

350 BLEECKER STREET CO-OP NEWSLETTER
NUMBER 131
January 27, 2001

The board met on January 23, 2001. Among the items discussed:

NEW MANAGING AGENT

Tudor Realty Services was selected unanimously, effective February 1. Contact info:

Paul Morton, managing agent

25 Tudor City Place
New York, New York 10017

Telephone: (212) 557 3600 ext 137
E-mail: PaulM@TudorRealty.com
Fax: (212) 557 9329

Billing Department questions please contact:

Hannah Garcia, telephone: (212) 557 3600 ext 147
Suzy Marinez: (212) 557 3600 ext 149

In case of emergency, please call Rifo Otovic, super, at (212) 989 1565.
If Rifo cannot be reached, call (212) 557 3600, 24 hours a day, 7 days a week.

If you are a shareholder and already make your payments electronically, this will continue, and nothing special or different needs to be done.

If you are a shareholder, and you mail your payments, please send them to Tudor, attention Billing Department, made out to **350 Bleecker Street Apartment Corp.** Next payments are due February 1, 2001.

Shareholders, please do not send any more payments to Ken Newman.

Andrew Brucker will remain Transfer Agent as before, so he will arrange for all closings.

The board selected Tudor after an extensive search and interview process lasting several months. The management agreement is posted on the 350Bleecker.com web site. Tudor's annual fee is \$39,500, and the contract runs through September 30, 2004. The fee is adjusted once a year according to the inflation rate. Ken Newman's fee was \$49,500 annually. Furthermore, Ken charged the co-op several thousand dollars a year for expenses. Tudor's fee includes most of those expenses. To learn more about Tudor, check out their web site, TudorRealty.com.

GARAGE

The co-op filed an answer to Ken Newman's lawsuit and Ken Newman filed a rebuttal. All the filings are posted on the co-op's web site, 350Bleecker.com. If you are interested in reading these papers and you do not have access to the Internet, ask any board member to print these out for you.

Assuming the lawsuit continues, the next steps will occur in February or March, when the parties may ask for a Summary Judgment. If a Summary Judgment is granted, there will be no full trial, just an exchange of legal papers, and the judge's ruling may be finished in 2001. If a full trial occurs, things will take longer, perhaps into 2002.

NATIONAL CO-OPERATIVE BANK

The building's \$3.5 million mortgage holder issued the co-op a \$35,000 dividend. Since the bank is a co-op itself, and our co-op is a shareholder in the bank, we receive cash and stock dividends from time to time.

GOOD LUCK, MIRZA OTOVIC!

The board thanked Mirza Otovic for his service to the building. Mirza has taken a job with the US government in Maryland. The board hired Jonathan Baruch as Mirza's replacement.

APARTMENT FOR SALE – 3X – “L” Studio -- \$245,000

If you are interested, and are not a broker, please call Hilary Finkelstein at 212 691 3314.

CARPETING

The lobby and 6th floor were both recarpeted. The building also purchased an extra 80 square yards of carpet. The price was \$8,375.

COOPERATIVE APARTMENT HOUSE
MANAGEMENT AGREEMENT

This Agreement, made as of the 25th day of January, 2001, between 350 BLEECKER STREET APARTMENT CORP, a corporation organized and existing under the laws of the State of New York, having its principal office at 350 Bleecker Street, New York, NY, in the Borough of Manhattan, City of New York, hereinafter referred to as the "Owner" and TUDOR REALTY SERVICES CORP., a New York corporation, organized and existing under the laws of the State of New York, having its principal office at 25 Tudor City Place, in the Borough of Manhattan, City of New York, hereinafter referred to as the "Agent."

W I T N E S S E T H:

That the parties hereto mutually agree with each other as follows:

FIRST: The Owner, by its Board of Directors (the "Board") hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as managing agent of the cooperative apartment house located at 350 Bleecker, in the Borough of Manhattan, City of New York, hereinafter referred to as the "Building."

SECOND: The Agent shall perform the following services in a timely fashion and with due diligence and care:

(A) Cause to be hired, discharged, supervised and paid, in the Owner's own name, all persons necessary to be employed in order to properly maintain and operate the Building (including superintendents, handymen, doormen, etc.), pay the employees' wages, all monies due under the Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act, or any similar federal or state legislation, and all withholding tax returns required of such employees. Agent shall pay the Owner's employees (when requested by the employee) electronically. The cost of administering payroll paid to any third part payroll service, including the preparation of all required Federal, New York State and New York City payroll tax returns and employer tax filings, shall be borne by Owner. No hiring or terminating of Owner's employees may take place until Agent has received Owner's written approval of such action.

(B) With the prior consent of the Board of Directors of the Owner, and subject to the limitations contained in this Agreement, supervise and cause to be employed, discharged and paid, on behalf of the Owner, all contractors necessary to be engaged for normal operations of the Building.

(C) Cause the Building to be maintained, including

interior and exterior cleaning, and cause repairs and alterations of the Building to be made, including, but not limited to, electrical, plumbing, steamfitting, carpentry, masonry, elevator, decorating, and such other incidental alterations or changes therein as may be proper, subject to the approval of the Board of Directors of the Owner directly at the time the work is to be done, or indirectly, by being planned for in an annual budget, or otherwise, and to any limitations contained in this Agreement or any Proprietary Lease or other Agreement with any shareholder or tenant. Ordinary repairs or alterations involving an expenditure of over \$2,500.00 for any one item, or service contracts with annual fees over \$2,500.00, shall be made only with the prior approval of the Owner. Emergency repairs, i.e., those immediately necessary for the preservation or safety of the Building or for the safety of the shareholders, or other persons, or required to avoid the suspension of any necessary service in the Building, may be made by the Agent irrespective of the cost thereof, without the prior approval of the Owner, provided Agent first attempts to telephone all Board Members first for approval. If the Agent is unable to communicate by telephone with any Board Member in order to obtain such approvals, Agent shall authorize only such work as to avert any immediate danger or damage, and the Agent shall inform all of the Board Members within twenty-four hours of any such emergency repairs.

