

350 BLEECKER STREET CO-OP NEWSLETTER

Number 128
November 7, 2000

The board met on October 10 and 18. Among the issues discussed:

ANNUAL MEETING OF SHAREHOLDERS: TUESDAY NOVEMBER 14, 7 PM, EXERCISE ROOM

Please bring a chair. Refreshments will be served. The board will discuss the garage lease, the waterproofing construction, carpet replacement, recent apartment sale values, and many other topics.

SECRET BALLOT

If you vote by proxy, be sure to sign and date the proxy envelope provided. Your proxy form enclosed in the envelope does not have your name or apartment. Andrew Brucker, the co-op's attorney, counts the proxies and separates them from the envelopes, so your vote remains confidential.

It is important that everyone vote, so that the Annual Meeting has a quorum. You are considered "present" at the meeting whether you come in person, or vote by proxy. If you vote by proxy and then show up to the meeting, you can have your proxy envelope immediately returned to you so that you can vote in person.

GARAGE LEASE NEGOTIATIONS AND LAWSUIT

On October 13, Ken Newman sued the co-op to stop the garage lease termination. A copy of the lawsuit is at www.350bleecker.com. If you'd like a copy, please ask any board member to print it out for you. The co-op's legal response is due November 13. In spite of the lawsuit, negotiations continue.

The board reached an agreement (called the "standstill agreement") with Ken to continue collecting rent for the garage during the lawsuit or negotiations. The agreement also allows the board members to see the lease between Ken and the garage owner, although the terms of the lease are to be kept confidential.

Because of the standstill agreement, we cannot print the rent or term of the lease in this Newsletter. If any shareholder would like to read the lease, she/he can have a copy by signing a confidentiality agreement. Just sign the form attached to this Newsletter and give it to any board member.

To see a copy of the standstill agreement, see www.350bleecker.com or ask any board member to print it out for you.

WATERPROOFING

After discussions with the co-op's attorney, Peter Seiden, and architect, Zen Libowicz, AM+G again re-started their work. The nine air conditioner sleeves facing Bleecker Street on the lobby level were replaced, and work started on the walls facing the back yard. Defective brick and mortar facing Bleecker and Tenth Street was also replaced. The board remains dissatisfied with the pace of the work.

BIKE ROOM WAITING LIST

If you'd like a space in the bike room, should a space become available, please drop a note to any board member.

GARAGE LEASE

To receive a copy of the garage lease, please sign this form and give it to any board member.

I have read the terms of the Standstill Agreement and agree to uphold them.

Name (print) _____ Name (signature) _____

Date _____ Apt _____ Phone _____

October 30, 2000

To: Shareholders of 350 Bleecker Street Apartment Corp.

From: Al Del Vecchio; Laura Herbert; Keith Hutchinson; Jim Kafadar; Susan Kim; Mark Lilien; Marylou Moravec

Re: Our election statement

All 7 board members would appreciate it if you re-elected us to the board on November 14, 2000. We've been privileged to serve the co-op this year. We would all like to continue next year, too.

Here is a list of some of our accomplishments on your behalf:

I. Voting rights

Secret ballots were used for each of the two votes taken. This is the first time confidentiality was protected. Additionally, no one lost the right to vote. Previously, all multiple owners of an apartment had to sign a proxy or the vote was lost.

II. Communication

The most complete web site of any co-op in New York City was produced. It includes every form a purchaser or shareholder needs, such as the complete Proprietary Lease, every Newsletter ever produced (since 1987), the Bylaws, selling information, etc. Using the web site can save every apartment purchaser or seller at least \$100 in fees charged by Ken Newman, since now this information is easily available.

A Newsletter was produced every month. The previous board produced only one Newsletter in a year. Open communication is a critical goal shared by all seven board members.

To save the shareholders time, the co-op now accepts e-mails and faxes for most documents, instead of insisting upon original signed versions.

III. Apartment sales and mortgages

To expedite every apartment sale, the board held a special meeting for every interview, instead of asking sellers and buyers to wait until the next monthly meeting. Board members signed financing forms for free, saving each shareholder requiring this form at least \$100 each (the cost charged by Ken Newman for providing the same information). Last January, the board hired a new transfer agent, Andrew Brucker, instead of continuing to use Ken Newman. To make things more convenient, shareholders who want to purchase additional apartments or who want to refinance their apartments are no longer required to submit financial statements to the board, providing the shareholder has a good credit check and has paid all co-op fees on a timely basis.

Lockers were auctioned off, and all 12 bidders received space in the basement. Smoking in the backyard was banned.

IV. Finances

Shareholders received monthly financial updates for the first time. Bank accounts are being removed from Ken Newman's control this month. STAR real estate tax rebates were credited to the shareholders. About 33% of the shareholders had their maintenance paid electronically. The board negotiated a 12.5% lower legal fee with the real estate tax attorney. The board switched insurance brokers, saving the co-op \$2,500 in commissions.

