets
February 28, 2011 and 2010

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 55,642	\$ 38,041
Interest payable	14,811	14,652
Prepaid maintenance	1,941	9,530
Total Current Liabilities	<u>72,394</u>	<u>62,223</u>
NON-CURRENT LIABILITIES:		
Security deposits payable	4,640	4,415
Credit line	82,813	82,813
Mortgage payable	<u>3,035,000</u>	<u>3,035,000</u>
Total Non-Current Liabilities	<u>3,122,453</u>	<u>3,122,228</u>
Total Liabilities	<u>3,194,847</u>	<u>3,184,451</u>
SHAREHOLDERS' EQUITY:		
Common stock - \$1 par value - 35,000 shares authorized; 33,279 issued and outstanding	33,279	33,279
Additional paid-in capital	2,768,285	2,768,285
Accumulated deficit	<u>(4,491,568)</u>	<u>(4,447,521)</u>
Total Shareholders' Equity	<u>(1,690,004)</u>	<u>(1,645,957)</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,504,843</u>	<u>\$ 1,538,494</u>

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Statements of Income, Expenses and Deficit
For the Years Ended February 28, 2011 and 2010

	<u>2011</u>	<u>2010</u>
INCOME:		
Maintenance charges	\$ 601,336	\$ 577,246
Less: mortgage amortization	-	(67,187)
Coop tax abatement	<u>(33,455)</u>	<u>(27,892)</u>
Net maintenance	567,881	482,167
Garage income	81,626	70,808
Fuel surcharge	57,725	57,725
Laundry income	3,715	7,800
Storage income	2,160	6,020
Sublet fees	5,693	7,397
Interest income	1	422
Miscellaneous income	<u>6,605</u>	<u>2,622</u>
Total income	<u>725,406</u>	<u>634,961</u>
EXPENSES:		
Mortgage interest	193,077	197,402
Real estate taxes	151,659	151,711
Repairs, maintenance and supplies	112,297	77,453
Fuel and Utilities	58,927	79,514
Water and sewer	64,814	53,712
Payroll and related expenses	63,417	70,673
Professional fees	11,016	16,336
Insurance	41,406	36,798
Management fees	20,625	20,219
New York State and City Corporation Tax	950	815
Miscellaneous expenses	<u>10,439</u>	<u>12,162</u>
Total Expenses	<u>728,627</u>	<u>716,795</u>
Net loss before depreciation, amortization and prior period adjustment	(3,221)	(81,834)
Depreciation and amortization	(40,826)	(38,515)
Prior period adjustment	-	36,347
Net Loss	<u>(44,047)</u>	<u>(84,002)</u>
Accumulated deficit - March 1	<u>(4,447,521)</u>	<u>(4,363,519)</u>
Accumulated deficit - February, 28	<u>\$ (4,491,568)</u>	<u>\$ (4,447,521)</u>

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Statements of Additional Paid In Capital
For the Years Ended February 28, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Balance March 1,	\$ 2,768,285	\$ 2,701,098
Maintenance income applicable to amortization of mortgage	-	67,187
	<hr/>	<hr/>
Balance February, 28	<u>\$ 2,768,285</u>	<u>\$ 2,768,285</u>

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Statements of Cash Flows
For the Years Ended February 28, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Net loss income before depreciation and amortization	\$ (3,221)	\$ (45,487)
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) Decrease in Assets:		
Maintenance and other receivables	110	(26,213)
Miscellaneous receivable	15,000	(15,000)
Prepaid expenses	(1,494)	(24,816)
Increase (Decrease) in Liabilities:		
Accounts payable and accrued expenses	17,601	(8,295)
Interest payable	159	300
Tenant security deposits	225	275
Prepaid maintenance	(7,589)	9,530
Total Adjustments	<u>24,012</u>	<u>(64,219)</u>
Net cash provided (used) by operating activities:	<u>20,791</u>	<u>(109,706)</u>
 Cash Flows From Investing Activities:		
Capital expenditures	-	(80,700)
Net cash used by investing activities:	<u>-</u>	<u>(80,700)</u>
 Cash Flows From Financing Activities:		
Additions to paid-in capital	-	67,187
Decrease in mortgage payable	-	(67,187)
Net cash provided by financing activities:	<u>-</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	20,791	(190,406)
 Cash and cash equivalents at beginning of year	<u>12</u>	<u>190,418</u>
Cash and cash equivalents at end of year	<u>\$ 20,803</u>	<u>\$ 12</u>
 SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 193,077	\$ 197,402
Tax paid	\$ 950	\$ 815

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Notes to Financial Statements
February 28, 2011 and 2010

NOTE 1 -NATURE OF THE ORGANIZATION

Monterey Owners Corporation was organized on January 6, 1986 under the business corporation law of the State of New York. The Corporation maintains a building at 37-30 83rd Street in Jackson Heights, NY, consisting of 78 residential apartments and one professional unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation - Depreciation on building and improvements is computed using the straight-line method of the assets over a period of 27 ½ years.

Maintenance Income - Tenant shareholders pay monthly charges to provide funds for the Corporation's operating expenses and is based on an annual budget determined by the Board of Directors. The Corporation retains excess operating funds, if any, at the end of the operating year, for use in future operating periods. The Board of Directors approved a 4% maintenance increase effective March 1, 2010.

Estimates - The Corporation used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Deferred Mortgage Costs - Mortgage costs are deferred and amortized in equal monthly amounts over the term of the mortgage agreement.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments with a maturity of 3 months or less when acquired and readily convertible to known amounts of cash.

Monterey Owners Corp.
A Cooperative Housing Corporation
Notes to Financial Statements
February 28, 2011 and 2010

NOTE 3 - MORTGAGE PAYABLE

On August 13, 2007, the Corporation refinanced its mortgage payable and entered into a \$3,035,000 ten year interest only mortgage payable secured by the land and building, with Sovereign Bank. This mortgage payable matures in August, 2017 and bears interest at the rate of 6.08% per annum over the term of the mortgage. The monthly amount of interest is \$15,377.33.

NOTE 4 - CREDIT LINE PAYABLE

On August 13, 2007, the Corporation entered into a \$1,000,000 line of credit payable. The line of credit matures in August, 2017 with a variable rate of interest per annum. The monthly payment is interest only. During the year ending February 28, 2010, \$69,187 was paid in principal on the line reducing the balance to \$82,813.

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation has not promulgated a study to determine the remaining useful lives of the components of the building and current estimates of costs of major repairs and replacements that may be required. If funds for these projects are required, the corporation has the right to borrow, including using lines of credit, utilize the reserve fund, increase maintenance charges, levy a special assessment, or delay the repairs or replacement until funds are available. The effect on future assessments has not been determined.

NOTE 6- FUEL SURCHARGE - NEED INFO FOR FOOTNOTE

The Board of Directors approved a fuel assessment of \$1.73 per share. It ran from March 1, 2009 - February 28, 2010. It was extended for the period of March 1, 2010 - February 28, 2011.

NOTE 7 - PRIOR PERIOD ADJUSTMENTS

In preparing the February 28, 2010 financial statements, there were various adjustments made to properly reflect expenses into the correct periods.

**Monterey Owners Corp.
A Cooperative Housing Corporation
Financial Statements
February 29, 2012 and 2011**



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INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
Monterey Owners Corp.
New York, New York

I have audited the accompanying balance sheets of Monterey Owners Corp. as of February 29, 2012 and 2011 and the related statements of income and expenses, accumulated deficit and statement of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Monterey Owners Corp. as of February 29, 2012 and 2011 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Monterey Owners Corp. has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of the basic financial statements.

Mindy Eisenberg STARK
Mindy Eisenberg Stark, CPA, CFE
August 9, 2012

Monterey Owners Corp.
A Cooperative Housing Corporation
Balance Sheets
February 29, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 52,662	\$ 20,803
Maintenance and other receivables	15,584	37,201
Prepaid expenses	38,986	26,310
Total Current Assets	<u>107,232</u>	<u>84,314</u>
 FIXED ASSETS:		
Land	508,237	508,237
Building and improvements	5,021,124	4,980,748
Less: accumulated depreciation	<u>(4,161,936)</u>	<u>(4,130,136)</u>
Total Fixed Assets	<u>1,367,425</u>	<u>1,358,849</u>
 OTHER ASSETS:		
Deferred mortgage costs	51,418	60,910
Utility deposit	770	770
Total Other Assets	<u>52,188</u>	<u>61,680</u>
Total Assets	<u>\$ 1,526,845</u>	<u>\$ 1,504,843</u>

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Balance Sheets
February 29, 2012 and 2011

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 100,514	\$ 55,642
Interest payable	15,340	14,811
Prepaid maintenance	1,858	1,941
Total Current Liabilities	<u>117,712</u>	<u>72,394</u>
 NON-CURRENT LIABILITIES:		
Security deposits payable	3,396	4,640
Credit line	82,813	82,813
Mortgage payable	<u>3,035,000</u>	<u>3,035,000</u>
Total Non-Current Liabilities	<u>3,121,209</u>	<u>3,122,453</u>
Total Liabilities	<u>3,238,921</u>	<u>3,194,847</u>
 SHAREHOLDERS' EQUITY:		
Common stock - \$1 par value - 35,000 shares authorized; 33,279 issued and outstanding	33,279	33,279
Additional paid-in capital	2,768,285	2,768,285
Accumulated deficit	<u>(4,513,640)</u>	<u>(4,491,568)</u>
Total Shareholders' Equity	<u>(1,712,076)</u>	<u>(1,690,004)</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,526,845</u>	<u>\$ 1,504,843</u>

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Statements of Income, Expenses and Deficit
For the Years Ended February 29, 2012 and 2011

	<u>2012</u>	<u>2011</u>
INCOME:		
Maintenance charges	\$ 600,336	\$ 600,336
Less: mortgage amortization	-	-
Coop tax abatement	(28,559)	(33,455)
Net maintenance	<u>571,777</u>	<u>566,881</u>
Garage income	83,488	81,626
Fuel surcharge	57,725	57,725
Laundry income	7,757	4,715
Storage income	2,280	2,160
Sublet fees	4,517	5,693
Interest income	-	1
Miscellaneous income	4,803	6,605
Total income	<u>732,347</u>	<u>725,406</u>
EXPENSES:		
Mortgage interest	193,606	193,077
Real estate taxes	138,060	151,659
Repairs, maintenance and supplies	72,101	112,297
Fuel and Utilities	80,048	58,927
Water and sewer	66,945	64,814
Payroll and related expenses	63,177	63,417
Professional fees	14,338	11,016
Insurance	41,110	41,406
Management fees	20,625	20,625
New York State and City Corporation Tax	2,952	950
Other interest	10,036	-
Miscellaneous expenses	10,129	10,439
Total Expenses	<u>713,127</u>	<u>728,627</u>
Net Income (Loss) before depreciation and amortization	19,220	(3,221)
Depreciation and amortization	(41,292)	(40,826)
Net Loss	<u>(22,072)</u>	<u>(44,047)</u>
Accumulated deficit - March 1	(4,491,568)	(4,447,521)
Accumulated deficit - February, 29	<u><u>\$ (4,513,640)</u></u>	<u><u>\$ (4,491,568)</u></u>

