

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT ("this Agreement") is entered into as of the ____ day of _____, 200_, by and between _____ Housing Development Fund Corporation ("HDFC") a corporation formed pursuant to the Business Corporation Law and Article 11 of the Private Housing Finance Law, having an address at _____ and the City of New York acting by and through its Department of Housing Preservation and Development ("HPD") having an office at 100 Gold Street, New York, NY 10038.

WHEREAS, the HDFC is the fee owner of premises located at _____ (the "Premises");

WHEREAS, the HDFC and HPD are entering into this Regulatory Agreement to outline the terms under which the Premises shall be preserved and used as affordable housing to provide co-operative ownership opportunities for low-income households.

WHEREAS, the HDFC will issue (a) shares ("Shares") allocated to residential apartments (individually an "Apartment" and collectively, "Apartments") in the Premises to those tenants who have elected to purchase such shares ("Shareholders") and (b) a Proprietary Lease to each of the Shareholders for such Shareholder's exclusive use of an Apartment.

NOW THEREFORE, the parties do hereby agree as follows:

1. Term of Restrictions

The term of the restrictions ("Restriction Period") set forth in this Regulatory Agreement will commence on the date hereof and shall terminate on the later of (i) thirty-eight (38) years from the date of this Agreement, or (ii) until the expiration of any exemption and/or abatement from taxation on the property pursuant to Section 577 of the Private Housing Finance Law or any other law.

2. Certain Definitions

"Annual Household Income" shall mean the total income from all sources received for the prior calendar year by all household members 18 years and older residing within the household, including but not limited to all gross income from full-time employment, part-time employment, self-employment, babysitting/ caretaking, welfare, social security, S.S.I., pension, disability compensation, unemployment compensation, alimony, child support and interest derived from all assets wherever located throughout the world. Annual Household Income shall not include any rental assistance or food stamp payments. Such income shall be evidenced by the household's federal tax return for such year, or such other evidence of income as the Board of Directors or Agent may require.

"Agent" shall mean an organization approved by HPD and contracted by the HDFC to monitor and enforce certain terms of this Regulatory Agreement.

"Managing Agent" shall mean a professional management company contracted by the HDFC.

"Board of Directors" shall mean the Board of Directors of the HDFC.

"Monitoring Contract" shall mean the contract between the HDFC and Agent.

"Initial Shareholders" shall mean households who make the initial purchase of shares from the HDFC to become Shareholders and who (i) were leaseholding tenants as of the HPD Conveyance Date, or (ii) who became leaseholding tenants during the period of Neighborhood Restore's ownership, or (iii) who are leaseholding tenants at the time of Cooperative Conversion Date.

"Subsequent Shareholders" shall mean any purchaser who is not an Initial Shareholder.

"Rental Tenants" shall mean those legal tenants in the Premises on the date hereof who chose not to purchase their Apartment.

"Inside waiting list" shall mean a list held by the HDFC and approved by Agent of Shareholders wishing to change Apartments because of family size, disability, or physical need.

"Outside waiting list" shall mean a list held by the HDFC and approved by Agent of households who wish to become Shareholders if a suitable apartment becomes available, including, but not limited to, family members of Shareholders (i.e. adult children who are not Shareholders).

"Profit" shall be the (a) the price received by a Shareholder selling shares, less (b) the price paid by the Shareholder for the Shares.

"HPD Conveyance Date" shall mean the date that the City conveyed the Premises to Neighborhood Restore Housing Development Corporation.

"HPD Mortgage" shall mean the mortgage held by HPD securing an HPD permanent loan for the Premises ("HPD Loan").

"Participating Lender" shall mean the private institutional lender providing a permanent loan for the Premises in conjunction with the HPD Loan.