After receiving several incorrect monthly financial statements, the board requested an audit of the managing agent, Ken Newman. The audit has not yet taken place. For the first time in the history of the co-op, the board asked shareholders owed money to get in touch. The board is taking action to see that deserving shareholders will receive their long-delayed refunds shortly.

V. Physical Improvements to the building

The second elevator received a Magic Eye door sensor. The hallways received a Zolotone paint touch-up. The backyard pavers were installed. The planter walls along Bleecker Street were replaced. Certain steam lines were re-piped to balance the heat in many apartments. The super's workshop was renovated in order to help him find his tools and parts more easily.

The backyard garden was redone with new barrels and plants. The roof garden also received some improvements. The exercise room received a new treadmill, a recumbent bicycle, and a conventional bicycle.

VI. Garage lease

The board offered to share the cost of a neutral mediator to resolve the garage lease issue. After a secret shareholder ballot unanimously requested termination of the garage portion of the commercial lease, the board again attempted to negotiate with Ken Newman.

On October 13, Ken sued the co-op to stop the termination. To protect the shareholders, the co-op's attorney will answer the suit in court. Lawsuits are typical in these situations, and Ken Newman has several million dollars at stake. However, the board has offered to continue negotiating, regardless. (The text of Ken's suit is on the web site, www.350bleecker.com. If you do not have access to the Internet, and want to read the text, please ask any board member to print it out for you.)

More information about the garage situation will be in the next Newsletter, and will also be covered at the November 14 Annual Shareholder meeting.

VII. Managing agent search

After consulting with shareholders and also the two co-op associations, the board interviewed seven management companies. Final reference checking is now being done. Ken requested that his contract end before its January 31, 2001 deadline, but asked for \$2,062.50 compensation per month. The board is negotiating with Ken to eliminate that obstacle.

Conclusion

The board would like to continue its work. Board meetings have been lively and the members respect each other's views. No board member has any conflict of interest issues, since no board member gets any fees from her/his relationship to the co-op. In the past, conflict of interest issues arose when former board members received fees for acting as attorney, managing agent, broker, etc. in co-op related affairs. Furthermore, every board member lives in the building.

Among the most important challenges ahead:

The board is dissatisfied with the pace of the waterproofing work, and recently hired an attorney to expedite it. Although work re-started, the pace is still not acceptable.

Bids for replacing the worn hallway carpeting should be finalized in the next week or so.

The garage lease termination negotiation will continue.

Please allow us to continue serving you. We are asking for your voting support, and hope to see you on November 14 in the Exercise Room at 7:30 PM. Every vote counts.

Sincerely,

Al Del Vecchio, apartment 5L, (212) 243-3890 (home), (917) 646-6709 (pager),
adelvecc@siac.com

Laura Herbert, apartment 5U, (212) 645-1746 (h), (212) 977-6000 (w), lherbert@zagat.com

Keith Hutchinson, apartment 4U, (212) 229-0536 (h), keith.hutchinson@worldnet.att.net

Jim Kafadar, apartment 6C, (954) 772-1444 (h), jameskafadar@yahoo.com

Susan Kim, apartment 6R, (212) 242 7919 (h), susankim@compuserve.com

Mark Lilien, apartment 3E, (212) 929 4619 (h), 973 868 8983 (w), marklilien@juno.com

Marylou Moravec, apartment 4E, (212) 727 7014 (h), 212 904 4513 (w),
marylou.moravec@mcgraw-hill.com

NOTICE OF THE ANNUAL MEETING OF
SHAREHOLDERS
OF
350 BLEECKER STREET APARTMENT CORP.
TO BE HELD ON NOVEMBER 14, 2000
IN THE EXERCISE ROOM OF
350 BLEECKER STREET, NEW YORK, NY 10014

Notice is hereby given to the shareholders of 350 Bleecker Street Apartment Corp., a New York corporation, that the Annual Meeting of Shareholders will be held in the exercise room of 350 Bleecker Street, New York, New York 10014 on November 14, 2000 at 7:00 PM for the following purposes:

- a. To elect the Directors of 350 Bleecker Street Apartment Corp., and
- b. To transact such other business as may properly come before the meeting or any adjournment thereof.

The date fixed by the Board of Directors as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting is the close of business on November 1, 2000. The transfer books will not be closed.

By order of the Board of Directors.