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Statements of Cash Flows
For the Years Ended February 29, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Net income (loss) before depreciation and amortization	\$ 19,220	\$ (3,221)
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) Decrease in Assets:		
Maintenance and other receivables	21,617	110
Miscellaneous receivable	-	15,000
Prepaid expenses	(12,676)	(1,494)
Increase (Decrease) in Liabilities:		
Accounts payable and accrued expenses	44,872	17,601
Interest payable	529	159
Tenant security deposits	(1,244)	225
Prepaid maintenance	(83)	(7,589)
Total Adjustments	<u>53,015</u>	<u>24,012</u>
Net cash provided by operating activities:	<u>72,235</u>	<u>20,791</u>
 Cash Flows From Investing Activities:		
Capital expenditures	<u>(40,376)</u>	<u>-</u>
Net cash used by investing activities:	<u>(40,376)</u>	<u>-</u>
 Cash Flows From Financing Activities:		
Additions to paid-in capital	-	-
Decrease in mortgage payable	<u>-</u>	<u>-</u>
Net cash provided by financing activities:	<u>-</u>	<u>-</u>
 Net increase in cash and cash equivalents	31,859	20,791
 Cash and cash equivalents at beginning of year	<u>20,803</u>	<u>12</u>
Cash and cash equivalents at end of year	<u>\$ 52,662</u>	<u>\$ 20,803</u>
 SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 193,606	\$ 193,077
Tax paid	\$ 2,952	\$ 950

The accompanying letter and notes are an integral part of these financial statements.

Monterey Owners Corp.
A Cooperative Housing Corporation
Notes to Financial Statements
February 29, 2012 and 2011

NOTE 1 - NATURE OF THE ORGANIZATION

Monterey Owners Corporation was organized on January 6, 1986 under the business corporation law of the State of New York. The Corporation maintains a building at 37-30 83rd Street in Jackson Heights, NY, consisting of 78 residential apartments and one professional unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation - Depreciation on building and improvements is computed using the straight-line method of the assets over a period of 27 ½ years.

Maintenance Income - Tenant shareholders pay monthly charges to provide funds for the Corporation's operating expenses and is based on an annual budget determined by the Board of Directors. The Corporation retains excess operating funds, if any, at the end of the operating year, for use in future operating periods. The Board of Directors approved a 4% maintenance increase effective March 1, 2010.

Estimates - The Corporation used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Deferred Mortgage Costs - Mortgage costs are deferred and amortized in equal monthly amounts over the term of the mortgage agreement.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments with a maturity of 3 months or less when acquired and readily convertible to known amounts of cash.

Monterey Owners Corp.
A Cooperative Housing Corporation
Notes to Financial Statements
February 29, 2012 and 2011

NOTE 3 -MORTGAGE PAYABLE

On August 13, 2007, the Corporation refinanced its mortgage payable and entered into a \$3,035,000 ten year interest only mortgage payable secured by the land and building, with Sovereign Bank. This mortgage payable matures in August, 2017 and bears interest at the rate of 6.08% per annum over the term of the mortgage. The monthly amount of interest is \$15,377.33.

NOTE 4 - CREDIT LINE PAYABLE

On August 13, 2007, the Corporation entered into a \$1,000,000 line of credit payable. The line of credit matures in August, 2017 with a variable rate of interest per annum. The monthly payment is interest only. The balance due as of February 29, 2012 \$82,813.

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation has not promulgated a study to determine the remaining useful lives of the components of the building and current estimates of costs of major repairs and replacements that may be required. If funds for these projects are required, the corporation has the right to borrow, including using lines of credit, utilize the reserve fund, increase maintenance charges, levy a special assessment, or delay the repairs or replacement until funds are available. The effect on future assessments has not been determined.

NOTE 6- FUEL SURCHARGE

The Board of Directors approved a fuel assessment of \$1.73 per share. It ran from March 1, 2010 - February 28, 2011. It was extended for the period of March 1, 2011 - February 29, 2012. As of March 1, 2012, it was incorporated into the monthly maintenance charges.

Schedule C

**MONTEREY OWNERS CORP
2010 OPERATING BUDGET –SEPTEMBER 2010**

EXPENSE CATEGORIES	2009/2010 ACTUAL EXPENSES	2010 PROPOSED BUDGET
LABOR	\$58,300	\$60,000
FUEL	\$50,000	\$65,000
ELECTRIC & GAS	\$24,000	\$26,000
MAINT.-SUPPLIES	\$58,000	\$60,000
INSURANCE	\$53,000	\$54,000
MANAGEMENT	\$20,000	\$20,625
LEGAL/ACCOUNTING	\$5,700	\$5,000
1ST MORTGAGE PAYMNT	\$190,680	\$190,680
EQUITY LINE PAYMENT	\$4,194	\$17,500
REAL ESTATE TAXES	\$128,900	\$170,000
WATER/SEWER	\$68,300	\$70,000
RESERVE FUNDING	\$0.00	\$0
STATE/CITY TAX	\$1,230	\$1,500
MISC EXPENSES	<u>\$4,192</u>	<u>\$0</u>

TOTAL EXPENSES	\$666,496	\$740,305
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INCOME CATEGORIES	2009/2010 ACTUAL INCOME	2010 PROPOSED BUDGET
MONTHLY MAINTENANCE	\$549,600	\$600,336
SUBLET FEES	\$6,648	\$7,000
FUEL SURCHARGE	\$56,160	\$57,725
GARAGE INCOME	\$72,559	\$72,600
LAUNDRY INCOME	\$7,692	\$6,000
MISC INCOME	<u>\$0.00</u>	<u>\$0</u>

TOTAL INCOME	\$692,659	\$743,661
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LESS EXPENSES	<u>\$666,496</u>	<u>\$730,305</u>
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SURPLUS/SHORTFALL	<u>\$ 26,163</u>	<u>\$ 3,356</u>
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MONTEREY OWNERS CORP
2010 OPERATING BUDGET –SEPTEMBER 2010

NOTE*

For the 12 months ending August 31st, 2010 the building ran a shortfall of roughly \$20,000.00.

For budgeting purposes I removed all of the capital improvements which are not considered Operating expenses. These improvements were for roof work, major plumbing, etc and totaled \$46,920.00

Therefore the operating budget, less the capital items, ran a surplus of roughly \$26,000.00.

BUT, we did not pay all of our Real Estate Taxes !!!

As you can see from the Budget column, I believe that our budget is fine, and if we do not experience any major repairs we should run in the black for the next 12 months.

Our only problem right now is a cash flow issue. We currently owe real estate taxes, including October 2010, in the amount of \$114,500 and we owe \$54,000 towards our July 2010 Water bill.

In order to clear up these back taxes and put us in a position to move forward we will need to borrow money from our current line of credit.

As per the bank, we are currently in default of our Line Of Credit loan documents, since the documents state that we must always have a reserve account with a minimum of \$50,000.00. We do not currently have this and therefore the bank will be taking \$50,000 from the equity line and opening up a savings account. We will then need to borrow additional funds to pay the taxes.

FUNDS NEEDED:

Outstanding taxes:	\$168,500.00
Available funds in operating	\$ 48,500.00
To be borrowed from Line of Credit	\$120,000.00

The current balance on the Line Of Credit is \$84,000 and we will need to borrow an additional \$170,000 (\$50K savings account and \$120K to pay taxes) bringing the line of credit up to \$250,000.00.

The Line of credit is interest only and the current rate is 7% therefore the payments will cost \$17,500.00 per year.

I have already included this in the budget above and we are still in the black!!!

MONTEREY BUDGET 2011

	2011	2011
	AMOUNT	MONTHLY
		AMOUNT
1	LOAN PAYMENT (INTEREST ONLY)	\$197,000 \$16,417
2	R/E TAX	\$176,000 \$14,667
3	REPAIRS	\$45,000 \$3,750
4	SALARIES/BENEFITS	\$56,500 \$4,708
5	HEATING (FUEL OIL & GAS)	\$53,000 \$4,417
6	INSURANCE	\$50,000 \$4,167
7	MANAGEMENT FEE	\$20,628 \$1,719
8	PROFESSIONAL FEES	\$10,000 \$833
9	ELECTRICITY	\$21,000 \$1,750
10	WATER	\$59,000 \$4,917
11	SUPPLIES	\$21,000 \$1,750
12	OFFICE EXPENSES	\$1,000 \$83
13	INCOME TAXES	\$1,200 \$100
14	LANDSCAPING	\$500 \$42
15	PEST CONTROL	\$3,000 \$250
16	OTHER	\$500 \$42
17	TELEPHONE	\$3,200 \$267
18	LICENSES/PERMITS	\$200 \$17
19	BANK FEES	\$225 \$19
20	SAVINGS	\$15,000 \$1,250
21	GARAGE INCOME	-\$70,000 -\$5,833
22	LAUNDRY INCOME	-\$7,000 -\$583

TOTALS	\$656,953	\$54,746
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- 1 ANNUAL INTEREST PAYMENTS
- 2 3% INCREASE PER NYC
- 3 ESTIMATED
- 4 ESTIMATED
- 5 HEATING INCLUDES GAS AND FUEL OIL
- 6 ESTIMATE (ROOF DECK ISSUES REMAIN)
- 7 PER AGREEMENT
- 8 ESTIMATE
- 9 ESTIMATE
- 10 ESTIMATE
- 11 ESTIMATE
- 12 ESTIMATE
- 13 ESTIMATE
- 14 ESTIMATE
- 15 ESTIMATE
- 16 ESTIMATE
- 17 ESTIMATE
- 18 ESTIMATE
- 19 ESTIMATE
- 20 MONEY TO BE PUT INTO A RESERVE FUND
- 21 GARAGE INCOME
- 22 LAUNDRY INCOME