(D) (1) Cause all such acts and things to be done in or about the Building as shall be necessary or desirable for proper management of the building and to comply with any and all orders or violations affecting the Building, placed thereon by any federal, state or municipal authority having jurisdiction thereover and orders of the New York Board of Fire Underwriters, the New York Fire Insurance Exchange, or other similar body, and the Owner's insurers against liability and loss due to fire damage to the building, subject to the same limitation with respect to the amount of expenditure involved contained in paragraph (C) of this article in connection with the making of repairs and alterations, except that if failure to promptly comply with any such order or violation would or might expose the Owner to criminal liability, the Agent may cause such order or violation to be complied with irrespective of the cost thereof.

(2) Agent's duties hereunder shall include, without limitation, taking all actions necessary to insure that the building complies with applicable law and regulation, including, but not limited to, that relating to window guards, lead paint and fire prevention. Agent shall also compile all records and make all applications necessary to afford the Owner and its

shareholders the benefits of all applicable government programs. These shall include, without limitation, preparation and submission of all documents and applications necessary to obtain: (a) "STAR" tax reduction benefits; (b) SCRIE benefits and passthroughs to shareholders and (c) any other economically beneficial government procedures.

(E) With the approval of the Owner as to terms and vendors, enter into contracts on behalf of the Owner for electricity, gas, steam, air conditioning, water treatment, elevator, telephone, window cleaning, rubbish removal, fuel oil, detective agency protection, vermin extermination and/or such other services as shall be advisable.

(F) On behalf of the Owner, purchase all supplies, equipment, tools, appliances and materials which shall be necessary to properly maintain and operate the public portions of the Building. Notwithstanding the foregoing, purchases over \$2,500.00 must first be approved in writing by Owner. All discounts and commission in connection with any contract or purchases shall inure to the benefit of the Owner.

(G) Advise the Owner with respect to proper insurance coverage for the building, and cause to be effected and/or maintained, insurance policies with respect to the Building, in such amounts and through such carriers as the Owner may from time to time decide or as shall be requested in writing by the Owner and as such coverage shall be available. The Agent shall be included as a named insured with respect to general liability, elevator liability, public liability insurance, and directors and officer's coverage. The Agent shall use the Agent's best efforts to obtain bids for the provision or renewal of such insurance and to make the same available to the Owner at least 30 days prior to the effective date of coverage. In the event Agent is to be compensated by commission or otherwise for obtaining such insurance for the Owner, this fact (plus the amount of the compensation) must be disclosed in writing to the Board prior to the purchasing of any such insurance. The Agent shall provide, and maintain throughout the term of this agreement, at the Agent's expense, a fidelity bond covering the Agent's employees in an amount not less than \$450,000.00. Such bond shall be obtained as soon as possible and a copy of the bond shall be delivered to Owner within thirty (30) days of the date hereof.

(H) Review all bills received for services, work, and ordered in connection with maintaining and operating the Building. All bills shall be paid by checks prepared by the Agent, and signed by officers of the Owner. Agent shall cause to be paid all such bills and all mortgage interest, mortgage amortization, water charges, sewer rent, assessments and real

estate taxes, as and when the same shall become due and payable, to the extent operating funds are available. Additionally, Agent shall cause to be paid all corporate, franchise and other taxes assessed against the Owner or the Building, as requested by the Owner and based on returns prepared by the Owner's accountant. If the Board of the Owner shall direct that no particular bill or class of bills shall be paid, Agent shall not be responsible for the payment of such bills.

(I) Cooperate with the stock transfer agent selected by the Owner, in the Owner's discretion. If the Owner requests that the Agent shall act as the stock transfer agent of the Owner in connection with transfers of shares of stock of the Owner and the appurtenant Proprietary Leases held by shareholders, the fees for such services shall be as set out below:

(1) The parties to a transfer are obliged to pay the Agent, as Stock Transfer Agent, the following additional fees:

(i) The Seller shall pay the Agent \$575.00 in connection with the transfer of shares and the assignment of the Proprietary Lease. Such fee includes the Agent's attendance at closing and the preparation of all required documents to effectuate such transfer, including any Recognition Agreement. In the event such transfer is for space acquired or reacquired by the Owner of the Building, then the Owner shall pay the Agent said \$575.00 fee.

(ii) Seller shall pay the Agent \$35.00 for the preparation and filing of a UCC Termination Statement, if required.

(iii) If a shareholder is doing a refinancing, the shareholder shall pay the Agent a \$250.00 fee

(iv) If the Closing on the transfer is to be held outside the Agent's office, a travel and attendance fee of \$200.00 shall be paid to the Agent by the party requiring said outside location

(v) In the event that a Closing is adjourned with less than 48 hours of notice after being scheduled with Agent, the party causing or requesting such adjournment shall pay Agent a \$100.00 adjournment fee.

The Agent shall not be required to effectuate a transfer unless any and all fees due the Agent pursuant to this subsection 1 have been paid.

(2) As Stock Transfer Agent, the Agent shall keep the Corporate Records of the Owner up-to-date, and shall, at Owner's request send notices of corporate activities to shareholders. Owner shall reimburse Agent for the reasonable direct costs of such service of notices, including but not limited to, messengers, photocopying and postage.

(J) Use its best efforts to collect maintenance charges, rent and other charges. Agent shall debit shareholders electronically, at shareholder's request, for all maintenance, fees, etc. owed to the Owner. For any such charges remaining unpaid for a period established by the Owner, the Agent shall notify the Owner and if requested by the Owner, and pay for special counsel to serve notices upon tenant-shareholders or tenants to quit and surrender space occupied by them, sue for maintenance charges, rent and other charges which may at any time be or become due to the Owner from any shareholder or tenant in respect to space in the Building, and institute summary proceedings to recover possession thereof.