"Vacant Units" shall mean Apartments formerly occupied by Rental Tenants or Apartments that are unoccupied at the time of Cooperative Conversion Date

3. Restrictions on Renting and Subletting

- a. Prior to Cooperative Conversion Date, the HDFC may rent vacant units only to households who Annual Household Income does not exceed 120% of Median (as hereinafter defined).
- b. The HDFC may rent Apartments only to Rental Tenants. The HDFC may not rent any other Apartment.
- c. Upon vacancy of an Apartment by the Rental Tenant, the HDFC must sell the Apartment according to the terms of this Regulatory Agreement. The HDFC may not rent such Apartment to any other family. Upon the expiration of a lease with a Rental Tenant, the HDFC shall offer renewal leases to Rental Tenants and at rents that do not exceed the increases that are permitted at such time by the Rent Guidelines Board (or its successor) for apartments covered by the Rent Stabilization Code.
- d. The HDFC shall prohibit Shareholders from subletting Apartments within the first three years of this Agreement, except under extraordinary circumstances approved

by a vote of $66\frac{2}{3}\%$ (two-thirds) of the Board of Directors or $66\frac{2}{3}\%$ (two-thirds) of the membership of the HDFC. Extraordinary circumstances include, but are not limited to, the Shareholder receiving an offer of employment outside of the New York City metropolitan area, a family emergency outside of the New York City metropolitan area, attendance at an educational institution outside New York City, and active service in the Armed Forces of the United States. If a sublet is approved, all of the requirements enumerated in Paragraph 3.f. below shall apply.

- e. Beginning in the fourth year, the HDFC may adopt a policy to allow subletting by a vote of $66\frac{2}{3}\%$ (two-thirds) of the membership of the HDFC under the conditions and restrictions stated in Paragraph 3.f. below. If the HDFC does not vote to permit subletting, then Paragraph 3.d. shall remain in effect until such time as the HDFC votes to permit subletting.
- f. If subletting is permitted under the conditions of Paragraphs 3.d. or 3.e. above, the following conditions and restrictions will apply:
 - (i) The HDFC shall prohibit Shareholders from subletting Apartments to households whose Annual Household Income exceeds 120% of the area median income for the corresponding household size as determined from time to time by the United States Department of Housing and Urban Development ("Median").
 - (ii) The monthly charge for a sublet shall not exceed 110% of the monthly maintenance for the Apartment. The person or persons subletting the Apartment ("Subtenant") shall pay the entire amount of the sublet to the HDFC, and the HDFC shall forward any difference between the amount paid by Subtenant and the monthly maintenance for the Apartment to the Shareholder owning the Shares allocated to such Apartment within 30 days of HDFC's receipt of payment from the Subtenant.
 - (iii) The HDFC shall prohibit Shareholders from subletting any Apartment for a period longer than two years in any five year period. Each sublet shall be for a period not to exceed one year with an option to renew for one additional year, subject to the Board of Director's written approval. The sublease shall be on a form approved by Agent.
 - (iv) Upon receipt of a Shareholder's request to sublet, the Board of Directors shall, within 5 business days, inform the Shareholder of the forms and/or documentation that must be submitted to process the request. The Board of Directors shall review documentation, conduct an interview of the proposed Subtenant, and give or deny approval within 30 business days of receipt of documentation from Shareholder.
 - (v) Within 5 business days of Subtenant approval by the Board of Directors and prior to the execution and delivery of any sublease, the Board of Directors shall present to Agent a certified statement ("Certified Statement ") supporting its approval of a sublease with complete documentation in the form required by Agent and including all tasks, requirements, and documents outlined in this document and any and all attachments so that Agent can adequately evaluate the proposed sublet. Agent will evaluate subleases based on the Board of Director's certified statement, the documentation submitted, this Agreement, the HDFC's Articles of Incorporation, and the

HDFC's By-Laws. Agent shall give its consent, or withhold its consent, to a proposed sublet within 10 business days after its receipt of the Certified Statement and supporting documents with respect to each such Sublease.

- (vi) All subleases are to be approved by Agent in writing prior to their execution with the exception for subleases of six months or less, which need only to be approved by the Board of Directors. In cases of subleases for six months or less, the stipulations in Paragraph 3.f.iv. and 3.f.v. are not applicable and the Board of Directors shall not issue a Certified Statement but instead give its consent or withhold its consent to the proposed sublet within 15 business days of receipt of documentation from Shareholder. No more than one sublease of six months or less can be executed for a particular apartment in the Premises in any five year period without the prior written approval by Agent, and said five year period shall begin at the commencement of the term of the sublease.