MONTHLY AMOUNTS

APT #	2010 MAINTENANCE	2011 PROPOSED MAINTENANCE	AMOUNT OF INCREASE	% INCREASE
1A	\$634.41	\$694.23	\$59.82	9.43%
1B	\$575.80	\$630.09	\$54.29	9.43%
1C	\$587.83	\$643.26	\$55.43	9.43%
1D	\$790.76	\$865.32	\$74.56	9.43%
1E	\$566.77	\$620.21	\$53.44	9.43%
1F	\$593.83	\$649.82	\$55.99	9.43%
1G	\$593.83	\$649.82	\$55.99	9.43%
1H	\$566.77	\$620.21	\$53.44	9.43%
1J	\$778.74	\$852.17	\$73.43	9.43%
1K	\$599.83	\$656.39	\$56.56	9.43%
1L	\$299.17	\$327.38	\$28.21	9.43%
1M	\$575.80	\$630.09	\$54.29	9.43%
1N	\$634.41	\$694.23	\$59.82	9.43%
2A	\$638.93	\$699.18	\$60.25	9.43%
2B	\$587.83	\$643.26	\$55.43	9.43%
2C	\$599.83	\$656.39	\$56.56	9.43%
2D	\$793.77	\$868.62	\$74.85	9.43%
2E	\$567.36	\$620.86	\$53.50	9.43%
2F	\$596.84	\$653.12	\$56.28	9.43%
2G	\$596.84	\$653.12	\$56.28	9.43%
2H	\$568.28	\$621.86	\$53.58	9.43%
2J	\$793.77	\$868.62	\$74.85	9.43%
2K	\$613.37	\$671.21	\$57.84	9.43%
2L	\$305.19	\$333.97	\$28.78	9.43%
2M	\$587.83	\$643.26	\$55.43	9.43%
2N	\$638.93	\$699.18	\$60.25	9.43%
3A	\$658.47	\$720.56	\$62.09	9.43%
3B	\$599.83	\$656.39	\$56.56	9.43%
3C	\$611.84	\$669.53	\$57.69	9.43%
3D	\$810.31	\$886.72	\$76.41	9.43%
3E	\$586.32	\$641.61	\$55.29	9.43%
3F	\$614.86	\$672.84	\$57.98	9.43%
3G	\$614.86	\$672.84	\$57.98	9.43%
3H	\$586.32	\$641.61	\$55.29	9.43%
3J	\$810.31	\$886.72	\$76.41	9.43%
3K	\$625.39	\$684.36	\$58.97	9.43%
3L	\$311.19	\$340.53	\$29.34	9.43%
3M	\$599.83	\$656.39	\$56.56	9.43%
3N	\$658.47	\$720.56	\$62.09	9.43%
4A	\$672.01	\$735.38	\$63.37	9.43%
4B	\$611.58	\$669.25	\$57.67	9.43%
4C	\$623.89	\$682.72	\$58.83	9.43%
4D	\$826.85	\$904.82	\$77.97	9.43%
4G	\$626.89	\$686.00	\$59.11	9.43%
4H	\$598.34	\$654.76	\$56.42	9.43%
4J	\$826.85	\$904.82	\$77.97	9.43%
4K	\$637.43	\$697.54	\$60.11	9.43%
4L	\$317.21	\$347.12	\$29.91	9.43%
4M	\$611.85	\$669.54	\$57.69	9.43%
4N	\$672.01	\$735.38	\$63.37	9.43%
5A	\$711.10	\$778.15	\$67.05	9.43%
5B	\$623.89	\$682.72	\$58.83	9.43%
5C	\$635.92	\$695.88	\$59.96	9.43%
5D	\$841.88	\$921.26	\$79.38	9.43%
5E	\$638.93	\$699.18	\$60.25	9.43%
5F	\$663.14	\$725.67	\$62.53	9.43%
5G	\$664.50	\$727.16	\$62.66	9.43%
5H	\$632.92	\$692.60	\$59.68	9.43%
5J	\$841.88	\$921.26	\$79.38	9.43%

5K	\$650.95	\$712.33	\$61.38	9.43%
5L	\$323.23	\$353.71	\$30.48	9.43%
5M	\$623.89	\$682.72	\$58.83	9.43%
5N	\$711.10	\$778.15	\$67.05	9.43%
6A	\$730.63	\$799.52	\$68.89	9.43%
6B	\$654.96	\$716.72	\$61.76	9.43%
6C	\$667.50	\$730.44	\$62.94	9.43%
6D	\$897.49	\$982.12	\$84.63	9.43%
6E	\$656.95	\$718.90	\$61.95	9.43%
6F	\$682.52	\$746.88	\$64.36	9.43%
6G	\$682.52	\$746.88	\$64.36	9.43%
6H	\$650.95	\$712.33	\$61.38	9.43%
6J	\$882.47	\$965.68	\$83.21	9.43%
6K	\$681.00	\$745.21	\$64.21	9.43%
6L	\$339.77	\$371.81	\$32.04	9.43%
6M	\$653.96	\$715.62	\$61.66	9.43%
6N	\$730.63	\$799.52	\$68.89	9.43%
4EF	\$1,240.26	\$1,357.21	\$116.95	9.43%
P1	\$514.16	\$562.64	\$48.48	9.43%

TOTAL \$50,028.73 \$54,746.08 \$4,717.35

**THE MONTEREY OWNERS CORP
2012 PROPOSED BUDGET**

	PROPOSED	
	2012	
RECEIPTS		
MONTHLY MAINTENANCE	\$ 658,087.00	
LAUNDRY	6,000.00	
PAKING	80,000.00	
LOCKERS	2,000.00	
R/E TAX CREDIT	(33,000.00)	
SUBLET FEE	4,500.00	
MISC	2,500.00	
TOTAL RECEIPTS	\$ 720,087.00	
EXPENSES		
LABOR	\$ 70,000.00	
FUEL OIL	70,000.00	
ELECTRIC AND GAS	24,000.00	
MAINTENANCE	60,000.00	
INSURANCE	44,000.00	
MANAGEMENT	21,656.00	
LEGAL AND ACCOUNTING	7,500.00	
MORTGAGE/EQUITY LINE	196,780.00	
WATER AND SEWER	75,000.00	
REAL ESTATE TAX	148,000.00	
STATE/CITY CORP. TAXES	1,500.00	
MISCELLANEOUS	-	
TOTAL EXPENSES	\$ 718,436.00	
SUMMARY		
TOTAL RECEIPTS	\$ 720,087.00	
TOTAL EXPENSES	718,436.00	
SURPLUS OR (DEFICIT)	\$ 1,651.00	
	=====	

MONTEREY OWNERS CORP
2013 Proposed Budget

2013
BUDGET

Projected Income:	
Maintenance Charges	658,061
Laundry Income	7,500
Parking	82,800
Lockers	2,400
R/E Tax abatement	-26,210
Sublet Fees	8,000
Bikes	420
Misc	1,000
Total Projected Income	733,971

Projected Expenses & Cash Out Flows:	
Labor	70,000
Fuel	60,000
Utilities: Gas & Electric	20,000
Repairs, Maintenance and Supplies	70,000
Insurance	45,000
Management Fees	21,656
Legal and Accounting Fees	7,500
Mortgage Principal and Interest	195,000
R/E Taxes (budget is before abatements)	186,000
R/E tax abatement credit	-26,000
Water and Sewer	76,000
Franchise Corp taxes	1,500
Miscellaneous	1,500
Total Projected Expenses and Cash Outflows	728,156

Operating Surplus (Deficit)	5,815
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Schedule D

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

This Contract is made as of _____ between the "Seller" and the "Purchaser" identified below,

1 Certain Definitions and Information

1.1 The "Parties" are:

1.1.1 "Seller":

1.1.2 "Purchaser":

Prior names used by Seller:

Address:

P.O. Box 670637

Flushing, New York 11367

Address:

S.S. No. or TIN:

S.S. No. or TIN:

1.2 The "Attorneys" are (name, firm name, address and telephone, fax):

1.2.1 "Seller's Attorney"

Walter Edelstein, Esq.

Lefkowitz and Edelstein

444 Madison Avenue, Ste 1805

New York, NY 10022

Phone (212) 759-1200

Fax (212) 317-8717

1.2.2 "Purchaser's Attorney"

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

1.4 The Managing Agent is (name, address and telephone, fax):

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

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

1.13

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

1.6 The name of the cooperative housing corporation ("Corporation") is:

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

1.7 The "Unit" number is:

1.15 The date scheduled for Closing is on or about ("Scheduled Closing Date") at 10 A.M. (See ¶ 9 and 10)

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

1.16 The "Purchase Price" is:

1.16.1 The "Contract Deposit" is:

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

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

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

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

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

1.18 The "Assessment", if any, payable to the Corporation, at the date of this Contract is _____

1.19 [Seller] [Purchaser] shall pay the Corporation's flip tax, transfer fee (apart from the transfer agent fee) and/or waiver of option fee ("Flip Tax"), if any.

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

1.20.1 Purchaser may apply for financing in connection with this sale and Purchaser's obligation to purchase under this Contract is _____

contingent upon issuance of a Loan Commitment Letter by the Loan Commitment Date (¶18.1.2)

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

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

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

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

1.23 All "Proposed Occupants" of the Unit are:

1.23.1 persons and relationship to Purchaser: Purchaser

1.23.2 pets: None

1.24 The Contract Deposit shall be held in ~~a non-~~ [an] IOLA escrow account. If the account is a non-IOLA account then interest shall be paid to the Party entitled to the Contract Deposit. The Party receiving the interest shall pay any income taxes thereon. The escrow account shall be a segregated bank account at Depository: Provident Bank Address: 1412 Broadway, NY, NY (See ¶ 27)

1.25 This Contract is ~~set~~ continued on attached rider(s).

2 Agreement to Sell and Purchase; Purchase Price; Escrow

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

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

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

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

3 Personalty

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

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

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

4 Representations and Covenants

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

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

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

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

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

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

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

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

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

4.1.9 at Closing in accordance with ¶ 15.2:

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

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

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

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

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

4.2 Purchaser represents and covenants that:

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

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

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

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

4.2.5 Purchaser shall not make any representations to the Corporation contrary to the foregoing and shall provide all documents in support thereof required by the Corporation in connection with Purchaser's application for approval of this transaction; and

4.2.6 there are not now and shall not be at Closing any unpaid tax liens or monetary judgments against Purchaser.

4.3 Each Party covenants that its representations and covenants contained in ¶ 4 shall be true and complete at Closing and, except for ¶ 4.1.6, shall survive Closing but any action based thereon must be instituted within one year after Closing.

5 Corporate Documents

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

Corporation's shareholders under Internal Revenue Code ("IRC") § 216 (or any successor statute).

6 Required Approval and References

6.1 This sale is subject to the unconditional consent of the Corporation.

6.2 Purchaser shall in good faith:

6.2.1 submit to the Corporation or the Managing Agent an application with respect to this sale on the form required by the Corporation, containing such data and together with such documents as the Corporation requires, and pay the applicable fees and charges that the Corporation imposes upon Purchaser. All of the foregoing shall be submitted within 10 business days after the Delivery Date, or, if ¶ 1.20.1 or 1.20.2 applies and the Loan Commitment Letter is required by the Corporation, within 3 business days after the earlier of (i) the Loan Commitment Date (defined in ¶ 1.21) or (ii) the date of receipt of the Loan Commitment Letter (defined in ¶ 18.1.2);

6.2.2 attend (and cause any Proposed Occupant to attend) one or more personal interviews as requested by the Corporation; and

6.2.3 promptly submit to the Corporation such further references, data and documents reasonably requested by the Corporation.