(K) Consider and, when reasonable, attend to complaints of shareholders and tenants in a timely fashion. If the Agent shall deem any such complaint unreasonable, it shall advise the Owner of the complaint and the reason for its opinion that the complaint is unreasonable. Agent shall keep and maintain a written log for all complaints received by it from tenants/shareholders (including any complaints concerning the laundry facility).

(L) File all reports and forms required for the Building by the Rent and Rehabilitation Regulations of the Department of Housing Preservation Development of the City of New York, the New York City Rent Stabilization Law of 1969, and the Department of Housing and Community Renewal.

(M) Maintain full books of account of all receipts and expenditures of managing the Building. If such books of account are maintained in separate journals and ledgers, said books of account shall be the property of the Owner but if the books of account are maintained as part of the Agent's computerized or other centralized bookkeeping systems, the books of account shall be the property of the Owner, and a true and complete copy thereof shall be furnished to the Owner, but the computer program shall be the property of the Agent. Books of account shall be open to the inspection by the Owner or any of its officers or duly authorized agents and/or accountants during normal business hours. However, when the Owner requires an in-depth audit or inspection, appointments for such shall be requested with reasonable prior notice required.

(N) Cooperate with Owner's accountant in regard to

ongoing, monthly monitoring by the accountant of Owner's receipts, expenditures and bank accounts and the annual audit of the books of account of the Owner, including the annual report of the operations of the Owner for the year then ended. A copy of each such annual report shall be sent to each shareholder of the Owner. The Owner shall reimburse the Agent for the reasonable direct cost of sending such reports.

(O) Not later than the twentieth (20th) day of each month, the Agent shall render or cause to be rendered regular monthly unaudited and unadjusted statements to the Owner showing all billings, funds received, disposition of funds received, and all disbursements made on behalf of and for the account of the Owner for the prior month, showing the source of funds, date and payee. Agent shall also provide a monthly statement of accounts payable, detailed accounts receivable by apartment, balance sheet, deposit schedules, cash balances, reconciled bank statements, flip taxes collected, and income/expense statement vs. budget. A copy of each such monthly statement shall be sent by the Agent to the directors of the Owner and the Owner's accountant. Copies of invoices will be forwarded to the Owner with the monthly report package. Commencing no later than May 1, 2001, all monthly financial reports shall be emailed in Excel format to all of the Board members at their respective email addresses. The chart of accounts must in the form approved by Owner and its accountant.

(P) On behalf of the Owner, cooperate with the Owner's accountants in regard to the preparation and filing of federal, state, city and any other income and other tax returns required by any governmental authority. At the Owner's written request, prepare and file Forms 1098 for shareholder's portion of mortgage interest and real estate taxes, if such forms are not prepared by the Owner's accountant. The Owner shall pay the Agent a fee of \$10 per individual form.

(Q) At least annually prepare and submit to the Owner's Board of Directors, at the Owner's written request, an operating budget setting forth the anticipated expenses for the Owner for the ensuing calendar year, a comparison of said budget to the income and expenses of the preceding and current years, and any required explanations and recommendations with respect thereto. Agent shall, when necessary, meet with the Board and/or the Owner's accountant to finalize such budget.

(R) According to policies and/or instructions established by the Board of Directors of the Owner, and upon written notification of such policies and/or instructions from the Board of Directors of the Owner, the Agent shall establish and administer investment funds. If the Board of Directors of the Owner has not so provided Agent with written instructions, the Agent shall invest any such monies in an interest-bearing account until otherwise notified.

(S) When the books of tentatively assessed valuations of the City of New York are opened for public inspection each year, the Agent shall ascertain the assessment of the Building and the land on which the Building is located, and report such assessments to the Owner. Agent shall cooperate with Owner's counsel to prepare such application (with the Agent's cooperation) and institute certiorari proceedings.

(T) Agent shall maintain accurate waiting lists for the use of the bike rooms and storage areas, persons wishing to buy apartments, etc., and shall make such lists available (or post such lists) as determined by the Board.

(U) If required by the Plan, and if Agent is acting as stock transfer agent, process the sale of shares and appurtenant Proprietary Lease or the subletting of the Apartment of a Holder of Unsold Shares at no charge.

(V) Accept all shareholder apartment renovation applications, collect fees due to Owner, and to check them for completeness. If complete, such applications shall be forwarded to the Board.

(W) Accept applications, check them for completeness, and collect fees due to the Owner from potential shareholders who wish to purchase apartments, as well as people who want to sublet their apartments. In addition to the foregoing, Agent shall promptly answer all reasonable questions from shareholders who wish to sell or sublease or renovate their units, and those persons who wish to sublease or purchase such units. Agent shall also oversee all move-ins and move-outs, whether a sale or a sublet, as well as apartment renovations, and shall assure that such moves and renovations are completed in compliance with Owner's policies, and applicable law and regulation.

(X) If required by Owner in writing, accept applications, provide credit search, check references, provide recommendations to Owner regarding prospective purchasers, and cooperate with Owner's transfer agent. Shareholder requesting such service, with Owner's written agreement, shall pay Agent \$500 in addition to any fees due to Owner.

(Y) Agent shall use its best efforts to attend all meetings of the Board of Directors and of the Shareholders of the Owner.