4. Restrictions on Sales

- a. For this Paragraph 4 of the Regulatory Agreement, households of four persons or less shall be considered four person households.
- b. Neither the HDFC nor any Shareholder shall sell Shares to any household whose Annual Household Income exceeds 120% of Median.
- c. Neither the HDFC nor any Shareholder shall sell Shares to any household whose Annual Household Income is less than three times (300%) the annual maintenance for the unit, unless the household proposing to purchase the Apartment has otherwise demonstrated an ability to the satisfaction of both the HDFC and Agent to pay the maintenance.
- d. The sales price to be paid for Shares ("Sales Price") by Subsequent Shareholders shall be the Sales Price established in Schedule I.
- e. The Sales Price to be paid for Shares of Vacant Units shall be the Sales Price established in Schedule I.
- f. The prohibitions set forth in Paragraphs 4.b. and 4.c. above do not apply to the purchase of Shares by Initial Shareholders.
- g. The entire profit from sales of Shares for Apartments occupied by Rental Tenants that are owned by the HDFC shall be applied towards payment of the HPD Mortgage unless HPD agrees that a portion of the proceeds shall be placed in the HDFC's reserve account, another account controlled by the HDFC, or used for other reasons at HPD's sole discretion. The Sales Price to be paid for Shares of Apartments occupied by Rental Tenants that are owned by the HDFC shall be established in Schedule I. The year of the sales price used shall be the year on Schedule I that coincides with years since Cooperative Conversion Date.
- h. Unless HPD otherwise directs in writing, the HDFC shall pay over the entire Sales Profit from the sales of Vacant Units to HPD as a payment of principal on the HPD Mortgage. If HPD so directs, the HDFC shall deposit the entire Sales Profit into the HDFC's reserve account for the Premises in lieu of paying over the Sales Profit to HPD. "Sales Profit" shall mean the Sales Price paid for such vacant unit, minus any

reasonable attorney's fees, title policy fees, recording fees, or transfer taxes. "Sales Price" shall include the principal amount of any loan used to finance the purchase, non-cash consideration, cash, real property, and personal property.

- i. If any Shareholder sells their Shares, 10% of the Profit shall be placed in the HDFC's reserve account or another account controlled by the HDFC. In addition, if an Initial Shareholder sells their Shares, the Profit shall be allocated per the attached Schedule III to the Shareholder, to the HDFC reserve account or another account controlled by the HDFC, and for the purpose of paying down the HPD Mortgage. The HDFC may adopt a policy to change or remove the percentage of Profit to be placed in the HDFC's reserve account by a vote of $66\frac{2}{3}\%$ (two-thirds majority) of the membership of the HDFC, but this percentage of Profit shall never exceed 50% (and shall not exceed 20% of Profit in Year One, 30% of Profit in Year Two, and 30% of Profit in Year Three of the Regulatory Agreement).
- j. All sales are to be approved by Agent in writing prior to the completion of the sale and transfer of Shares. The Board of Directors shall present in a timely manner a Certified Statement with complete documentation in the form required by Agent and including all tasks, requirements, and documents outlined in this document and any and all attachments supporting its approval of a sale so that Agent can adequately evaluate the proposed sale. Agent will evaluate sales based on the Board of Director's Certified Statement, the documentation submitted, this Agreement, the HDFC's Articles of Incorporation, and the HDFC's By-Laws.
- k. The HDFC shall establish a Resale Policy that includes the following policy for the transfer of available Apartments:
 - (i) Two (2) waiting lists maintained by the HDFC and priority given to the earliest applicant on the lists:
 - a) A list of Shareholders wishing to change Apartments because of family size, disability, or physical need ("Inside Waiting List"), and
 - b) A list of households (including, but not limited to, family members of Shareholder households i.e. adult children who are not Shareholders or any other households who are not Shareholders) who wish to become Shareholders if a suitable apartment becomes available ("Outside Waiting List").
 - (ii) Households on the Insider Waiting List will receive preference over applicants on the Outside Waiting List.
 - (iii) Households that are on the inside waiting list are not subject to the Annual Household Income restrictions described in Paragraphs 3.b and 3.c above.
 - (iv) The HDFC must establish a procedure that has the Board of Directors in control of the resale including the establishment of a time period within which the HDFC must act to identify an appropriate purchaser from the lists.