/s/ James D. Kafadar

James D. Kafadar, Secretary
October 30, 2000

dschreiber@proskauer.com

Dale A. Schreiber
Member of the Firm

Direct Dial 212.969.3475

October 11, 2000

By Fax and e-mail

Robert N. Fass, Esq.
Friedman, Kraus & Zlotolow
888 Seventh Ave.
New York, NY 10106-0299

Re: Bleecker Charles Company (“BCC”) with
350 Bleecker Street Apartment Corp. (“the Cooperative”)

I refer to the Agreement of Lease dated July 1, 1985 between our client BCC, as tenant, and your client the Cooperative, as landlord, (“the Lease”) and the notice dated July 19, 2000 from the Cooperative to BCC (“the Notice”) purporting to terminate the portion of the Lease pertaining to the parking garage (“the Garage Portion”) under the federal Condominium and Cooperative Conversion Protection and Abuse Relief Act (“the Act”) effective October 18, 2000. As you know, BCC believes that the Notice is ineffective to terminate the Garage Portion of the Lease for reasons previously communicated and possibly for other reasons as well. Thus, the parties have a present and active dispute regarding these matters.

The purpose of this letter is to provide conditions that will (a) facilitate the negotiation of a possible settlement of the dispute between BCC and the Cooperative, (b) enable BCC to continue to pay and the Cooperative to continue to receive the amount of rent and other payments required under the Lease with respect to the Garage Portion, all without prejudice to the parties’ respective positions regarding any aspect of the dispute in the event of litigation, (c) assure BCC’s continuing right to maintain possession of the parking garage until there is a court order or settlement determining otherwise, again without prejudice to the parties’ respective position regarding the right to possession of the parking garage in the event of litigation, and (d) foster the exchange and disclosure of relevant information and documents to settlement negotiations.

Accordingly, BCC and the Cooperative agree as follows:

1. BCC will promptly provide you on behalf of the Cooperative with a complete executed copy of the sublease of the parking garage between BCC, as lessor, and the present garage operator

Robert N. Fass, Esq.

October 11, 2000

Page 2

Bleecker Parking Corp., as lessee, ("the Garage Tenant") ("the Garage Sublease"). You may share copies of the Garage Sublease with the present and future members of the Cooperative's Board of Directors but only pursuant to the terms of this letter agreement.

2. Neither the Cooperative nor any representative of the Cooperative may contact, negotiate or attempt to negotiate with, the Garage Tenant, prior to the later of October 18, 2000 or the commencement of litigation by either party pertaining to the dispute. The Cooperative shall not disclose or use the Garage Sublease or its terms or permit any other person to do so, except as expressly authorized by this letter agreement.

3. Until there is a settlement or judgment determining the respective rights and duties of the parties under the Act, the Cooperative shall not disturb or interfere with the possession of the parking garage by BCC or the Garage Tenant, so long as BCC pays the rent and other charges provided by the Lease. The Cooperative shall accept the payment of such amounts without prejudice to the Cooperative's claims that the payments constitute payment for use and occupancy of the parking garage, that the Garage Portion of the Lease has been terminated by the Notice effective October 18, 2000 and that the Cooperative may recover damages from BCC arising from BCC's continuing possession of the parking garage on and after that date. The Cooperative agrees that its acceptance of such amounts shall be without prejudice to all of BCC's defenses to the Cooperative's claims. BCC agrees that such acceptance shall not be asserted as a ground for claiming that the Cooperative has waived any right that it may have to terminate the Garage Portion of Lease or to seek damages under the Act or that a landlord-tenant relationship has been created thereby apart from any such relationship existing under the Lease.

4. Neither BCC nor the Cooperative shall use any writing (including the Garage Sublease) or information provided during the settlement negotiations or any proposal for settlement of the dispute or any part thereof in any future litigation between the parties involving any aspect of the dispute and shall otherwise treat such documents and information as confidential. At any time after the termination of settlement negotiations and upon request, the receiving party of such documents and information shall return to the delivering party the original and all copies of such documents and any other tangible item containing any such information or any information derived from any such documents. Nothing provided in this paragraph shall prevent either party from seeking any document or information subject to this paragraph through applicable discovery procedures.

5. This letter agreement may not be amended or terminated, nor may any of its provisions be waived, except by a writing signed by the parties or by their counsel.

6. This agreement may be signed in counterparts or by facsimile.

Please sign below on behalf of your client to indicate its acceptance of the terms of this letter agreement.

Robert N. Fass, Esq.

October 11, 2000

Page 3

Very truly yours,

Dale A. Schreiber

Accepted and agreed to on behalf of the Cooperative:

As attorneys for 350 Bleecker Street Apartment Corp.

das/dgr

United States District Court

SOUTHERN DISTRICT OF NEW YORK

BLEECKER CHARLES COMPANY

SUMMONS IN A CIVIL CASE

v.

CASE NUMBER: 00CIV. 7827 (JUDGE LYNCH)

350 BLEECKER STREET APARTMENT
CORPORATION

TO: (Name and address of defendant)
350 Bleecker Street Apartment Corporation
c/o Susan Kim, President, Board of Directors
350 Bleecker Street
New York, NY 10014

YOU ARE HEREBY SUMMONED and required to serve upon PLAINTIFF'S ATTORNEY (name and address)

Dale A. Schreiber, Esq.
PROSKAUER ROSE LLP
1585 Broadway
New York, NY 10036

an answer to the complaint which is herewith served upon you, within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint. You must also file your answer with the Clerk of this Court within a reasonable period of time after service.