6.3 Either Party, after learning of the Corporation's decision, shall promptly advise the other Party thereof. If the Corporation has not made a decision on or before the Scheduled Closing Date, the Closing shall be adjourned for 30 business days for the purpose of obtaining such consent. If such consent is not given by such adjourned date, either Party may cancel this Contract by Notice, provided that the Corporation's consent is not issued before such Notice of cancellation is given. If such consent is refused at any time, either Party may cancel this Contract by Notice. In the event of cancellation pursuant to this ¶ 6.3, the Escrowee shall refund the Contract Deposit to Purchaser.

6.4 If such consent is refused, or not given, due to Purchaser's bad faith conduct. Purchaser shall be in default and ¶ 13.1 shall govern.

7 Condition of Unit and Personalty; Possession

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

7.2 At Closing. Seller shall deliver possession of the Unit, Personalty and Included Interests in the condition required by ¶ 7.1, broom-clean, vacant and free of all occupants and rights of possession.

8 Risk of Loss

8.1 The provisions of General Obligations Law § 5-1311, as modified herein, shall apply to this transaction as if it were a sale of realty. For purposes of this paragraph, the term "Unit" includes built-in Personalty.

8.2 Destruction shall be deemed "material" under GOL § 5-1311, if the reasonably estimated cost to restore the Unit shall exceed 5% of the Purchase Price.

8.3 In the event of any destruction of the Unit or the Premises, when neither legal title nor the possession of the Unit has been transferred to Purchaser. Seller shall give Notice of the loss to Purchaser ("Loss Notice") by the earlier of the date of Closing or 7 business days after the date of the loss.

8.4 If there is material destruction of the Unit without fault of Purchaser, this Contract shall be deemed canceled in accordance with ¶ 16.3, unless Purchaser elects by Notice to Seller to complete the purchase with an abatement of the Purchase Price; or

8.5 Whether or not there is any destruction of the Unit, if without fault of Purchaser, more than 10% of the units in the Premises are rendered uninhabitable, or reasonable access to the Unit is not available, then Purchaser shall have the right to cancel this Contract in accordance with ¶ 16.3 by Notice to Seller.

8.6 Purchaser's Notice pursuant to ¶ 8.4 or ¶ 8.5 shall be given within 7 business days following the giving of the Loss Notice except that if Seller does not give a Loss Notice, Purchaser's Notice may be given at any time at or prior to Closing.

8.7 In the event of any destruction of the Unit, Purchaser shall not be entitled to an abatement of the Purchase Price (i) that exceeds the reasonably estimated cost of repair and restoration or (ii) for any loss that the Corporation is obliged to repair or restore; but Seller shall assign to Purchaser, without recourse, Seller's claim, if any, against the Corporation with respect to such loss.

9 Closing Location

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

10 Closing

10.1 At Closing, Seller shall deliver or cause to be delivered:

10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;

10.1.2 Seller's counterpart original of the Lease, all assignments and assumptions in the chain of title and a duly executed assignment

thereof to Purchaser in the form required by the Corporation;

10.1.3 FIRPTA documents required by ¶ 25;

10.1.4 keys to the Unit, building entrance(s), and, if applicable, garage, mailbox, storage unit and any locks in the Unit;

10.1.5 if requested, an assignment to Purchaser of Seller's interest in the Personalty and Included Interests;

10.1.6 any documents and payments to comply with ¶ 15.2

10.1.7 If Seller is unable to deliver the documents required in ¶ 10.1.1 or 10.1.2 then Seller shall deliver or cause to be delivered all documents and payments required by the Corporation for the issuance of a new certificate for the Shares or a new Lease.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with ¶ 2.2.2;

10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in the form required by the Corporation; and

10.2.3 if requested by the Corporation execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be canceled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall complete and execute all documents necessary:

10.3.1 for Internal Revenue Service ("IRS") form 1099-S or other similar requirements;

10.3.2 to comply with smoke detector requirements and any applicable transfer tax filings; and

10.3.3 to transfer Seller's interest, if any, in and to the Personalty and Included Interests.

10.4 Purchaser shall not be obligated to close unless, at Closing, the Corporation delivers:

10.4.1 to Purchaser a new certificate for the Shares in the name of Purchaser; and

10.4.2 a written statement by an officer of authorized agent of the Corporation consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts of and payment status of all sums owed by Seller to the Corporation, including Maintenance and any Assessments, and the dates to which each has been paid.

11 Closing Fees, Taxes and Apportionments

11.1 At or prior to Closing,

11.1.1 Seller shall pay, if applicable:

11.1.1.1 the cost of stock transfer stamps; and

11.1.1.2 transfer taxes, except as set forth in ¶ 11.1.2.2

11.1.2 Purchaser shall pay, if applicable:

11.1.2.1 any fee imposed by the Corporation relating to Purchaser's financing; and

11.1.2.2 transfer taxes imposed by statute primarily on Purchaser (e.g., the "mansion tax").

11.2 The Flip Tax, if any, shall be paid by the Party specified in ¶ 1.19.

11.3 Any fee imposed by the Corporation and not specified in this Contract shall be paid by the Party upon whom such fee is expressly imposed by the Corporation, and if no Party is specified by the Corporation, then such fee shall be paid by Seller.

11.4 The Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance, and any other periodic charges due the Corporation (other than Assessments) and STAR Tax Exemption (if the Unit is the beneficiary of same), based on the number of the days in the month of Closing.

11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned, but shall be paid by the Party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right and elected to pay the Assessment in installments.

11.6 Each Party shall timely pay any transfer taxes for which it is primarily liable pursuant to law by cashier's, official bank, certified or attorney's escrow check. This ¶ 11.6 shall survive Closing.

11.7 Any computational errors or omissions shall be corrected within 6 months after Closing. This ¶ 11.7 shall survive Closing.

12 Broker

12.1 Each Party represents that such Party has not dealt with any person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker(s) named in ¶ 1.5.

12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker(s) shall not be deemed to be a third-party beneficiary of this Contract.

12.3 This ¶ 12 shall survive Closing, cancellation or termination of this Contract.

13 Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole and exclusive remedies shall be to cancel this Contract, retain the Contract Deposit as liquidated damages and, if applicable, Seller may enforce the indemnity in ¶ 13.3 as to brokerage commission or sue under ¶ 13.4. Purchaser prefers to limit Purchaser's exposure for actual damages to the amount of the Contract Deposit, which Purchaser agrees constitutes a fair and reasonable amount of compensation for Seller's damages under the circumstances and is not a

penalty. The principles of real property law shall apply to this liquidated damages provision.

13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.

13.3 Subject to the provisions of ¶ 4.3, each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of its representations or covenants stated to survive Closing, cancellation or termination of this Contract. Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, liability, cost or expense resulting from the Lease obligations accruing from and after the Closing. Each indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses arising from the defense of any claim and enforcement or collection of a judgment under this indemnity, provided the indemnitee is given Notice and opportunity to defend the claim. This ¶ 13.3 shall survive Closing, cancellation or termination of this Contract.

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

14 Entire Agreement; Modification

14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to ¶ 27, are merged in this Contract, which alone fully and completely expresses the Parties' and Escrowee's agreement.

14.2 The Attorneys may extend in writing any of the time limitations stated in this Contract. Any other provision of this Contract may be changed or waived only in writing signed by the Party or Escrowee to be charged.

15 Removal of Liens and Judgments

15.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney not less than 10 calendar days prior to the Scheduled Closing Date a Lien and Judgment search, except that Liens or Judgments first disclosed in a continuation

search shall be reported to Seller within 2 business days after receipt thereof, but not later than the Closing. Seller shall have the right to adjourn the Closing pursuant to ¶ 16 to remove any such Liens and Judgments. Failure by Purchaser to timely deliver such search or continuation search shall not constitute a waiver of Seller's covenants in ¶ 4 as to Liens and Judgments. However, if the Closing is adjourned solely by reason of untimely delivery of the Lien and Judgment search, the apportionments under ¶ 1.3 shall be made as of 11:59 P.M. of the day preceding the Scheduled Closing Date in ¶ 1.15.

15.2 Seller, at Seller's expense, shall obtain and deliver to the Purchaser the documents and payments necessary to secure the release, satisfaction, termination and discharge or removal of record of any Liens and Judgments. Seller may use any portion of the Purchase Price for such purposes.

15.3 This ¶ 15 shall survive Closing.

16 Seller's Inability

16.1 If Seller shall be unable to transfer the items set forth in ¶ 2.1 in accordance with this Contract for any reason other than Seller's failure to make required payment or other willful act or omission, then Seller shall have the right to adjourn the Closing for periods not exceeding 60 calendar days in the aggregate, but not extending beyond the expiration of Purchaser's Loan Commitment Letter, if ¶ 1.20.1 or 1.20.2 applies.

16.2 If Seller does not elect to adjourn the Closing or (if adjourned) on the adjourned date of Closing Seller is still unable to perform, then unless Purchaser elects to proceed with the Closing without abatement of the Purchase Price, either Party may cancel this Contract on Notice to the other Party given at any time thereafter.

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

17 Notices and Contract Delivery

17.1 Any notice or demand ("Notice") shall be in writing and delivered either by hand, overnight delivery or certified or registered mail, return receipt requested, to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at their respective addresses or to such other address as shall hereafter be designated by Notice given pursuant to this ¶ 17.

17.2 The Contract may be delivered as provided in ¶ 17.1 or by ordinary mail.

17.3 The Contract or each Notice shall be deemed given and received:

17.3.1 on the day delivered by hand;

17.3.2 on the business day following the date sent by overnight delivery;

17.3.3 on the 5th business day following the date sent by certified or registered mail; or

17.3.4 as to the Contract only, 8 business days following the date of ordinary mailing

17.4 A notice to Escrowee shall be deemed given only upon actual receipt by Escrowee.

17.5 The Attorneys are authorized to give any Notice on behalf of their respective clients.

17.6 Failure or refusal to accept a Notice shall not invalidate the Notice.

17.7 Notice pursuant to ¶¶ 2.2.2 and 13.4 may be delivered by confirmed facsimile to the Party's Attorney and shall be deemed given when transmission is confirmed by sender's facsimile machine.

18 Financing Provisions

18.1 The provisions of ¶¶ 18.1 and 18.2 are applicable only if ¶ 1.20.1 or 1.20.2 applies.

18.1.1 An "Institutional Lender" is any of the following that is authorized under Federal or New York State law to issue a loan secured by the Shares and Lease and is currently extending similarly secured loan commitments in the county in which the Unit is located: a bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, mortgage banker, insurance company or governmental entity.