5. Primary Residency

In accordance with the Proprietary Lease for each Apartment and this Agreement, and except as outlined in 3.c through 3.e. above, the HDFC shall prohibit Shareholders from

occupying or using an Apartment or any part of it for any purpose other than as a private residence for the Shareholder and the members of the Shareholder's household. In accordance with the Proprietary Lease for each Apartment and this Agreement, the HDFC shall require that the Apartment be the Shareholder's "primary residence." "Primary residence" is defined as follows: (a) the Shareholder is domiciled at the Apartment and filed a New York City resident's income tax return, or (b) if not domiciled at the Apartment, the Shareholder either (i) spent more than 183 days in the preceding calendar year at the Apartment and filed a New York City resident's income tax return, (ii) is in active service in the Armed Forces of the United States, (iii) has a serious/long-term disability requiring hospitalization or residential rehabilitation; (iv) was involuntarily institutionalized; or (v) began occupancy during the preceding calendar year.

6. Management

The HDFC shall manage and operate the Premises in accordance with generally acceptable management practices in New York City, including, but not limited to, the following:

- a. The HDFC shall cause the Premises to be maintained and operated in a proper, safe, sanitary, and healthful condition in compliance with applicable legal requirements, and to make all necessary repairs and replacements.
- b. The HDFC shall pay all taxes, assessments, (and installments of assessments that are payable in installments), water charges, sewer rents, and other charges including without limitation, vault charges, and license fees for the use of vaults, chutes, and similar areas adjoining the Premises, now or hereafter levied or assessed against the Premises (hereinafter referred to as the "Charges") prior to the date upon which any fine, penalty, interest, or cost may be added thereto or imposed by law for the nonpayment thereof.
- c. The HDFC shall keep the Premises, improvements, and all other property in the building insured by procuring general liability and property policies providing sufficient coverage against fire, vandalism, malicious mischief, collapse, flood (if in a federally designated flood area), earthquakes, and other risks customarily insured against under extended coverage policies in the City of New York.
- d. The HDFC shall engage a Managing Agent acceptable to HPD to collect rent and manage and operate the Premises as outlined in 6a-6c above, unless HPD waives this requirement in writing

7. Annual Increases in Maintenance Fees and Rents

The HDFC shall increase the maintenance fees charged to its Shareholders by a minimum of 2% annually.

8. Non-Residential Units/Spaces

The HDFC shall not sell any non-residential unit or non-residential space. The HDFC may only lease non-residential units and non-residential spaces. Leases for a non-residential unit or space shall not exceed ten (10) years, including renewal and extension clauses, except with the prior written approval of Agent. Leases shall not be entered into with Shareholders, or with the immediate family members of Shareholders, or with legal entities in which fifty (50%) or more of the beneficial interest is held by Shareholders or immediate

family members of Shareholders, or with not-for-profit organizations in which Shareholders or immediate family members of Shareholders are members of the not-for-profit organization's Board of Directors, its Executive Director, its Chief Financial Officer, its Chief Operating Officer, or equivalent positions except with the prior written approval of Agent. Agent shall have the right to reject leases for non-residential units and non-residential spaces without limitations, if Agent in its sole discretion determines that the lease is not in the best interest of the HDFC.