JAMES M. PARKISON [stamped]
CLERK

OCT 13 2000
DATE

/s/ Marilyn Ong [stamped]
(BY) DEPUTY CLERK

JS 44C/SDNY
REV. 1/97
WEB 4/99

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for use of the Clerk of the court for the purpose of Initiating the civil docket sheet.

PLAINTIFFS

Bleecker Charles Company

DEFENDANTS

350 Bleecker Street Apartment Corporation

ATTORNEYS (FIRM NAME, ADDRESS AND TELEPHONE NUMBER)

Dale A Schreiber, Esq.
Proskauer rose LLP, 1585 Broadway
New York, NY 10036 (212) 969-3000

ATTORNEYS (IF KNOWN)

Robert N. Fass, Esq.
Friedman, Krauss & Zlotolow, 888 Seventh Avenue
New York, NY 10106-0299 (212) 247-5990

CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE)

Declaratory and injunctive relieve along with damages and attorney's fees being sought by sponsor of cooperative apartment corporation for improper termination of garage lease pursuant to 15 USC Sections 3607, 3611.

Has this or a similar case been previously filed in SDNY at any time? No? [X] Yes? [] Judge Previously Assigned _____

If yes, was this case Vol. [] Invol. [] Dismissed. No [] Yes [] If yes, give the date _____ & Case No. _____

(PLACE AN (x) IN ONE BOX ONLY)

NATURE OF SUIT

Table with columns: TORTS, FORFEITURE/PENALTY, ACTIONS UNDER STATUTES BANKRUPTCY, OTHER STATUTES. Rows include categories like CONTRACT, REAL PROPERTY, PERSONAL INJURY, CIVIL RIGHTS, LABOR, and FEDERAL TAX SUITS.

Check if demanded in complaint:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DO YOU CLAIM THIS CASE IS RELATED TO A CIVIL CASE NOW PENDING IN S.D.N.Y.? IF SO, STATE:

DEMAND \$ _____ OTHER _____ JUDGE _____ DOCKET NUMBER _____

(SEE REVERSE)

PROSKAUER ROSE LLP
Dale A. Schreiber (DS-9211)
Allison B. Feld (AF-9464)
1585 Broadway
New York, NY 10036
(212) 969-3000
Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x **00CIV. 7827**

BLEECKER CHARLES COMPANY, : Civ. /2000
 :
 Plaintiff, :

v. : **COMPLAINT**

350 BLEECKER STREET APARTMENT :
CORPORATION, :
 :
 Defendant. :

----- x

Plaintiff Bleecker Charles Company ("the Sponsor"), by its attorneys Proskauer Rose LLP, for its complaint against defendant 350 Bleecker Street Apartment Corporation ("the Co-op"), alleges as follows:

Introduction

1. The Sponsor brings this an action for, among other things, a declaratory judgment declaring that the Co-op's notice dated July 19, 2000 ("the Notice") to the Sponsor does not legally or properly terminate that portion ("the Garage Portion") of the Agreement of Lease dated July 31, 1985 ("the Master Lease") between the Co-op, as landlord, and the Sponsor,

as tenant, covering a public parking garage ("the Garage"), at the building known as 350 Bleecker Street in the City, County and State of New York, pursuant to the Federal Conversion Protection and Abuse Relief Act, 15 U.S.C. §§3601-3616 ("the Federal Act"). In aid of such declaratory relief, the Sponsor also seeks injunctive and other equitable relief enjoining and restraining the Co-op from taking any action to terminate the Master Lease or the Garage Portion or from interfering with the Sponsor's and its independent subtenant's possession of the Garage, and granting such other remedies including damages and attorneys' fees as may be available to the Sponsor under the Federal Act.

Jurisdiction and Venue

2. This Court has subject matter jurisdiction over this action under 28 U.S.C. §1331 and 15 U.S.C. §3611(a).

3. Venue is proper in this District under to 28 U.S.C. §1391(b) and (c) in that the defendant is a corporation resident in this District and further in that all of the events giving rise to this claims in this action have occurred and will continue to occur and the real property that is at issue in this action is also located within this District.

Parties

4. At all relevant times, the Sponsor, plaintiff Bleecker Charles Company, has been and still is a limited partnership organized under the laws of the State of New York with its principal place of business at 488 Madison Avenue, New York, NY 10022.

5. At all relevant times, the Co-op, 350 Bleecker Street Apartment Corporation, has been and still is a corporation organized under the laws of the State of New York with its principal place of business at 350 Bleecker Street, New York, NY 10014 in the heart of Greenwich Village.