18.1.2 A "Loan Commitment Letter" is a written offer from an Institutional Lender to make a loan on the Financing Terms (see ¶ 1.21) at prevailing fixed or adjustable interest rates and on other customary terms generally being offered by Institutional Lenders making cooperative share loans. An offer to make a loan conditional upon obtaining an appraisal satisfactory to the Institutional Lender shall not become a Loan Commitment Letter unless and until such condition is met. An offer conditional upon any factor concerning Purchaser (e.g. sale of current home, payment of outstanding debt, no material adverse change in Purchaser's financial condition, etc.) is a Loan Commitment Letter whether or not such condition is met. Purchaser accepts the risk that, and cannot cancel this Contract if, any condition concerning Purchaser is not met.

18.2 Purchaser, directly or through a mortgage broker registered pursuant to Article 12-D of the Banking Law, shall diligently and in good faith:

18.2.1 apply only to an Institutional Lender a loan on the Financing Terms (see ¶ 1.21) on the form required by the Institutional Lender containing truthful and complete information, and submit such application together with such documents as the Institutional Lender requires, and pay the applicable fees and charges of the Institutional Lender, all of which shall be performed within 5 business days after the Delivery Date;

18.2.2 promptly submit to the Institutional Lender such further references, data and documents requested by the Institutional Lender; and

18.2.3 accept a Loan Commitment Letter meeting the Financing Terms and comply with all requirements of such Loan Commitment Letter (or any other loan commitment letter accepted by Purchaser) and of the Institutional Lender in order to close the loan; and

18.2.4 furnish Seller with a copy of the Loan Commitment Letter promptly after Purchaser's receipt thereof.

18.2.5 Purchaser is not required to apply to more than one Institutional Lender.

18.3 If ¶ 1.20.1 applies, then

18.3.1 provided Purchaser has complied with all applicable provisions of ¶ 18.2 and this ¶ 18.3 Purchaser may cancel this Contract as set forth below, if:

18.3.1.1 any Institutional Lender denies Purchaser's application in writing prior to the Loan Commitment Date (see ¶ 1.21); or

18.3.1.2 a Loan Commitment Letter is not issued by the Institutional Lender on or before the Loan Commitment Date; or

18.3.1.3 any requirement of the Loan Commitment Letter other than one concerning Purchaser is not met (e.g. failure of the Corporation to execute and deliver the Institutional Lender's recognition agreement or other document, financial condition of the Corporation, owner occupancy quota, etc); or

18.3.1.4 (i) the Closing is adjourned by Seller or the Corporation for more than 30 business days from the Scheduled Closing Date and (ii) the Loan Commitment Letter expires on a date more than 30 business days after the Scheduled Closing Date and before the new date set for Closing pursuant to this paragraph and (iii) Purchaser is unable in good faith to obtain from the Institutional Lender an extension of the Loan Commitment Letter or a new Loan Commitment Letter on the Financing Terms without paying additional fees to the Institutional Lender, unless Seller agrees, by Notice to Purchaser within 5 business days after receipt of Purchaser's Notice of cancellation on such ground, that Seller will pay such additional fees and Seller pays such fees when due. Purchaser may not object to an adjournment by Seller for up to 30 business days solely because the Loan Commitment Letter would expire before such adjourned Closing date.

18.3.2 Purchaser shall deliver Notice of cancellation to Seller within 5 business days after the Loan Commitment Date if cancellation is pursuant to ¶ 8.3.1.1 or 18.3.1.2 and on or prior to the Scheduled Closing Date if cancellation is pursuant to ¶ 18.3.1.3 or 18.3.1.4.

18.3.3 If cancellation is pursuant to ¶ 18.3.1.1, then Purchaser shall deliver to Seller, together with Purchaser's Notice, a copy of the Institutional Lender's written denial of Purchaser's loan application. If cancellation is pursuant to ¶ 18.3.1.3, then Purchaser shall deliver to Seller together with Purchaser's Notice evidence that a requirement of the Institutional Lender was not met.

18.3.4 Seller may cancel this Contract by Notice to Purchaser, sent within 5 days after the Loan Commitment Date, if Purchaser shall not have sent by then either (i) Purchaser's Notice of cancellation or (ii) a copy of the Loan Commitment Letter to Seller, which cancellation shall become effective if purchaser does not deliver a copy of such Loan Commitment Letter to Seller within 10 business days after the Loan Commitment Date.

18.3.5 Failure by either Purchaser or Seller to deliver Notice of cancellation as required by this ¶ 18.3 shall constitute a waiver of the right to cancel under this ¶ 18.3.

18.3.6 If this Contract is cancelled by Purchaser pursuant to this ¶ 18.3, then thereafter neither Party shall have any further rights against, or obligations or liabilities to, the other by reason of this Contract, except that the Contract Deposit shall be promptly refunded to Purchaser and except as set forth in ¶ 12. If this Contract is canceled by Purchaser pursuant to ¶ 18.3.1.4, then Seller shall reimburse Purchaser for any non-refundable financing and inspection expenses and other sums reimbursable pursuant to ¶ 16.

18.3.7 Purchaser cannot cancel this Contract pursuant to ¶ 18.3.1.4 and cannot obtain a refund of the Contract Deposit if the Institutional Lender fails to fund the loan:

18.3.7.1 because a requirement of the Loan Commitment Letter concerning Purchaser is not met (e.g., Purchaser's financial condition or employment status suffers an adverse change; Purchaser fails to satisfy a condition relating to the sale of an existing residence, etc.) or

18.3.7.2 due to the expiration of a Loan Commitment Letter issued with an expiration date that is not more than 30 business days after the Scheduled Closing Date.

19 Singular/Plural and Joint/Several

The use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires. If more than one person constitutes Seller or Purchaser, their obligations as such Party shall be joint and several.

20 No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Payment of the Balance shall constitute

a discharge and release by Purchaser of all of Seller's obligations hereunder except those expressly stated to survive Closing.

21 Inspections

Purchaser and Purchaser's representatives shall have the right to inspect the Unit within 48 hours prior to Closing, and at other reasonable times upon reasonable request to Seller.

22 Governing Law and Venue

This Contract shall be governed by the laws of the State of New York without regard to principles of conflict of laws. Any action or proceeding arising out of this Contract shall be brought in the county or Federal district where the Unit is located and the Parties hereby consent to said venue.

23 No Assignment by Purchaser; Death of Purchaser

23.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder. Any such purported assignment shall be null and void.

23.2 This Contract shall terminate upon the death of all persons comprising Purchaser and the Contract Deposit shall be refunded to the Purchaser. Upon making such refund and reimbursement, neither Party shall have any further liability or claim against the other hereunder, except as set forth in ¶ 12.

24 Cooperation of Parties

24.1 The Parties shall each cooperate with the other, the Corporation and Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to consummate this sale.

24.2 The Parties shall timely file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings shall be true and complete. This ¶ 24.2 shall survive Closing.

25 FIRPTA

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

26 Additional Requirements

26.1 Purchaser shall not be obligated to close unless all of the following requirements are satisfied at the time of the Closing:

26.1.1 the Corporation is in good standing;

26.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and

26.1.3 there is no pending *in rem* action, tax certificate/lien sale or foreclosure action of any underlying mortgage affecting the Premises.

26.2 If any requirement in ¶ 26.1 is not satisfied at the time of the Closing, Purchaser shall give Seller Notice and if the same is not satisfied within a reasonable period of time thereafter, then either Party may cancel this Contract (pursuant to ¶ 16.3) by Notice.

27 Escrow Terms

27.1 The Contract Deposit shall be deposited by Escrowee in an escrow account as set forth in ¶ 1.24 and the proceeds held and disbursed in accordance with the terms of this Contract. At Closing, the Contract Deposit shall be paid by Escrowee to Seller. If the Closing does not occur and either Party gives Notice to Escrowee demanding payment of the Contract Deposit, Escrowee shall give prompt Notice to the other Party of such demand. If Escrowee does not receive a Notice of objection to the proposed payment from such other Party within 10 business days after the giving of Escrowee's Notice, Escrowee is hereby authorized and directed to make such payment to the demanding party. If Escrowee does receive such a Notice of objection within said period, or if for any reason Escrowee in good faith elects not to make such payment, Escrowee may continue to hold the Contract Deposit until otherwise directed by a joint Notice by the Parties or a final, non-appealable judgment, order or decree of a court of competent jurisdiction. However, Escrowee shall have the right at any time to deposit the Contract Deposit and the interest thereon, if any, with the clerk of a court in the county as set forth in ¶ 22 and shall give Notice of such deposit to each Party. Upon disposition of the Contract Deposit and interest thereon, if any, in accordance with this ¶ 27, Escrowee shall be released and discharged of all escrow obligations and liabilities.

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

27.3 Escrowee will serve without compensation. Escrowee is acting solely as a stakeholder at the Parties' request and for their convenience. Escrowee shall not be liable to either Party for any act or omission unless it involves bad faith, willful disregard of this Contract or gross negligence. In the event of any dispute, Seller and Purchaser shall jointly and severally (with right of contribution) defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee from and against any claim, judgment, loss, liability, cost

and expenses incurred in connection with the performance of Escrowee's acts or omissions not involving bad faith, willful disregard of this Contract or gross negligence. This indemnity includes, without limitation, reasonable attorneys' fees either paid to retain attorneys or representing the fair value of legal services rendered by Escrowee to itself and disbursements, court costs and litigation expenses.

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

27.5 Escrowee agrees to the provisions of this ¶ 27.

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

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

28 Margin Headings

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

29 Miscellaneous

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

30 Lead Paint

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK

SIGNATURE PAGE FOLLOWS

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written.

ESCROW TERMS
AGREED TO:

SELLER:

PURCHASER:

_____	_____	_____
ESCROWEE		
_____	_____	_____

RIDER ANNEXED TO AND FORMING A PART OF CONTRACT
OF SALE FOR UNIT AT
BETWEEN , as Seller
and
, as Purchaser

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

31. Notwithstanding Paragraph 7, it is agreed that Seller is not obligated to install any equipment or appliances in the Unit or otherwise make any repairs, improvements or decorations to the Unit or its equipment, appliances and fixtures.

32. Notwithstanding Paragraphs 1.11 and 11.4, if at the request of Purchaser, or Purchaser's lender or the attorneys for either, the Closing is adjourned to a date after the date scheduled for Closing in Paragraph 11 (the "Scheduled Closing Date"), then (i) the apportionment of maintenance charges due the Corporation shall be as of midnight of the day preceding the Scheduled Closing Date and not as of midnight of the day preceding the actual closing date (the "Actual Closing Date") and (ii) Purchaser shall pay to Seller, as a late fee, and in addition to the legal and other fees and expenses of processing described in Paragraph 42 below, an amount equal to 0.0411% times the unpaid portion of the purchase price for the Unit for each day's delay, beginning with the Scheduled Closing Date to and including the day immediately preceding the Actual Closing Date.