9. Training of Directors

The Board of Directors shall submit to Agent annually, no later than December 31, a report detailing training completed in that calendar year as well as a comprehensive training plan for the next calendar year, for members of the Board of Directors, all Shareholders, and new Shareholders. At a minimum each annual training report and training plan must include a requirement that each member of the Board of Directors take one training course in cooperative management and a requirement that new Shareholders be given an orientation in cooperative ownership. The plan as submitted by the Board of Directors can be approved by Agent as submitted or it can be modified by Agent at Agent's sole discretion.

10. Books, Records, and Certifications

- a. The HDFC shall keep and maintain, or cause to have kept by its managing agent, full and accurate books and records regarding maintenance, operation, and management of the Premises.
- b. The HDFC shall prepare annually, or cause to be prepared annually, and submit to Agent, and to HPD if requested, (1) a projected annual budget of income and expenses as approved by the Board of Directors, (2) an annual financial statement prepared by an independent accountant, (3) a certification by the Board of Directors that both the budget and the annual financial statement have been distributed to the Shareholders, (4) a list, certified by the Board of Directors, of all Shareholders, Rental Tenants, subleases, and non-residential leaseholders, (5) a list of all sales, (6) a certification by the Board of Directors of the annual election, and (7) any other records deemed necessary by HPD or Agent.
- c. The HDFC shall provide Agent annually and a timely manner with the documents specified in Paragraph 10.b above.
- d. The HDFC shall hold annual elections in accordance with the procedures put forth in its By-Laws.
- e. HDFC shall maintain records for a minimum of 6 years.
- f. With 10 days notice, HPD or Agent can access all records and examine under oath members, officers, directors, employees or agents.

11. Reserve Accounts

- a. The HDFC shall establish and maintain such reserve accounts as are included and/or required in the development budget and the documents of any loan obtained by the HDFC for the Premises.

- b. If requested by Agent or Participating Lender and subject to the approval of HPD, the HDFC shall also escrow, and/or create pre-funded reserves for, any or all Charges in the amount and manner Agent prescribes, which shall be consistent with commonly acceptable practices.
- c. Agent must approve any withdrawal of HDFC-held operating reserves and the Participating Lender shall approve any withdrawal for any reserves held by the bank.
- d. HDFC must inform all shareholders of any withdrawal from the reserve accounts.

12. Monitoring and Compliance

- a. The HDFC shall enter into the Monitoring Contract with Agent for the duration of the Restriction Period. The HDFC may request in writing to HPD the termination of the Monitoring Contract with Agent and the establishment of a new Monitoring Contract with a new Agent during the Restriction Period.
- b. The cost of the Monitoring Contract will be determined by the attached "Schedule IV — Schedule of Annual Monitoring Fees" (plus reasonable disbursements) per year as a base fee which sum may be increased from time to time upon written notice to the HDFC with a statement indicating why the increase was necessary subject to HPD approval.
- c. The Monitoring Contract shall provide that Agent shall monitor the books, records, accounts, documents, and other documentation of the management, operations, and activities of the HDFC including an annual physical inspection of the books, records, accounts and Premises and receive and review such other documents and records as Agent shall reasonably request in order to assure compliance with this Regulatory Agreement.
- d. The HDFC will cooperate with Agent and HPD and shall provide access to all books, records, accounts, documentation, facilitate inspections, and respond to all reasonable requests in monitoring the HDFC's compliance with this Regulatory Agreement.
- e. Upon the service of a notice of default by Agent upon the HDFC pursuant to this paragraph, or Paragraph 13, the HDFC shall at Agent's or HPD's request, deliver to Agent and HPD all, or the specified, books, records, account statements, and documentation of the HDFC.