The Conversion of 350 Bleecker Street

6. The Sponsor formed the Co-op for the purpose of converting the land and improvements located at 350 Bleecker Street, in the City, County and State of New York, consisting of a seven-story residential apartment building, two ground floor commercial spaces, and a public parking garage, ("the Building") to cooperative ownership under a non-eviction plan. The residential apartments in the Building were then subject to rent stabilization. Under the non-eviction plan, existing residential tenants were offered the choice of acquiring both a proprietary lease covering their apartment and the number of shares of the stock of the Co-op appurtenant to such proprietary lease, all at the offering price for each such unit, or continuing to occupy their apartments under leases subject to rent stabilization.

7. The conversion was governed by an offering plan dated December 31, 1984, which, as amended, was declared effective on or about April 5, 1985 and title was closed on July 31, 1985 ("the Plan"). On the effective date of the Plan and the closing, the Building consisted of 138 residential apartment units. One of the units, LG, was reserved for the use by the Building's superintendent and therefore was not included in the Plan. The remaining 137 units were offered pursuant to the Plan.

8. At the closing, the fee interest in the Building was transferred to the Co-op for cash and a purchase money mortgage and several units were sold to their residential occupants and others. At the closing and in accordance with the Plan, the Co-op executed and delivered the Master Lease to the Sponsor covering the two ground floor commercial spaces and the Garage. The term of the Master Lease was 75 years. The Master Lease also provided for a base rent of \$86,000 per year payable monthly and certain additional rent based upon increases in real estate taxes affecting the Building and certain increases in the Building's operating expenses.

9. Since 1985, Sponsor has subleased the two commercial spaces and the Garage pursuant to separate subleases. The current sublease for the Garage ("the Garage Sublease") expires on April 31, 2012.

The Co-op's Board of Directors

10. Under the Plan, the residents of the Building were entitled to elect the Board of Directors of the Co-op at a meeting of its shareholders to be held approximately 30 days after the closing on the cooperative conversion.

11. At the first meeting of the shareholders of the Co-op, which was held in 1985, the shareholders other than the Sponsor elected a Board of Directors comprised of seven members, only two of whom were representatives of the Sponsor.

12. Since that first meeting, the Board of Directors of the Co-op has consisted usually of seven members, no more than two of which were representatives of the Sponsor from 1986 through 1987, no more than one of which was a representative of the Sponsor from

1987 through 1999, and no one which was a representative of the Sponsor from 1999 to date.

The Sponsor's Ownership of Units

13. Upon the cooperative conversion, the Sponsor sold 33 of the residential units in the Building subject to the Plan, leaving with Sponsor with 104 unsold units under the Plan. From time to time thereafter, the Sponsor sold additional unsold units. Since the date of the cooperative conversion, the Sponsor has sold 107 units and presently owns 30 units.

14. The Sponsor sold unit number LA on October 16, 1997. When this sale was consummated, the Sponsor's ownership of units was reduced to 34 representing 24.8% of the total units offered under the Plan.

The Garage

15. The Garage is located in the subcellar area of the Building. The Garage's street entrance faces West 10th Street, a busy public street. Upon information and belief, the Garage services traffic from shoppers at nearby businesses and residents of nearby apartment complexes and is used predominantly by non-residents of the Building.

16. The Garage presently accommodates well over 100 cars. Upon information and belief, currently fewer than 15% of the currently available spaces are being utilized by tenants of the Building, some of whom are not unit owners. Moreover, upon information and belief, the Garage derives substantially less than 50% of its revenues from the Co-op's residents, whether unit owners or tenants.

The Shareholder Meetings and the Termination Notice

17. On June 1, 1999, the then constituted Board of Directors of the Co-op purported to call a meeting of the shareholders of the Co-op for the purpose of voting in favor of a resolution for the Co-op to terminate the Garage Portion of the Master Lease pursuant to the Federal Act. Prior to the vote, both members of the Board and the Sponsor provided the shareholders with written presentations setting forth their respective views on both the legality of any such attempted termination and the advisability of seeking such a termination if it were legally feasible to do so. The vote was held on June 24, 1999 and the shareholders failed to approve the termination resolution.

18. On June 6, 2000, a differently constituted Board of Directors of the Co-op caused a newsletter to be circulated to certain shareholders of the Co-op, stating that a shareholder's meeting to approve a resolution purporting to terminate the Garage Portion of the Master Lease under the Federal Act would be held on June 27, 2000. The Sponsor never received written or oral notice from the Board of such a shareholders meeting and, upon information and belief, the Board never gave the Sponsor notice of such meeting. Shortly before June 27, 2000 but less than ten days before such date, the Sponsor became aware of the impending meeting and proposed vote.

19. On June 27, 2000, but prior to the holding of the vote, the Sponsor sent a letter to the Board setting forth the Sponsor's objection to the calling of the meeting and the holding of the vote without providing timely notice to the Sponsor who was the single largest shareholder of the Co-op.