(Z) Agent agrees that it shall obtain contract materials, supplies and services ("goods and services") at the lowest possible cost and on the terms most advantageous to Owner, and to secure and credit Owner all discounts, rebates or commissions obtainable with respect to purchases, service contracts and other

transactions on behalf of the Owner. No purchases of goods and services from an affiliate of Agent shall be permitted without the prior written consent of Owner. Agent further agrees that for all contracts for goods and services in excess of \$2,500.00, Agent shall solicit written bids from at least three contractors or suppliers, which bids are to be opened simultaneously by Agent, in view of a member of the Owner's Board of Directors. For any goods and services in an amount less than \$2,500.00, Agent may solicit written or verbal bids, as necessary to assure that Owner is obtaining the goods and services at the best possible price and terms. Any verbal bids must be memorialized by Agent. In all events, except in the case of any emergency which immediately endangers persons or property, the decision as to which contractor or supplier to use shall be made solely by Owner, and only Owner shall have the right to execute orders or contracts for goods and services.

(AA) Agent shall inform Owner in a timely manner of all alleged violations of the House Rules or of the Proprietary Lease. The foregoing shall not in anyway be abrogate or delay Agent's obligation to act upon such violation, and such notice to Owner may be made after Agent acts or investigates same.

(BB) Agent shall supervise the operations of the laundry room, and all matters between the Owner and the laundry company which may be operating the laundry room. In this regard, Agent shall accompany and assist the laundry company's employee when the funds generated from the laundry room are counted and meter(s) read.

(CC) Agent shall distribute notices to the Shareholders of Owner or tenants in Owner's building, when necessary and after receiving prior written approval of the Owner. Delivery of such notices shall be in accordance with Owner's By-Laws, or Proprietary Lease, or as directed by the Owner.

The Agent is clothed with such other general authority and powers as may be necessary or advisable to carry out the spirit and intent of this Agreement.

THIRD: The Owner authorizes the Agent, for the Owner's account and on its behalf, to perform any act or do anything necessary or desirable in order to carry out the Agent's agreements contained in Article SECOND hereof, and everything done by the Agent under the provisions of Article SECOND shall be done as agent of the Owner, and all obligations or expenses incurred thereunder (for which the Agent is not compensated as provided in Article Second hereof) shall be at the expense of the Owner, provided such expenditures comply with the requirements of this Agreement.

Expenses of the Owner shall be paid by checks prepared by Agent from an account held for the account of the Owner. Such checks shall be signed solely by officers of the Owner, or as directed in writing by Owner's Board of Directors.

FOURTH: Owner has, at the time of commencement hereof, previously established bank accounts, and all funds received on account of the Owner shall be deposited in such accounts, or in such other accounts which Owner shall establish. Agent is not authorized to open any accounts in banks or other financial institutions, it being the intent that any accounts in which Owner's funds are deposited shall be opened only by Owner. All such accounts may, at Owner's option, may be designated as a trust account with Agent as the agent for Owner. Funds in such account may not be commingled with the funds of other entities for which the Agent acts as an Agent or Agent's own funds.

FIFTH: The Agent shall not be liable to the Owner for any loss or damage unless caused by the negligence, intentional tortious conduct, willful misconduct, breach of the terms of this Agreement or illegal acts of the Agent, its shareholders, officers, directors or employees (the foregoing collectively being hereinafter referred to as "Agent's fault").

(A) The Agent shall indemnify the Owner and hold the Owner, its officers and directors harmless, on demand, from all claims, demands, liability, damages, penalties, costs and expenses, statutory or otherwise, including but not limited to attorneys' fees and disbursements (the foregoing collectively being referred to hereinafter as "claims") arising by reason of Agent's fault. Agent will maintain a policy or policies of liability, including professional liability insurance of at least one million dollars (\$1,000,000), two million dollars (\$2 million) in the aggregate and a four million dollar (\$4 million) umbrella. Owner shall be a named insured, if such insurance provision is generally available. Agent will provide Owner with a Certificate of Insurance evidencing the same.

(B) Owner will indemnify the Agent, and hold the Agent, its stockholders, officers, directors and employees harmless, on demand, against claims:

(i) for injury to persons or property in, about or in connection with the Property unless due to Agent's fault in whole or in part;

(ii) all claims for all acts performed by the Agent pursuant to this Agreement or the instructions of the Owner;

(iii) all claims which may arise based on Agent's status as Managing Agent of the Property, provided Agent is properly carrying out Agent's obligations hereunder;

(iv) all claims for any act or omission of an employee of Owner unless such act or omission is in accordance with Agent's express directive or failure to give a proper directive; and

- (v) all claims which may arise based on an event or action which (a) occurred prior to appointment of Agent as agent for the Property or (b) may arise after the termination of this Agreement by reason of actions or persons or entities other than Agent.

It is expressly understood and agreed that that the foregoing provisions of this Article shall survive the termination of this Agreement, but this shall not be construed to mean that the Owner's or Agent's liability does not survive as to other provisions of this Agreement.

SIXTH: (A) The term of this Agreement shall be from no later than February 1, 2001 to September 30, 2004. The Owner shall pay the Agent as full compensation for its services hereunder the sum of \$39,500 for the first year, payable in equal monthly installments. Thereafter, the fee shall change upon each yearly anniversary (on February 1) by an amount equal to the percentage change in the Consumer Price Index for the New York area for the immediately preceding twelve months. Agent may not charge Owner or shareholders any fees not specifically listed in this Agreement.

(B) The only expenses incurred by Agent in connection with its services for which Owner shall reimburse Agent shall be expenses which have been approved in writing in advance, and which have been incurred in connection with mass mailings to all shareholders or expenses incurred in connection with extraordinary circumstances (i.e. those which are not in connection with ordinary, day-to-day operations of the building.