13. Enforcement

If any violation of any of the forgoing covenants of this Agreement or of the Monitoring Contract occurs, and such violation is uncured or uncorrected for a period of thirty (30) days after written notice of default from Agent or HPD, or if the condition giving rise to the violation is such that correction or cure is impossible or impracticable to complete within such 30-day period, and the HDFC does not commence to cure or correct the violation within 30-day period and does not thereafter diligently pursue the cure or correction of such violation, then Agent or HPD and each of its successors and assigns, without regard to whether Agent or HPD and each of its successors and assigns is an owner of any land or interest therein to which these covenants relate, shall have the right to:

- a. Institute and prosecute any proceeding at law or in equity to abate, prevent, or enjoin any such violation or attempted violation or to compel specific performance by the HDFC, its successors or assigns, of its obligations hereunder;
- b. Terminate the membership of the Board of Directors, or any one or more specific directors and appoint three or more replacement directors sufficient to constitute a 2/3rd majority of the such board, notwithstanding any other provision in the Certificate of Incorporation or the By-Laws of the HDFC; or
- c. Order such repairs as will preserve the health and safety of the occupants of the Premises and recover the cost from the HDFC.

No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage, or waive the right of any party entitled to enforce provisions hereof to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time.

14. Binding Nature of Restrictions

As to the Premises, the restrictions set forth in this Agreement shall run with the land and bind the HDFC, the HDFC's successors, assigns, heirs, grantees, and lessees, but only for the term of the Restriction Period.

15. Subordination

This Agreement may be subordinated to the interest of any lender, mortgage holder, or other lien holder to further the purposes for which this HDFC was created, at the sole discretion of HPD.

16. Notices

All notices, approvals, requests, waivers, consents, or communications given or required to be sent under this Agreement shall be in writing and shall be personally delivered, or sent by certified mail, return receipt requested, or by overnight courier, addressed to the parties herein above set forth.

Any notice given hereunder shall be deemed to have been given when personally delivered if given in person, or on the third day after such notice has been deposited in the United States mail, postage prepaid, addressed as aforesaid, or by overnight carrier. Any notices of a change address shall only be deemed given when received by the other party.

Each party shall notify the other in case of a change in address, which changed address shall thereafter be the address to which notices are sent.

17. Expiration

Upon expiration of the Restriction Period, this Agreement shall become null and void and of no further force and effect with respect to the Premises and HPD shall execute and deliver to the HDFC any document in recordable form requested by the HDFC to reflect the expiration of this Regulatory Agreement with respect to the Premises although none shall be required to make this paragraph effective.

(signature page attached)

IN WITNESS WHEREOF, this Regulatory Agreement has been duly executed by the City of New York and the HDFC.

CITY OF NEW YORK, ACTING BY AND THROUGH ITS DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT.

By: _____
Print Name:
Title:

_____ Housing Development Fund Corporation

By: _____
Title:

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

On the _____ day of _____, before me personally appeared _____, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he/she duly acknowledged to me that he/she executed the same as his or her free act and deed.

Notary Public

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

On the _____ day of _____, before me personally appeared _____, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he/she duly acknowledged to me that he/she executed the same as his or her free act and deed.