20. At the meeting of the shareholders held on June 27, 2000, a representative of the Sponsor attended with counsel, publicly objected to the failure of the Board to provide timely notice of the meeting, requested that no vote be taken, and requested copies of the proxies that the Board of Directors had obtained from shareholders reflecting their vote on the proposed resolution purporting to terminate the Garage Portion of the Master Lease under the Federal Act. All requests were denied by the Board, which was advised by the Co-op's counsel who was present at the meeting. Before the conclusion of the meeting, the presiding members of the Board announced that the resolution had passed by shareholders owning 87 of the 107 units eligible to vote on the termination resolution.

21. On July 9, 2000, the Board sent to the Sponsor a notice stating that the Co-op was terminating the Garage Portion of a lease between *Bleecker Street Apartment Corp.* and the Sponsor pursuant to Section 3607 of the Federal Act. This notice further stated that termination would be effective ninety days from the date of its hand delivery or mailing to the Sponsor. The Sponsor received this notice on July 10, 2000.

22. Apparently recognizing that it had incorrectly identified the relevant lease in its notice dated July 9, 2000 and that such notice was legally ineffective, the Board sent a revised and superseding notice to the Sponsor dated July 19, 2000 (earlier defined as "the Notice"). This notice is substantially similar to the notice dated July 9, 2000, except that it identifies the relevant lease as one between *350 Bleecker Street Apartment Corp.* and the Sponsor. The Sponsor received this notice on July 20, 2000 delivered by an overnight courier service.

CLAIM FOR RELIEF

23. The Sponsor incorporates by reference into this claim for relief the allegations of paragraphs 1 through 22 of this complaint.

24. Section 3607(a) of the Federal Act permits a termination of certain leases between a sponsor of a cooperative and the cooperative itself covering cooperative property serving the units of the cooperative owners if the termination is effective within the two-year period provided by Section 3607(c) of the Federal Act. In turn, Section 3607(c) provides that the two-year period (called the "window period") is triggered by the earlier of (a) the date on which the Sponsor's ownership interest was reduced to 25% or less of the total units in the conversion project or (b) the date on which the Sponsor ceased to maintain "special developer control" as that term is defined in Section 3603(22) of the Federal Act.

25. Under Section 3607(c) of the Federal Act, the termination of such a lease by the cooperative can be effected only by an affirmative "vote" of the owners of at least two-thirds of the units in the conversion project other than those owned by the sponsor or any affiliate of the sponsor. Following an affirmative vote for termination by the requisite portion of the eligible owners of units, the cooperative can effect a termination under the Section 3607(a) of the Federal Act only by delivering by hand or by mailing a written notice of the cooperative's termination action to the sponsor and under Section 3607(d) of the Federal Act the termination is effective only ninety days after the hand delivery or mailing of such notice to the sponsor.

26. The Notice is legally ineffective to terminate the Garage Portion of the Master Lease under the Federal Act, for any or all of the following reasons:

(a) If the Notice was legally effective, it was not legally effective until October 18, 2000 under Section 3607(d) of the Federal Act. Such effective date is more than two years after the earlier of (a) the date upon which the Sponsor ceased to have "special developer control" over the Co-op or (b) the date upon which the Sponsor ceased to own more than 25% of the units subject to the Plan, in either case within the meaning of Section 3607(c) of the Federal Act.

(b) The Garage was not, at the time that the Plan was declared effective, at the time the Notice was sent or is stated to be legally effective, or at any other legally relevant time, property that served the unit owners of the Building within the meaning of Section 3607(a) of the Federal Act, since the Garage was primarily a public facility.

(c) The vote taken of shareholders of the Co-op on June 27, 2000 purporting to authorize the Notice was not taken at a duly called meeting of the such shareholders and therefore was legally ineffective under Section 605(a) of the New York Business Corporation Law and the Co-op's By-Law §1(2), both of which regulate the governance of the Co-op, as well as Section 3607(c) of the Federal Act.

27. In light of the foregoing, there exists a genuine controversy between the Sponsor and the Co-op as to the legal effect of the Notice upon their respective rights and duties under Section 3607 of the Federal Act, which is ripe for determination by this Court.

28. Accordingly, the Sponsor is entitled to a declaratory judgment declaring that (a) the Notice is legally ineffective and null and void under the Federal Act, (b) the Master Lease including the Garage Portion remains in full force and effect, and (c) the Sponsor is entitled to continue in possession of the Garage in accordance with the Master Lease including the Garage Portion.

29. The Sponsor is also entitled to preliminary and permanent injunctive relief enjoining and restraining the Co-op, its directors, officers, employees, agents, attorneys, and other representatives, and any other persons acting in concert with any of them and with notice of such injunction, from terminating or attempting to terminate the Master Lease including but not limited to the Garage Portion or interfering or attempting to interfere with the possession of the Garage by the Sponsor or any subtenant of the Sponsor including the Garage Subtenant.