SEVENTH: The Agent shall not be entitled to any brokerage commissions for the sale of any shares of stock of the Owner owned by a shareholder of the Owner and sold by any such shareholder together with the Proprietary Lease appurtenant thereto, or for the subletting of any apartment by any such shareholder unless such shareholder shall directly engage the service of Agent as broker in writing, and in no event shall the Owner be liable for any such commissions. Notwithstanding the foregoing, however, the Agent may notify the shareholders of its willingness to act as broker on their behalf and if engaged in writing by any shareholder for such purpose, the Agent agrees to exercise its best efforts on such shareholder's behalf.

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

NINTH: All notices and communications to be given to the Owner and/or the Board pursuant to this Agreement shall be sent by email to every member of the Board at the email addresses provided by Owner. In the event it is impossible or impractical to do so, such notices and communications may be made to every member of the Board in writing and sent by fax to phone numbers provided by Owner, or delivered at the addresses provided to Agent by messenger or a nationally recognized overnight delivery company (e.g. Federal Express, Airborne Express, etc.). Agent may also use Express Mail but may not use any other service provided by the U.S. Postal Service to communicate with Owner and/or the Board.

Notwithstanding the foregoing, communications may be made by telephone in certain situations if specifically permitted in this Agreement. All written notices to be given to the Agent may be emailed, delivered by hand delivery or by fax, or if immediacy is not necessary, such notice may be addressed and mailed, by United States mail, to the attention of Agent at 25 Tudor City Place, New York, New York 10017 or such address which the Agent may hereafter designate.

TENTH: This Agreement may not be changed orally, shall bind and apply to any successor of either party hereto and may not be assigned by either party hereto.

ELEVENTH: This contract will be cancelable by either party without cause with at least sixty (60) days written notice to the other party. At Owner's sole option, this Agreement may be terminated for Cause, defined as any of these 3 events:

- A. An act or omission caused by Agent that violates a law or regulation
- B. Failure to follow the lawful instruction of the Board
- C. Failure to perform any duty required under this Agreement

TWELFTH: Upon termination, the parties shall account to each other with respect to all uncompleted business, and the Agent shall promptly and without charge deliver to the Owner or its designee all funds and other property of Owner, including but not limited to all of the Owner's cash, trust accounts, investments, canceled checks, bank statements and other bank records and all rent rolls, bills, ledgers, correspondence, leases, subleases, corporate files, books and records and other instruments relating to the Property and the Owner that may be in the possession of the Agent in accordance with the Transition Procedures of the Real Estate Board of New York (a copy of which is annexed hereto as Exhibit "A").

THIRTEENTH: Neither Agent nor any of its directors, officers, shareholders, employees, agents nor the spouses (or spousal equivalent) or immediate families of the same shall, directly or indirectly, solicit or accept any gratuity, discount, commission, bonus, gift, fee, payment or compensation of any sort or of any value from any supplier, vendor, contractor, service organization or any person or organization retained or hired by, or on behalf of, Owner, nor from any person or organization which hopes to be retained or hired by, or on behalf of, Owner. Violation of this section shall be cause for immediate termination, Owner shall be entitled to all damages permitted under the law, and in addition, as damages for such activity is difficult to calculated, the parties hereto agreed that Owner shall be entitled to liquidated damages equal to all fees paid to Agent by Owner from the date of commencement to the date of termination.

FOURTEENTH: It is understood and agreed that Agent shall post no signs on the exterior or interior of the Property or insignias on the uniforms of the employees of the Property without the prior written consent of Owner in each instance.

FIFTEENTH: Notwithstanding anything in this agreement to the contrary, under no circumstances shall Agent accept bids for, purchase goods or services from, an entity which is in any way affiliated with Agent, or any employee or principal or their spouse or spousal equivalent or immediate family of the Agent, or any

member of the Owner's Board of Directors.

SIXTEENTH: This contract may not be assigned without the express written consent of Owner, which consent may be withheld at Owner's sole discretion.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

New York, New York.

Tudor Realty Services Corp.

350 Bleecker Street Apartment Corp.

By: /s/Howard Weightman III

By: /s/Susan Kim

DATE: January 21,2001

TO: All Shareholders of 350 Bleecker Street

FROM: David Goodman
Director of Business Development
Tudor Realty Services Corp.

RE: New Managing Agent

We are pleased to inform you that your Board of Directors has retained Tudor Realty Services Corp. (TRS) as your building's Managing Agent effective February 1, 2001.

As Managing Agent, we are committed to providing all shareholders with the best service possible, and to helping your Board enhance the value of your investment in the building. During the transition period, there may be some mix-ups in billing and other matters that affect you. We ask that you be patient and understanding.

The agent for your building is Paul Morton, who can be reached at (212) 557 3600 ext. 137, to answer your questions and provide any needed service. His direct e-mail address is PaulM@TudorRealty.com. Fax number: (212) 557 9329.

Monthly payments, including maintenance and sublet fees, can be paid by checks, **made payable to 350 Bleecker Street Apartment Corp**, and should be sent to Tudor Realty Services Corp., 25 Tudor City Place, New York, NY 10017. The next monthly payment is due February 1, 2001.

If you already make your monthly payments electronically, this will continue, and nothing special or different needs to be done.

If you have questions about any fees, you may call Hannah Garcia or Suzy Marinez, of our billing department, directly at 557-3600, ext. 147 or 149, respectively.

In the event of an emergency, contact the super, Rifo Otovic at (212) 989 1565. If you cannot reach him, you may call Tudor Realty Services Corp. 24 hours a day at (212) 557 3600. An emergency message will be forwarded to a TRS representative who will promptly handle the situation.

Please do not send any more payments to Ken Newman under any circumstances.

We look forward to serving you.

Dg350.01

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
BLEECKER CHARLES COMPANY,

Plaintiff,

00 CIV. 7827 (GL)

-against-

350 BLEECKER STREET APARTMENT
CORPORATION,

ANSWER AND
COUNTERCLAIM

Defendant,

-against-

BLEECKER PARKING CORP.,

Additional Counterclaim Defendant.