Notwithstanding the foregoing, Purchaser must pay and perform all of Purchaser's obligations within 30 days after the Scheduled Closing Date, or if the thirtieth day after the Scheduled Closing Date is not a business day, then on the first business day thereafter (the "Essence Date") TIME SHALL BE OF THE ESSENCE against Purchaser with respect to a Closing on or before the Essence Date. If the Purchaser then fails to perform on or before the Essence Date, the Purchaser shall on such Essence Date forfeit all of Purchaser's rights under this Contract.

33. Intentionally Omitted

34. Purchaser represents to Seller and to the Corporation that Purchaser is either an individual who is 18 years of age or older and who resides in the State of New York or an entity with offices in the State of New York.

Purchaser understands that the Corporation is not a party to this Contract or the sale contemplated hereby and that no representations, warranties or promises of any kind have been made to Purchaser by the Corporation.

35. If Purchaser is the tenant or occupant of the Unit on the date hereof:

A. Purchaser agrees to pay all rent as and when due in accordance with the terms of his lease, if any, or occupancy;

B. Purchaser's failure to pay rent or to otherwise comply with his lease or occupancy obligations, if not cured within fifteen (15) days after written notice, shall constitute a default under this Contract entitling Seller at its option to terminate this Contract;

C. The parties shall apportion as of midnight of the day preceding the Actual Closing Date, the rent for the Unit due or paid by Purchaser as the tenant or occupant thereof; and

D. At closing, Seller shall return to Purchaser the unapplied rent security deposit, if any, held by Seller.

E. By executing and delivering this Contract, Purchaser hereby terminates, as of the Closing, the lease, if any, with Purchaser with respect to the Unit.

36. If the Corporation declares or levies an assessment with respect to the Shares and/or Lease, Purchaser shall pay such assessment if it first becomes due and payable on or after the Actual Closing Date. If such assessment first becomes due and payable before such date, Seller shall notify Purchaser promptly of such fact and Purchaser shall reimburse (in the same manner as the balance of purchase price is payable) Seller the amount of such assessment on the date Purchaser is required to pay the balance of the purchase price and to perform his other obligations hereunder, without credit or deduction against the purchase price, unless all or a portion of such assessment is to be used to cover operating deficits of the Corporation occurring prior to the Actual Closing Date ("Seller's Portion"), in which event Purchaser's obligation

to reimburse Seller shall be limited to the amount of such assessment less Seller's Portion.

37. INTENTIONALLY OMITTED

38. Supplementing Paragraph 11.5, if at any time a check or other instrument for the payment of money delivered by Purchaser pursuant to the provisions of this Contract is dishonored for any reason, Purchaser shall reimburse Seller for the costs and expenses (including, but not limited to, reasonable attorneys' fees) of collection of any such check or other instrument.

39. At the request of Seller on or prior to the Actual Closing Date, as the case may be, Purchaser shall pay the balance of the purchase price to such payees as Seller shall direct.

40. Supplementing Paragraph 10.3, Purchaser shall cause its attorney to execute a designation agreement designating such attorney, or such other person specified by the Seller, as the "real estate broker" who is required to file a 1099 return with respect to the sale of the Apartment pursuant to Section 6045 of the Code. The Purchaser shall cause such "real estate broker" to make such 1099 return and to comply with all other requirements of Section 6045 of the code in connection with the sale of the Apartment, and Purchaser shall indemnify and hold harmless Seller and its attorneys against any and all penalties, loss and expenses (including, without limitation, attorney's fees) resulting from the failure of the Purchaser or such "real estate broker" to comply with the Code and the provisions of this Contract and such designation agreement.

41. Purchaser represents that Purchaser received a copy of the Offering Plan including all amendment(s) promulgated by Seller, not later than three days prior to the date hereof.

42. Purchaser shall be required to pay to the Seller and/or Seller's attorneys a fee which will cover the legal and other fees and expenses of processing the sale of the Unit as follows:

- (a) Basic fee for closing of sale: \$1000.00.

43. This contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 P.M. on the tenth calendar day after execution of this Contract. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet "Protect Your Family From Lead in Your Home" for more information.) This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk management report. The Seller may, at the Seller's option, within ten (10) days after delivery of the addendum, elect in writing whether to correct the condition(s) prior to settlement. If the Seller elects to correct the condition, the Seller shall furnish the Purchaser with certification from a risk assessor or inspector demonstrating that the condition has been remedied before the date of the closing. If the Seller does not elect to make the repairs, or if the Seller makes a counter-offer, the Purchaser shall have ten (10) days to respond to the counter-offer, or remove this contingency and take the property in "as is" condition or this contract shall become void. The Purchaser may remove this contingency at any time without cause.

44. Seller has provided a copy of the most recent financial statement of the Apartment Corporation and a copy of the most recent budget of projected expenses, copies of the by-laws and the Proprietary Lease of the Apartment Corporation as the same may have been amended to date.

45. Purchaser shall be responsible to pay the New York City and New York State Real Property transfer taxes.

46. Purchaser shall pay the fees imposed by the managing agent and/or its attorneys to transfer said unit.

47. Purchaser hereby acknowledges that Seller may desire to effect an IRCS 1031 Tax deferred exchange. Accordingly, Seller rights under this Agreement may be assigned to an Investment Property Exchange Services company, a Qualified Intermediary, for the purpose of completing such an exchange. Purchaser agrees to cooperate with Seller and the Qualified Intermediary in a manner necessary to complete said exchange.

SELLER

PURCHASER

DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND/OR LEAD BASED PAINT HAZARDS

LEAD WARNING STATEMENT: Premises: Co-op Unit

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

Seller's Disclosure (initial)

_____ (A) Presence of lead-based and/or lead-based paint hazards (check one below):

_____ (I) Known lead-based paint and/or lead-based paint hazards are present in _____ the housing (explain). _____

_____ (II) Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

_____ (B) Records and reports available to the Seller (check one below):

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

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

Purchaser's Acknowledgment (initial)

_____ (C) Purchaser has received copies of all information listed above.

_____ (D) Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.

_____ (E) Purchaser has (check one below):

() (I) received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

() (II) waived the opportunity to conduct a risk assessment or inspection for the premises of lead-based paint and/or lead-based paint hazards.

Agents Acknowledge (initial)

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

Certification of Accuracy

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

SELLER:

PURCHASER:

AGENT/BROKER:

By: _____

By: _____

c:\wpw\in60\blaw\leadpain.dls

Are You Planning To Buy, Rent, or Renovate a Home Built Before 1978?

Many houses and apartments built before 1978 have paint that contains lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly.

By 1996, federal law will require that individuals receive certain information before renting, buying, or renovating pre-1978 housing:



LANDLORDS will have to disclose known information on lead-based paint hazards before leases take effect. Leases will include a federal form about lead-based paint.

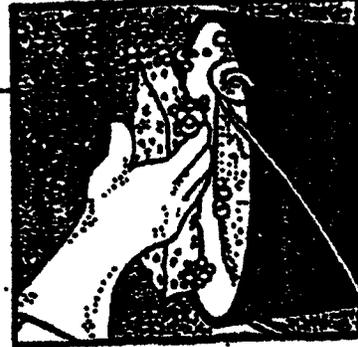
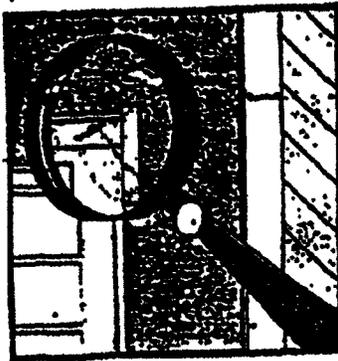
SELLERS will have to disclose known information on lead-based paint hazards before selling a house. Sales contracts will include a federal form about lead-based paint in the building. Buyers will have up to 10 days to check for lead hazards.

RENOVATORS will have to give you this pamphlet before starting work.

IF YOU WANT MORE INFORMATION on these requirements, call the National Lead Information Clearinghouse at 1-800-424-LEAD.

This document is in the public domain. It may be reproduced by an individual or organization without permission. Information provided in this booklet is based upon current scientific and technical understanding of the issues presented and is reflective of the jurisdictional boundaries established by the statutes governing the co-sponsoring agencies. Following the advice given will not necessarily provide complete protection in all situations or against all health hazards that can be caused by lead exposure.

Protect Your Family From Lead In Your Home



EPA
United States
Environmental Protection
Agency



United States Consumer
Product Safety Commission

EPA747-K-94-001

May 1995

U.S. EPA Washington DC 20460
11 R 7594C: Washington DC, 20207

IMPORTANT!

Lead From Paint, Dust, and Soil Can Be Dangerous if Not Managed Properly.

FACT: Lead exposure can harm young children and babies even before they are born.

FACT: Even children that seem healthy can have high levels of lead in their bodies.

FACT: People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips with lead in them.

FACT: People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.

FACT: Removing lead-based paint improperly can increase the danger to your family.

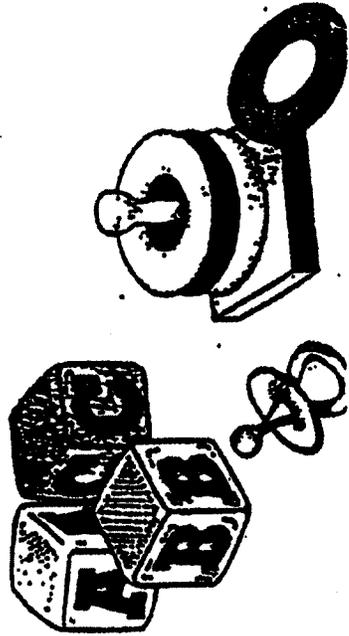
If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.

Lead Gets in the Body in Many Ways

- People can get lead in their body if they:
- ◆ Put their hands or other objects covered with lead dust in their mouths.
 - ◆ Eat paint chips or soil that contain lead.
 - ◆ Breathe in lead dust (especially during renovations that disturb painted surfaces).
- Lead is even more dangerous to children than adults because:
- ◆ Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.
 - ◆ Children's growing bodies absorb more lead.
 - ◆ Children's brains and nervous systems are more sensitive to the damaging effects of lead.

1 out of every 11 children in the United States has dangerous levels of lead in the blood-stream.

Even children who appear healthy can have dangerous levels of lead.