30. The Sponsor is also entitled to recover damages sustained by reason of the giving of, or any attempt to enforce, the Notice under Section 3611 (b) of the Federal Act, together with its costs, attorneys' fees and other expenses incurred in connection with this action under Section 3611(d) of the Federal Act.

WHEREFORE, the Sponsor prays for judgment requested above and for such other and further relief as this Court may deem just and proper.

Dated: New York, NY
October 13, 2000

PROSKAUER ROSE LLP

By: /s/ Dale A. Schreiber
Dale A. Schreiber (DS-9211)
Allison B. Feld (AF-9464)

1585 Broadway
New York, NY 10036-8299
(212) 969-3000

Attorneys for Plaintiff

PROSKAUER ROSE LLP
Dale A. Schreiber (DS-9211)
Allison B. Feld (AF-9464)
1585 Broadway
New York, NY 10036
(212) 969-3000
Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x **00CIV. 7827**

BLEECKERCHARLES COMPANY, : Civ. /2000

Plaintiff, :

v. : **STATEMENT PURSUANT**

TO LOCAL RULE 1.9

350 BLEECKER STREET APARTMENT :
CORPORATION, :

Defendant. :

----- x

Pursuant to Rule 1.9 (formerly Local General Rule 9) of the Local Rules of the District Court for the Southern District of New York and to enable judges and magistrate judges of the court to evaluate possible disqualification or recusal, the undersigned counsel for Bleecker Charles Company, a private non-governmental party, certifies that no corporate parents, affiliates and/or subsidiaries of Bleecker Charles Company are publicly held.

Dated: October 13, 2000

PROSKAUER ROSE LLP

By: /s/ Dale A. Schreiber
Dale A. Schreiber (DS-9211)
Allison B. Feld (AF-9464)

1585 Broadway
New York, NY 10036-8299
(212) 969-3000
Attorney for Defendants

PROSKAUER ROSE LLP
Dale A. Schreiber (DS-9211)
Allison B. Feld (AF-9464)
1585 Broadway
New York, NY 10036
(212) 969-3000
Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x

BLEECKER CHARLES COMPANY,	:	00 Civ. 7827 (GEL)
	:	
Plaintiff,	:	
	:	
-against-	:	<u>REPLY TO</u>
	:	<u>COUNTERCLAIM</u>
350 BLEECKER STREET APARTMENT	:	
CORPORATION,	:	
	:	
	:	
Defendant,	:	
	:	
-against-	:	
	:	
BLEECKER PARKING CORP.,	:	
	:	
Additional Counterclaim Defendant.	:	
	:	
----- x		

Plaintiff :Bleecker Charles Company ("the Sponsor"), by its undersigned counsel, for its reply to counterclaims of defendant 350 Bleecker Street Apartment Corporation ("the Co-op") contained in its answer and counterclaims dated December 29, 2000 ("the counterclaim"):

1. Denies the allegations of paragraph 14 of the counterclaim, except admits that the Co-op asserts the claims and seeks the relief in this action described in that paragraph.
2. Admits the allegations of paragraph 15 through 18 of the counterclaim.

3. Does not respond to paragraphs 19 through Z 1 of the counterclaim because such paragraphs merely contain legal contentions.

4. Admits the allegations of paragraphs 22 and 23 of the counterclaim.

5. Denies the allegations of paragraph 24 of the counterclaim, except refers to the original or true copy of the relevant offering plan ("Offering Plan"), Bylaws of the Co-op ("the Bylaws") and provisions of the proprietary leases between the Co-op and its tenant shareholders.

6. Denies the allegations of paragraphs 25 through 27 of the counterclaim, except admits that the Co-op and the Sponsor executed and delivered a certain Agreement of Lease dated July 31, 1985 ("the Master Lease") and for its contents refers to the original or a true copy.

7. Denies the allegations of paragraph 28 of the counterclaim, except admits that the Sponsor has executed and delivered various subleases for the spaces covered by the Master Lease including the parking garage ("the Garage").

8. Does not respond to paragraphs 29 and 30 of the counterclaim, because such paragraphs merely contain legal contentions.

9. Admits the allegations of paragraphs 31 through 33 of the counterclaim insofar as they assert matters of fact, but does not respond to those paragraphs to the extent that they merely contain legal contentions.

10. Denies the allegations of paragraph 34 of the counterclaim, except refers to the relevant Bylaws for their contents.

11. Denies the allegations of paragraphs 35 through 42: of the counterclaim, except admit that certain of the units referred to therein were physically connected or combined,

in each case with the consent of the Board of Directors of the Co-op, of which the Sponsor's designees never constituted a majority and did not control, but denies that the unit designations for such units, the proprietary leases for such units, or the aggregate number of related shares for such units were changed.

12. Does not respond to the allegations of paragraph 43 of the counterclaim, because such paragraph merely contains legal contentions.