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Defendant, 350 Bleecker Street Apartment Corporation (the “Cooperative”) for its Answer and Counterclaim against plaintiff Bleecker Charles Company (the “Sponsor”) alleges as follows:

1. Admits the allegations of paragraphs 1, 2, 3, 4, 5, 6, 8, 9, 12, 13, 21 and 27.
2. Denies the allegation of paragraphs 7, 10, 11, except admit that the conversion was governed by the Plan, and respectfully refer the Court to the original thereof for its full terms.
3. Denies the allegations of paragraph 14, except admits that the Sponsor sold unit number LA on October 16, 1997.
4. Denies knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 15, except admits that the Garage is located in the subcellar of the building and that its entrance faces West 10th Street.

5. Denies knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 16, except denies that the Garage accommodates well over 100 cars.

6. Denies the allegations of paragraph 17, except admits that a member of the Board of Directors called a meeting of unit owners not affiliated with the Sponsor for the purpose of a vote on the termination of the Garage portion of the Master Lease, that prior to the vote, members of the Board and the Sponsor provided the unit owners with written presentations of their views and that the vote held on June 24, 1999 failed to approve the termination..

7. Denies the allegations of paragraph 18, except admits that the Board of Directors caused a newsletter to be circulated containing notice of the June 27, 2000 meeting of unit owners not affiliated with the Sponsor.

8. Denies the allegations of paragraph 19, except admits that the Sponsor was the largest single shareholder of the Cooperative and that on June 27, 2000 prior to the holding of the vote, the Sponsor sent a letter to the Board objecting to the meeting and the vote on the basis that it had allegedly not received timely notice.

9. Admits the allegations of paragraph 20, except denies that there were 107 units eligible to vote on the termination resolution.

10. Denies the allegations of paragraph 22, except admits that a second notice of termination of the Garage portion of the Master Lease dated July 19, 2000 was sent to the Sponsor and received by him on July 20, 2000.

11. Repeats and realleges its answers to paragraphs 1 through 22 in response to paragraph 23.

12. Denies the allegations of paragraphs 24 and 25, and respectfully refers the Court to the Condominium and Cooperative Protection and Abuse Relief Act, 15 U.S.C. §§ 3601 – 3616 (the “Abuse Relief Act”) for its full terms and provisions.

13. Denies the allegations of paragraphs 26, 28, 29 and 30.

COUNTERCLAIM

14. The Cooperative brings this Counterclaim against the Sponsor and 350 Bleecker Corp. (the “Garage Operator”), the sublessor of the Garage space in the Cooperative, for a judgment:

- (1) against the Sponsor and the Garage Operator declaring that the parking garage portion (the “Garage Portion”) of the Agreement of Lease dated July 31, 1985 (the “Master Lease”) between the Cooperative and the Sponsor for the public parking garage (the “Garage”) located at the Cooperative’s premises, 350 Bleecker Street in the City of New York (the “Premises”), has been properly terminated pursuant to the Federal Condominium and Cooperative Conversion Protection and Abuse Relief Act, 15 U.S.C. §§ 3601 *et. seq.* (the “Abuse Relief Act”);
- (2) against the Sponsor pursuant to 15 U.S.C. § 3611(b) apportioning the rent due under the remaining portion of the Master Lease;
- (3) against the Sponsor and the Garage Operator pursuant to 15 U.S.C. § 3611(b) awarding the Cooperative possession of the parking garage;
- (4) against the Sponsor pursuant to 15 U.S.C. § 3611(b) awarding the Cooperative damages, with appropriate interest, arising from the Sponsor’s refusal to surrender possession of the parking garage;

(5) against the Sponsor awarding the Cooperative its reasonable attorney's fees, independent engineer and appraisers' fees and court costs pursuant to 15 U.S.C. § 3611(d); and

(6) granting such other and further relief as the Court deems just and proper.

15. This Court has jurisdiction over the Counterclaim pursuant to 15 U.S.C. § 3612 and 15 U.S.C. § 1367(a).

16. Venue is proper in this district pursuant to 15 U.S.C. § 3612 in that the counterclaim defendants are found, inhabit and transact business in the district, and the sale of the units of the Cooperative took place in this district.

17. Upon information and belief, the Garage Operator is a corporation having its principal place of business in the County, City and State of New York.

18. The Cooperative and the Sponsor are as identified in the Complaint.

19. The Cooperative is a "cooperative association" as that term is defined in 15 U.S.C. § 3603(9).

20. The shareholders of the Cooperative are "cooperative unit owners" as that term is defined in 15 U.S.C. § 3603(13).

21. The Sponsor is a "developer" as that term is defined in 15 U.S.C. § 3603(14)(A).

22. The Sponsor converted the Premises to cooperative ownership pursuant to an offering plan, filed with the New York State Department of Law, dated December 31, 1984 (the "Plan").

23. Transfer of title to the Premises to the Cooperative occurred at a closing held on or about July 31, 1985 (the "Closing").

24. At the time of the Closing, and continuing to the present time, the Sponsor exercised “special developer control” over the Cooperative as that term is defined in 15 U.S.C. § 3603(22), by reason of its having veto power over amendments to the Cooperative’s By-laws and Proprietary Lease. The Sponsor also exercised special developer control by reason of veto power over certain expenditures of the Cooperative, and related items.

25. At the Closing, the Sponsor caused the Cooperative to enter into the Master Lease between those two parties. The Master Lease covered the two ground floor commercial spaces and the Garage. The term of the Master Lease was 75 years.

26. The Master Lease provided for a base rent of \$86,000 per year payable monthly, and certain additional rent based upon increases in real estate taxes and certain operating expenses.

27. Upon information and belief, the rent provided for in the Master Lease was well below the market rent for comparable space.