Checking Your Family for Lead

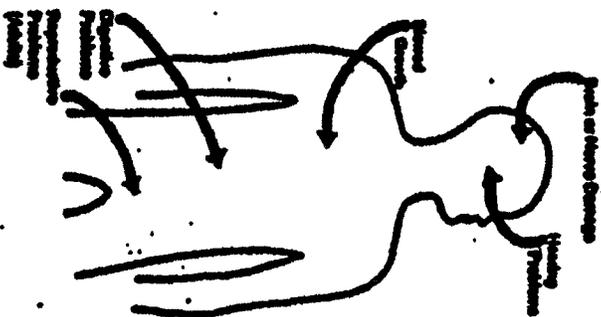
Lead's Effects

If not detected early, children with lead in their bodies can suffer from:

- ◆ Damage to the brain and nervous system
- ◆ Behavior and learning problems (such as hyperactivity)
- ◆ Slowed growth
- ◆ Hearing problems
- ◆ Headaches

Lead is also harmful to adults. Adults can suffer from:

- ◆ Difficulties during pregnancy
- ◆ Other reproductive problems (in both men and women)
- ◆ High blood pressure
- ◆ Digestive problems
- ◆ Nerve disorders
- ◆ Memory and concentration problems
- ◆ Muscle and joint pain



Lead affects the body in many ways.

Get your children tested if you think your home has high levels of lead.

A simple blood test can detect high levels of lead. Blood tests are important for:

- ◆ Children who are 6 months to 1 year old (6 months if you live in an older building or home that might have lead in the paint).
- ◆ Family members that you think might have high levels of lead.

If your child is older than 1 year, talk to your doctor about whether your child needs testing.

Your doctor or health center can do blood tests. They are inexpensive and sometimes free. Your doctor will explain what the test results mean. Treatment can range from changes in your diet to medication or a hospital stay.

Where Lead-Based Paint Is Found

In general, the other your home, the more likely it has lead-based paint.

Many homes built before 1978 have lead-based paint. In 1972, the federal government banned lead-based paint from housing.

Lead can be found:

- ◆ In homes in the city, country, or suburbs.
- ◆ In apartments, single-family homes, and both private and public housing.
- ◆ Inside and outside of the house.
- ◆ In soil around a home. Soil can pick up lead from exterior paint, or other sources such as past use of leaded gas in cars.

Where Lead Is Likely To Be a Hazard

Lead-based paint that is in good condition is usually not a hazard.

Peeling, chipping, chalking, or cracking lead-based paint is a hazard and needs immediate attention.

Lead-based paint may also be a hazard when found on surfaces that children can chew or that get a lot of wear-and-tear. These areas include:

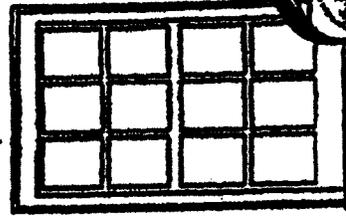
- ◆ Windows and window sills.
- ◆ Doors and door frames.
- ◆ Stairs, railings, and banisters.
- ◆ Porches and fences.

Lead dust can form when lead-based paint is dry scraped, dry sanded, or heated. Dust also forms when painted surfaces bump or rub together. Lead chips and dust can get on surfaces and objects that people touch. Settled lead dust can recenter the air when people vacuum, sweep, or walk through it.

Lead in soil can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. Call your state agency (see page 12) to find out about soil testing for lead.



Lead from paint chips, which you can see, and lead dust, which you can't always see, can both be serious hazards



Checking Your Home for Lead

Just knowing that a home has lead-based paint may not tell you if there is a hazard.

You can get your home checked for lead hazards in one of two ways, or both:

- ◆ A paint inspection tells you the lead content of every painted surface in your home. It won't tell you whether the paint is a hazard or how you should deal with it.
- ◆ A risk assessment tells you if there are any sources of serious lead exposure (such as peeling paint and lead dust). It also tells you what actions to take to address these hazards.

Have qualified professionals do the work. The federal government is writing standards for inspectors and risk assessors. Some states might already have standards in place. Call your state agency for help with locating qualified professionals in your area (see page 12).

Trained professionals use a range of methods when checking your home, including:

- ◆ Visual inspection of paint condition and location.
- ◆ Lab tests of paint samples.
- ◆ Surface dust tests.
- ◆ A portable x-ray fluorescence machine.

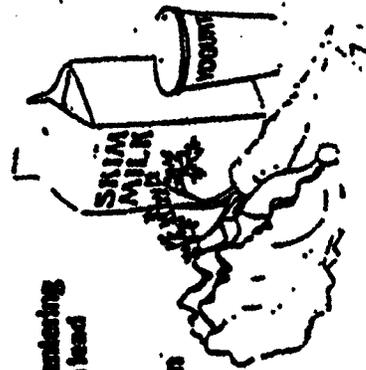
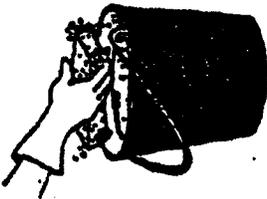
Home test kits for lead are available, but the federal government is still testing their reliability. These tests should not be the only method used before doing renovations or to assure safety.



What You Can Do Now To Protect Your Family

If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:

- ◆ If you rent, notify your landlord of peeling or chipping paint.
- ◆ Clean up paint chips immediately.
- ◆ Clean floors, window frames, window sills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead. **REMEMBER: NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.**
- ◆ Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.
- ◆ Wash children's hands often, especially before they eat and before nap time and bed time.
- ◆ Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- ◆ Keep children from chewing window sills or other painted surfaces.
- ◆ Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- ◆ Make sure children eat nutritious, low-fat meats high in iron and calcium, such as spinach and low-fat dairy products. Children with good diets absorb less lead.



How To Significantly Reduce Lead Hazards

In addition to day-to-day cleaning and good nutrition:

- ◆ You can temporarily reduce lead hazards by taking actions like repainting damaged painted surfaces and planting grass to cover soil with high lead levels. These actions (called "interim controls") are not permanent solutions and will not eliminate all risks of exposure.
- ◆ To permanently remove lead hazards, you must hire a lead "abatement" contractor. Abatement (or permanent hazard elimination) methods include removing, peeling, or encasing lead-based paint with special materials. Just painting over the hazard with regular paint is not enough.

Removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.

Always use a professional who is trained to remove lead hazards safely.



Always hire a person with special training for correcting lead problems—someone who knows how to do this work safely and has the proper equipment to clean up thoroughly. If possible, hire a certified lead abatement contractor. Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Call your state agency (see page 12) for help with locating qualified contractors in your area and to see if financial assistance is available.

Remodeling or Renovating a Home With Lead-Based Paint

Take precautions before you begin remodeling or renovations that disturb painted surfaces (such as scraping off paint or tearing out walls):

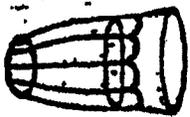
- ◆ Have the area tested for lead-based paint.
 - ◆ Do not use a dry sander, belt-sander, propane torch, or heat gun to remove lead-based paint. These actions create large amounts of lead dust and fumes. Lead dust can remain in your home long after the work is done.
 - ◆ Temporarily move your family (especially children and pregnant women) out of the apartment or house until the work is done and the area is properly cleaned. If you can't move your family, at least completely seal off the work area.
 - ◆ Follow other safety measures to reduce lead hazards. You can find out about other safety measures by calling 1-800-424-LEAD. Ask for the brochure "Reducing Lead Hazards: When Remodeling Your Home." This brochure explains what to do before, during, and after renovations.
- If you have already completed renovations or remodeling that could have released lead-based paint or dust, get your young children tested and follow the steps outlined on page 7 of this brochure.



If not conducted properly, certain types of renovations can release lead from paint and dust into the air.

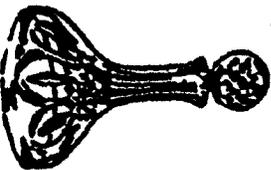


Other Sources of Lead



While paint, dust and soil are the most common lead hazards, other lead sources also exist.

- ◆ Drinking water. Your home might have plumbing with lead or lead solder. Call your local health department or water supplier to find out about testing your water. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might have lead in it:
 - Use only cold water for drinking and cooking.
 - Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.
- ◆ The job. If you work with lead, you could bring it home on your hands or clothes. Shower and change clothes before coming home. Launder your clothes separately from the rest of your family's.
- ◆ Old painted toys and furniture.
- ◆ Food and liquids stored in lead crystal or lead-glazed pottery or porcelain.
- ◆ Lead smelters or other industries that release lead into the air.
- ◆ Hobbies that use lead, such as making pottery or stained glass, or refinishing furniture.
- ◆ Folk remedies that contain lead, such as "griex" and "azarcon" used to treat an upset stomach.



For More Information

The National Lead Information Center
 Call 1-800-LEAD-FYI to learn how to
 protect children from lead poisoning.
 For other information on lead haz-
 ards, call the center's clearinghouse
 at 1-800-424-LEAD. For the hearing
 impaired, call, TDD 1-800-526-5456.
 (FAX: 202-659-1192,
 Internet: EHC@CAIS.COM).

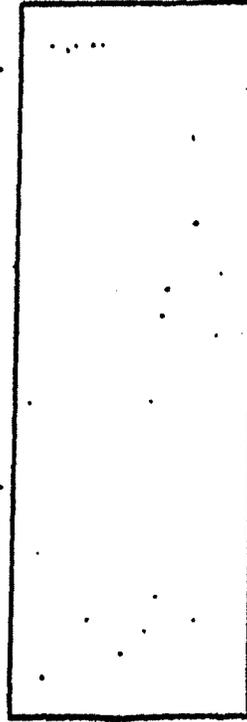
EPA's Safe Drinking Water Hotline

Call 1-800-426-4791 for information
 about lead in drinking water.

Consumer Product Safety Commission Hotline

To request information on lead in
 consumer products, or to report an
 unsafe consumer product or a prod-
 uct-related injury call
 1-800-638-2772. (In techet:
 info@cpsc.gov). For the hearing
 impaired, call 1-800-638-8270.

Local Sources of Information



State Health and Environmental Agencies

Some cities and states have their own rules for lead-based paint activities. Check with your state agency (listed below) to see if state or local laws apply to you. Most state agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards.