13. Denies the allegations of paragraphs 44 through 48 of the counterclaim.

14. Denies the allegations of paragraph 49 of the counterclaim.

15. Denies the allegations of paragraph 50 of the counterclaim, except admit that, on or about December 1, 1988, the Sponsor sold the proprietary lease for unit 2L and the related shares in the Co-op to Shirley and Anthony Lomanto, who have owned at all times since that date such proprietary lease and related shares as tenants in common, and that, on or about July 31, 1985, the Sponsor sold the proprietary lease for Unit 6A and the related shares in the Co-op to Kathleen Giannetti, who owned such proprietary lease and the related shares from that date until June 16, 1999, and that at all times since that date the proprietary lease for such unit and related shares have at all times been owned by Kathleen and Anatol Iwanczuk as tenants in common.

16. Denies the allegations of paragraphs 51 and 52 of the counterclaim, except refers to the original or a true copy of the amendments to the Offering Plan referring to Units 2L and 6A.

17. Denies the allegations of paragraphs 53 of the counterclaim, expect admits that Kenneth B. Newman is the liquidating partner of the Sponsor and Ms. Lomanto is an

employee of Kenneth B. Newman, P.C., of which Mr. Newman is a shareholder, officer and director.

18. Denies the allegations of paragraph 54 of the counterclaim, except admits that Kathleen Giannetti, as she was then known, was an employee of the law firm that drafted the offering plan filed by the Sponsor in December 1984 and when the offering plan was declared effective on April 5, 1985 and that Ms. Giannetti has not worked full time for that law firm since November 1, 1999 and that Kenneth B. Newman, P.C. is and has been since at least 1984 a subtenant of such law firm.

19. Denies the allegations of paragraph 55 of the counterclaim and avers that other allegations of the counterclaim indicate that the owners of the proprietary leases for such units and the related shares of the Co-op were not sent, and did not receive, notice of the shareholders meeting at which the vote referred to was taken.

20. Denies the allegations of paragraph 56 through 59 of the counterclaim but does not respond to those paragraphs to the extent that they merely contain legal contentions.

21. Denies the allegations of paragraph 60 of the counterclaim, except admits that the Sponsor sent a letter referred to shareholder-tenants of the Co-op and refers to the original or a true copy for its contents.

22. Denies the allegations of paragraph 61 of the counterclaim.

23. Denies the allegations of paragraph 62 of the counterclaim, except admits the allegations of the first sentence thereof.

24. Denies the allegations of paragraph 63 of the counterclaim insofar that the notice referenced therein was not provided to the Sponsor and denies knowledge or information sufficient to form a belief as to the truth of the remainder of such allegations.

25. Denies the allegations of paragraph 64 of the counterclaim, except admits the Sponsor's attention was drawn to a newsletter referring to the meeting of shareholder-tenants described therein prior to the date and time for which the meeting was scheduled and does not respond to the first sentence thereof insofar as it merely contains legal contentions.

26. Denies the allegations of paragraph 65 of the counterclaim.

27. Denies the allegations of paragraph 66 of the counterclaim, except admits that the Sponsor received the notice referred to therein.

28. Denies the allegations of paragraphs 67 through 69 of the counterclaim, except admits that the Sponsor received the notice referred to therein on or about July 20, 2000.

29. Denies the allegations of paragraphs 70 through 73 of the counterclaims.

30. Admits the allegations of paragraph 74 of the counterclaim.

31. Repeats its responses to the allegations incorporated by reference into paragraph 75 of the counterclaim.

32. Denies the allegations of paragraphs 76 through 80 of the counterclaim.

FIRST AFFIRMATIVE DEFENSE

34. To the extent that the holders of the proprietary leases for Units 2L and 6A and the related shares may be deemed "holders of unsold shares" within the meaning of 13 N.Y.C.R.R. Part 18.3 (w) and the Offering Plan and Proprietary Lease, which status the Sponsor denies that such holders have or ever had have, in no event is either such holder a "developer" or a "successor of a developer," within the meaning of 15 U.S.C. §3603(14).

SECOND AFFIRMATIVE DEFENSE

33. To the extent that the Sponsor is required to plead any additional affirmative defenses, the Sponsor repeats the allegations of its complaint in this action.

WHEREFORE, the Sponsor prays for judgement dismissing the counterclaim with prejudice, costs, and attorneys' fees and such other and further relief as maybe just and proper.

Dated: New York, NY
January 12, 2001

PROSKAUER ROSE LLP

By: /s/ Dale A. Schreiber
Dale A. Schreiber (DS-9211)

1585 Broadway
New York, NY 10036
(212) 969-3000
Attorneys for Plaintiff

TO: FRIEDMAN, KRAUSS & ZLOTOW
888 Seventh Ave.
New York, NY 10106-0299
(212) 247-5990
Attorneys for Defendant

Bleecker Parking Corporation
C/o Joseph Vassallo
444 East 82nd Street
New York, NY 10021
(212) 737-3279
Additional Counterclaim Defendant