28. Since 1985, the Sponsor has subleased the Garage to the Garage Operator, and, upon information and belief, has earned a substantial profit by doing so.

29. Pursuant to New York Multiple Dwelling Law § 60(1)(b), the residents of the Cooperative are given a preference for spaces in the Garage.

30. The Garage, by its nature, and regardless of the fact that it is open to the public, is “property serving the . . . cooperative units owners” within the meaning of 15 U.S.C. § 3607(a)(1).

31. At the time of the closing at the time of the Closing, the Premises contained 138 residential apartment units in addition to the Garage and the commercial space,

32. 137 of the residential apartments were “cooperative units” as that term is defined in 15 U.S.C. § 3603(12).

33. The remaining apartment, as to which no shares or proprietary lease were issued, was reserved for use by the building superintendent and is not a “cooperative unit.”

34. The Cooperative’s By-laws, which were drafted by the Sponsor, provide in relevant part at Article 5, Section 4 (“Regrouping of Space”) that the Cooperative’s Board of Directors, upon request of one or more cooperative unit owners: “may in its discretion at any time, permit such owner or owners . . . (2) to combined [*sic*] all or any portions of any such apartments into one or any desired number of apartments;”

35. In or before 1989, with the consent of the Cooperative’s Board of Directors, cooperative units 6V and 6W were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 137 to 136.

36. In or before March 1995, with the consent of the Cooperative’s Board of Directors, cooperative units 4A and 4B were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 136 to 135.

37. In or before January 1996, with the consent of the Cooperative’s Board of Directors, cooperative units 3G and 3H were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 135 to 134.

38. In or before June 1996, with the consent of the Cooperative’s Board of Directors, cooperative units 3D and 3E were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 134 to 133.

39. In or before April, 1997, with the consent of the Cooperative's Board of Directors, cooperative units 6C, 6D and 6E were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 133 to 131.

40. In or before April, 1998, with the consent of the Cooperative's Board of Directors, cooperative units 6K and 6L were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 131 to 130.

41. In or before October, 1998, with the consent of the Cooperative's Board of Directors, cooperative unit 3F was combined with the previously combined unit 3D and 3E were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 130 to 129.

42. In or before March, 2000, with the consent of the Cooperative's Board of Directors, cooperative units 5W and 5X were combined into a single unit. This reduced the number of cooperative units in the Cooperative from 129 to 128.

43. 15 U.S.C. § 3607 provides in relevant part:

Any contract or portion thereof which is entered into after October 8, 1980, and which--

(1) provides for operation, maintenance, or management of a condominium or cooperative association in a conversion project, or of property serving the condominium or cooperative unit owners in such project;

(2) is between such unit owners or such association and the developer or an affiliate of the developer;

(3) was entered into while such association was controlled by the developer through special developer control or because the developer held a majority of the votes in such association; and

(4) is for a period of more than three years, including any automatic renewal provisions which are exercisable at the sole option of the developer or an affiliate of the developer, may be terminated without penalty by such unit owners or such association.

(b) Time of termination

Any termination under this section may occur only during the two-year period beginning on the date on which—

(1) special developer control over the association is terminated; or

(2) the developer owns 25 per centum or less of the units in the conversion project, whichever occurs first.

(c) Vote of owners of units

A termination under this section shall be by a vote of owners of not less than two-thirds of the units other than the units owned by the developer or an affiliate of the developer.

(d) Effective date of termination

Following the unit owners' vote, the termination shall be effective ninety days after hand delivering notice or mailing notice by prepaid United States mail to the parties to the contract.

44. Upon information and belief, on October 16, 1997, the Sponsor sold apartment LA. Upon this sale, the Sponsor held a total of 34 of the then existing 131 cooperative units.

45. Upon information and belief, on December 16, 1997 the Sponsor sold apartment 6K. Upon this sale, the Sponsor held a total of 33 of the then existing 131 cooperative units.

46. Upon information and belief, on November 5, 1998 the Sponsor sold apartment 1E. Upon this sale, the Sponsor held a total of 32 of the then existing 129 cooperative units.

47. Upon information and belief, on May 14, 1999 the Sponsor sold apartment LN. Upon this sale, the Sponsor held a total of 31 of the then existing 128 cooperative units.

48. Upon information and belief, on May 18, 2000, the Sponsor sold apartment 5S. Upon this sale, the Sponsor held a total of 30 of the then existing 128 cooperative units.

49. The count of “developer” owned units, however, was augmented by two units owned by “holders of unsold shares” as that term is defined in the Plan and the Cooperative Proprietary Lease.

50. In particular, the Sponsor sold apartment 2L to Shirley and Anthony Lomanto, and apartment 6A to Kathleen Giannetti (now know as Kathleen Iwanczuk).

51. At the time of those sales, the Sponsor designated the purchasers of apartments 2L and 6A as successors to its status as “holders of unsold shares.”

52. As “holders of unsold shares” the unit owners of apartments 2L and 6A share with the Sponsor the offering of their interest in their cooperative units, and the authority to exercise “special developer control” in the project, including the right to: add, convert, or withdraw real estate from the cooperative project, and maintain sales offices, management offices and rental units; exercise easements

through common elements for the purpose of making improvements within the cooperative or condominium; or exercise control of the owners' association.

53. Upon information and belief, Shirley Lomanto was at the time she purchased her unit and is now working for Kenneth B. Newman, or a company owned or controlled by him. Mr. Newman is the general partner of the Sponsor.

54. Upon information and belief, Kathleen Giannetti or was at the time she purchased her unit, an employee of the law firm which prepared the Plan. Upon information and belief, this law firm shared office space with Mr. Newman and his company at the time Ms. Giannetti purchased her unit, and for several years thereafter.

55. Upon information and belief, the owners of both apartments 2L and 6A opposed the termination of the Master Lease that is the subject of this action, as evidenced by the fact that neither voted in favor of the termination.