State/Region	Phone Number	Missouri	Phone Number
Alabama	(205) 242-5668	Montana	(406) 444-3671
Alaska	(907) 465-5152	Nebraska	(402) 477-2451
Arkansas	(501) 661-2334	Nevada	(702) 687-6615
Arizona	(602) 542-7307	New Hampshire	(603) 271-4507
California	(510) 450-2424	New Jersey	(609) 633-2043
Colorado	(303) 692-3082	New Mexico	(505) 841-9024
Connecticut	(203) 566-5908	New York	(909) 458-1158
Washington, DC	(202) 727-8850	North Carolina	(919) 715-3293
Delaware	(302) 739-4735	North Dakota	(701) 328-5188
Florida	(904) 488-3385	Ohio	(614) 466-1450
Georgia	(404) 657-6514	Oklahoma	(405) 271-5220
Hawaii	(808) 832-5860	Oregon	(503) 246-5240
Idaho	(208) 332-5544	Pennsylvania	(717) 782-2884
Illinois	(800) 949-2200	Rhode Island	(401) 277-3424
Indiana	(317) 962-6662	South Carolina	(803) 935-7945
Iowa	(800) 977-2026	South Dakota	(605) 773-3153
Kansas	(913) 296-0189	Tennessee	(615) 741-5683
Kentucky	(502) 564-2154	Texas	(512) 834-6600
Louisiana	(504) 765-0219	Utah	(801) 536-4000
Massachusetts	(603) 532-9571	Vermont	(802) 863-7231
Maryland	(410) 631-3859	Virginia	(800) 523-4049
Maine	(207) 287-4311	Washington	(206) 753-2556
Michigan	(517) 335-8885	West Virginia	(304) 556-2981
Minnesota	(612) 627-5490	Wisconsin	(608) 266-5865
Mississippi	(601) 960-7463	Wyoming	(307) 777-7391



EPA Regional Offices

Your Regional EPA office can provide further information regarding regulations and lead protection programs.

EPA Regional Offices

Region 1 (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)

John F. Kennedy Federal Building
One Congress Street
Boston, MA 02203
(617) 553-3428

Region 2 (New Jersey, New York, Puerto Rico, Virgin Islands)

2390 Woodbridge Avenue
Edison, NJ 08817-3479
(609) 321-6871

Region 3 (Delaware, Washington DC, Maryland, Pennsylvania, Virginia, West Virginia)

841 Oriental Building
Philadelphia, PA 19107
(215) 581-4600

Region 4 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

245 Governor Street, NE
Atlanta, GA 30365
(404) 347-4727

CPSC Regional Offices

Eastern Regional Center

6 World Trade Center
Vesey Street, Room 350
New York, NY 10048
(212) 686-1817

Central Regional Center

230 South Dearborn Street
Room 2044
Chicago, IL 60604-1801
(312) 443-3787

Region 5 (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

77 West Jackson Boulevard
Chicago, IL 60604-3590
(312) 866-6003

Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

First Interstate Bank Tower
1445 Ross Avenue, 12th Floor, Suite 1200
Dallas, TX 75202-2733
(214) 665-7244

Region 7 (Iowa, Kansas, Missouri, Nebraska)

726 Minnesota Avenue
Kansas City, MO 64101
(813) 851-7029

Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

910 16th Street, Suite 500
Denver, CO 80202-2405
(303) 265-8003

Region 9 (Arizona, California, Hawaii, Nevada)

75 Hawthorne Street
San Francisco, CA 94105
(415) 244-1234

Region 10 (Idaho, Oregon, Washington, Alaska)

1200 Sixth Avenue
Seattle, WA 98101
(206) 553-1200

Western Regional Center

800 Hamilton Street, Room 245
San Francisco, CA 94107
(415) 744-2866

Simple Steps To Protect Your Family From Lead Hazards

If you think your home has high levels of lead:

- ◆ Get your young children tested for lead, even if they seem healthy.
- ◆ Wash children's hands, bottles, pacifiers, and toys often.
- ◆ Make sure children eat healthy, low-fat foods.
- ◆ Get your home checked for lead hazards.
- ◆ Regularly clean floors, window sills, and other surfaces.
- ◆ Wipe soil off shoes before entering house.
- ◆ Talk to your landlord about fixing surfaces with peeling or chipping paint.
- ◆ Take precautions to avoid exposure to lead dust when remodeling or renovating (call 1-800-424-LEAD for guidelines).
- ◆ Don't use a belt-sander, propane torch, dry scraper, or dry sandpaper on painted surfaces that may contain lead.
- ◆ Don't try to remove lead-based paint yourself.

RIDER 2 TO CONTRACT OF SALE FOR UNIT ___ IN THE MONTEREY OWNERS CORP., 37-30 83RD STREET, JACKSON HEIGHTS, NEW YORK, BY AND BETWEEN 120 BA ASSOCIATES, LLC, AS SELLER, AND _____, AS PURCHASER

1. **Inconsistency.** In the event of any inconsistency between the provisions of this Rider and those contained in the contract of sale to which this Rider is annexed, the provisions of this Rider shall govern and be binding.

2. **Contract Deposit to be Held in Trust.**

(a) Replacing the Escrow Agreement, Exhibit B to the 19th Amendment, the law firm of Lefkowitz & Edelstein, whose address is 444 Madison Avenue, Suite 805, New York, New York 10022, and whose telephone number is (212) 759-1200 (the “Escrow Agent”), shall serve as escrow agent for Seller and Purchaser.

(b) The Escrow Agent has established an IOLA escrow account (the “Escrow Account”) at Provident Bank, located at 1412 Broadway, New York, New York 10018 (the “Bank”), a bank authorized to do business in the State of New York, account number 004047745. The name of the Escrow Account is “Lefkowitz & Edelstein IOLA Escrow Account.” The signatories on the Escrow Account, whom are admitted to practice law in the State of New York, are Richard S. Lefkowitz and Walter Edelstein. Neither the Escrow Agent nor any signatory on the Escrow Account is the Sponsor, the Selling Agent, the Managing Agent or a principal of any of the foregoing, or has any beneficial interest in any of the foregoing.

(c) The Escrow Agent and designated signatories hereby submit to the jurisdiction of the State of New York and its courts for any cause of action arising out of this Contract of Sale or otherwise concerning the maintenance or release of the Contract Deposit from escrow.

(d) The Bank is insured by the Federal Deposit Insurance Corporation generally to a maximum of \$250,000 in the aggregate with respect to all funds deposited by any person in one or more deposit accounts (including, without limitation, amounts deposited directly by such person and the Contract Deposit held in escrow for such person by the Escrow Agent). If the Contract Deposit exceeds \$250,000, or if the amount of Purchaser’s deposits at the Bank and the Contract Deposit exceed \$250,000, the aggregate of the Contract Deposit and all other such deposits will generally not be federally insured in excess of \$250,000. No representation or guaranty is made by the Escrow Agent or Seller that the Federal Deposit Insurance Corporation will insure Purchaser’s funds, if and when called upon to do so.

(e) The Contract Deposit is to be paid by Purchaser’s unendorsed personal check, drawn on a bank to which checks are presented for payment through the New York Clearing House Association. Said check is to be made payable to the order of “Lefkowitz & Edelstein, as Escrow Agent.”

(f) The Escrow Account will be an "Interest on Lawyer Account" established in compliance with Section 497 of the Judiciary Law. Therefore, no interest on the account will be payable to either Holder or Purchaser. No fees of any kind may be deducted from the Escrow Account, and Seller shall bear all costs associated with the maintenance of the Escrow Account.

3. Duties of Escrow Agent.

(a) The Escrow Agent is required to sign this Contract of Sale and place the Contract Deposit in the Escrow Account within five (5) business days after this Contract of Sale has been tendered to Escrow Agent together with the Contract Deposit. The Escrow Agent is then required to notify Purchaser and Seller that such funds were deposited into the Escrow Account and to provide the account number and the initial interest rate to be earned on the Contract Deposit. Subject to the provisions of the next sentence, if Purchaser has not received notice of such deposit within fifteen (15) business days after unconditional tender and delivery of the Contract Deposit to Seller or the Selling Agent, then Purchaser may rescind this Contract, so long as such right to rescind is exercised within ninety (90) days after Purchaser's unconditional tender and delivery of the Contract Deposit to Seller or the Selling Agent. Complaints concerning the failure to honor any such rescission requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, New York 10271. Purchaser shall not, however, be entitled either to rescind this Contract of Sale or to receive a refund of the Contract Deposit where proof satisfactory to the Attorney General is submitted establishing that the Contract Deposit was timely deposited and notice as provided above was timely given to Purchaser in conformity with the Attorney General's Regulations.

(b) As provided in Section 352-h of the GBL, the Contract Deposit (but not advances made for upgrades, extras, or custom work received in connection with this Contract) are and shall continue to be Purchaser's money and may not be commingled with any other money or pledged or hypothecated by Seller.

(c) The fact that the Plan has been consummated does not relieve Seller of its obligations pursuant to Section 352-e(2-b) or Section 352-h of the GBL.

(d) The Escrow Agent shall release the Contract Deposit if so directed: (a) pursuant to the terms and conditions set forth in this Contract of Sale upon the closing of title to the Unit; (b) in a subsequent writing signed by both Seller and Purchaser; or (c) by a final, non-appealable judgment or order of a court of competent jurisdiction. If the Escrow Agent is not directed to release the Contract Deposit pursuant to clause (a), (b) or (c) above and receives a request by either party to release the Contract Deposit, then the Escrow Agent shall give both Purchaser and Seller prior written notice of not less than thirty (30) days before releasing the Contract Deposit. If the Escrow Agent has not received notice of objection to the release of the Contract Deposit prior to the expiration of said thirty (30)-day period, the Contract Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Contract Deposit within said thirty (30)-day period, the Escrow Agent shall continue to hold

the Contract Deposit until otherwise directed pursuant to clause (a), (b) or (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Contract Deposit contained in the Escrow Account (together with any interest earned thereon) with the clerk of the county in which the Unit is located and shall give written notice to both parties of such deposit.

(e) Seller will not object to the release to Purchaser of the Contract Deposit, provided that Purchaser has timely rescinded this Contract of Sale in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; nor shall Seller object to the release of the Contract Deposit to Purchaser after an amendment abandoning the Plan is accepted for filing by the Department of Law.

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

(g) The Escrow Agent shall maintain the Escrow Account under its direct supervision and control.

(h) A fiduciary relationship shall exist between the Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to Sections 352-e(2-b) and 352-h of the GBL.

(i) The Escrow Agent may rely upon any paper or document that may be submitted to it in connection with its duties under this Contract of Sale and that is believed by the Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

(j) Seller agrees that it shall not interfere with the Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in Sections 352-e(2-b) and 352-h of the GBL and the Regulations promulgated by the Attorney General in Title 13 NYCRR.

(k) Prior to release of the Contract Deposit, the Escrow Agent's fees and disbursements shall neither be paid by Seller from the Contract Deposit nor deducted from the Contract Deposit by any financial institution under any circumstance.

(l) Seller agrees to defend, indemnify and hold the Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of the Escrow Agent's responsibilities arising in connection with this Contract of Sale or the performance or non-performance of the Escrow Agent's duties under this Purchase Agreement, except with respect to actions or omissions taken or suffered by the Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Contract of Sale or involving the gross

negligence of the Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by the Escrow Agent to itself.

Seller: **120 BA ASSOCIATES, LLC**

By: _____
Name:
Title:

Purchaser(s): _____

ESCROW AGENT (agreed to as to Paragraphs Rider 2 and Rider 3 only):

Lefkowitz & Edelstein