56. By reason of the foregoing, the owners of apartments 2L and 6A are successors of the Sponsor, and, as such, are “developers” as that term is defined in 15 U.S.C. § 3603(14)(B).

57. Accordingly, as of May 18, 2000, when the Sponsor sold unit 5S, the “developers” for the first time owned a total of 32 units, or 25 per centum or less of the units in the Cooperative.

58. As special developer control of the project by the developers never ended, the two year period for termination of the Master Lease opened on May 18, 2000, the first date that the developers owned 25 per centum or less of the units in the conversion project as set forth in 15 U.S.C. § 3607(b).

59. On June 1, 1999, an officer and member of the Board of Directors of the Cooperative sent a Notice to all shareholders of a meeting of unit owners not affiliated with the developers to be held on June

24, 1999 for the purpose of voting on the proposed termination of the Garage Portion of the Master Lease pursuant to the Abuse Relief Act.

60. Prior to the June 24, 1999, meeting, Kenneth B. Newman, acting for the Sponsor, sent a letter to all shareholders of the Cooperative. In this letter Mr. Newman set forth the Sponsor's opposition to the termination. He also stated, among other things, that in the event of a successful vote to terminate the Garage portion of the Master Lease, the Sponsor would sue individually any shareholder who voted in favor of the termination.

61. Prior to the June 24, 1999 meeting, Mr. Newman, an attorney, who was at the time an officer and member of the Board of Directors of the Cooperative, also advised his fellow Board members that, when the vote was taken, the unit owners could not accept proxies or votes submitted by less than all owners of any units jointly owned. There was no basis in the law for this advice.

62. The vote was held on June 24, 1999, and failed to approve the termination. Such vote, however, was moot because the two year period to terminate the Garage portion of the Master Lease would not open until May 18, 2000, as described above.

63. On or about July 9, 2000, the Board of Directors of the Cooperative sent a notice to all shareholders, including the sponsor, of a second meeting of unit owners not affiliated with the developers for the purpose of voting on the proposed termination of the Garage portion of the Master Lease pursuant to the Abuse Relief Act.

64. Neither the Abuse Relief Act, nor the New York State Business Corporation Law required that notice be given to the Sponsor, who was not permitted to vote at the meeting. Nevertheless, a copy of the notice was sent to the Sponsor. A copy of the meeting notice was also placed in the Cooperative's

newsletter, a copy of which was sent by mail to the Sponsor, and further copies was posted on the Cooperative's Internet web site and in the Cooperative's building lobby.

65. At the meeting held on June 27, 2000, the Garage Lease was terminated by a vote of owners of not less than two-thirds of the units other than the units owned by the developer or an affiliate of the developer.

66. On July 10, 2000, the Board of Directors sent to the Sponsor a notice stating that the Cooperative was terminating the Garage Portion of the Master Lease pursuant to Section 3607 of the Abuse Relief Act. This notice, however, contained a typographical error identifying the Cooperative as Bleecker Street Apartment Corp., rather than 350 Bleecker Street Apartment Corp. On information and belief, no party to the Master Lease was misled or confused as to the actual identity of the parties referred to in the notice.

67. To avoid any argument that the July 10, 2000 notice was invalid, however, the Board of Directors, on July 19, 2000, sent a corrected notice to the Sponsor in which the Cooperative was correctly identified as 350 Bleecker Street Apartment Corp. Like the first notice, the corrected notice stated that the Cooperative was terminating the Garage Portion of the Master Lease pursuant to Section 3607 of the Abuse Relief Act.

68. The corrected notice of termination was sent to the Sponsor by prepaid United States mail (Express Mail service).

69. The corrected notice was received by the Sponsor on July 20, 2000.

70. Accordingly, pursuant to 15 U.S.C. § 3607(d), the termination of the Garage Portion of the Master Lease was effective no later than October 18, 2000, 90 days after the Sponsor received the corrected notice of termination.

71. The Sponsor's sublease with the Garage Operator for the Garage Lease, which is dependent upon the existence of the Garage portion of the Master Lease, has also terminated.

72. The Sponsor has refused to surrender possession of the Garage.

73. The Sponsor has also refused to pay a fair and reasonable market rent for the period subsequent to the termination that it has remained in possession of the Garage.

74. By reason of the foregoing, there exists a genuine controversy between the Sponsor and the Cooperative as to their respective rights and obligations under the Abuse Relief Act, which is ripe for determination by this Court.

CLAIM FOR RELIEF

75. The Plaintiff repeats and realleges the allegations of paragraphs 1 through 66 of this Complaint.

76. By reason of the foregoing, the Cooperative is entitled to a judgment declaring that Garage Portion of the Master Lease was terminated pursuant to the Abuse Relief Act no later than October 18, 2000.

77. By reason of the foregoing, the Cooperative is entitled to a judgment against the Sponsor pursuant to 15 U.S.C. § 3611(b) apportioning the rent due under the remaining portion of the Master Lease.

78. By reason of the foregoing, the Cooperative is entitled to a judgment against the Sponsor pursuant to 15 U.S.C. § 3611(b) awarding the Cooperative damages, in an amount to be determined at trial, arising from the Sponsor's failure to surrender possession of the Garage.

79. By reason of the foregoing, the Cooperative is entitled to a judgment against the Sponsor and the Garage Operator pursuant to 15 U.S.C. § 3611(b) awarding the Cooperative possession of the Garage.

80. By reason of the foregoing, the Cooperative is entitled to a judgment pursuant to 15 U.S.C. § 3611(d) against the Sponsor awarding the Cooperative its reasonable attorney's fees, independent engineer and appraisers' fees and court costs.

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

Dated: New York, New York
December 29, 2000

FRIEDMAN, KRAUSS & ZLOTOW

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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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

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