Notary Public

Schedule I
HOUSING DEVELOPMENT FUND CORPORATION RESALE PRICE CHART

Year* Sold	Studio	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom	More than 5 bedrooms	Price per Zoning Room
2003	\$12,500	\$17,500	\$22,500	\$27,500	\$32,500	\$37,500	\$42,500	\$5,000
2004	\$12,875	\$18,025	\$23,175	\$28,325	\$33,475	\$38,625	\$43,775	\$5,150
2005	\$13,261	\$18,566	\$23,870	\$29,175	\$34,479	\$39,784	\$45,088	\$5,305
2006	\$13,659	\$19,123	\$24,586	\$30,050	\$35,514	\$40,977	\$46,441	\$5,464
2007	\$14,069	\$19,696	\$25,324	\$30,951	\$36,579	\$42,207	\$47,834	\$5,628
2008	\$14,491	\$20,287	\$26,084	\$31,880	\$37,676	\$43,473	\$49,269	\$5,796
2009	\$14,926	\$20,896	\$26,866	\$32,836	\$38,807	\$44,777	\$50,747	\$5,970
2010	\$15,373	\$21,523	\$27,672	\$33,822	\$39,971	\$46,120	\$52,270	\$6,149
2011	\$15,835	\$22,168	\$28,502	\$34,836	\$41,170	\$47,504	\$53,838	\$6,334
2012	\$16,310	\$22,834	\$29,357	\$35,881	\$42,405	\$48,929	\$55,453	\$6,524
2013	\$16,799	\$23,519	\$30,238	\$36,958	\$43,677	\$50,397	\$57,116	\$6,720
2014	\$17,303	\$24,224	\$31,145	\$38,066	\$44,988	\$51,909	\$58,830	\$6,921
2015	\$17,822	\$24,951	\$32,080	\$39,208	\$46,337	\$53,466	\$60,595	\$7,129
2016	\$18,357	\$25,699	\$33,042	\$40,385	\$47,727	\$55,070	\$62,413	\$7,343
2017	\$18,907	\$26,470	\$34,033	\$41,596	\$49,159	\$56,722	\$64,285	\$7,563
2018	\$19,475	\$27,264	\$35,054	\$42,844	\$50,634	\$58,424	\$66,214	\$7,790
2019	\$20,059	\$28,082	\$36,106	\$44,129	\$52,153	\$60,176	\$68,200	\$8,024
2020	\$20,661	\$28,925	\$37,189	\$45,453	\$53,718	\$61,982	\$70,246	\$8,264
2021	\$21,280	\$29,793	\$38,305	\$46,817	\$55,329	\$63,841	\$72,353	\$8,512
2022	\$21,919	\$30,686	\$39,454	\$48,221	\$56,989	\$65,756	\$74,524	\$8,768
2023	\$22,576	\$31,607	\$40,638	\$49,668	\$58,699	\$67,729	\$76,760	\$9,031
2024	\$23,254	\$32,555	\$41,857	\$51,158	\$60,460	\$69,761	\$79,063	\$9,301
2025	\$23,951	\$33,532	\$43,112	\$52,693	\$62,273	\$71,854	\$81,434	\$9,581
2026	\$24,670	\$34,538	\$44,406	\$54,274	\$64,142	\$74,009	\$83,877	\$9,868
2027	\$25,410	\$35,574	\$45,738	\$55,902	\$66,066	\$76,230	\$86,394	\$10,164
2028	\$26,172	\$36,641	\$47,110	\$57,579	\$68,048	\$78,517	\$88,986	\$10,469
2029	\$26,957	\$37,740	\$48,523	\$59,306	\$70,089	\$80,872	\$91,655	\$10,783
2030	\$27,766	\$38,873	\$49,979	\$61,085	\$72,192	\$83,298	\$94,405	\$11,106
2031	\$28,599	\$40,039	\$51,478	\$62,918	\$74,358	\$85,797	\$97,237	\$11,440
2032	\$29,457	\$41,240	\$53,023	\$64,806	\$76,588	\$88,371	\$100,154	\$11,783
2033	\$30,341	\$42,477	\$54,613	\$66,750	\$78,886	\$91,022	\$103,159	\$12,136
2034	\$31,251	\$43,751	\$56,252	\$68,752	\$81,253	\$93,753	\$106,253	\$12,500
2035	\$32,189	\$45,064	\$57,939	\$70,815	\$83,690	\$96,566	\$109,441	\$12,876
2036	\$33,154	\$46,416	\$59,678	\$72,939	\$86,201	\$99,463	\$112,724	\$13,262
2037	\$34,149	\$47,808	\$61,468	\$75,127	\$88,787	\$102,446	\$116,106	\$13,660
2038	\$35,173	\$49,243	\$63,312	\$77,381	\$91,451	\$105,520	\$119,589	\$14,069
2039	\$36,228	\$50,720	\$65,211	\$79,703	\$94,194	\$108,685	\$123,177	\$14,491
2040	\$37,315	\$52,241	\$67,168	\$82,094	\$97,020	\$111,946	\$126,872	\$14,926
2041	\$38,435	\$53,809	\$69,183	\$84,557	\$99,930	\$115,304	\$130,678	\$15,374

- * The "Year" is calculated from the "Cooperative Conversion Date." The Cooperative Conversion Date is the date the building ownership transfers to the cooperative HDFC. "Year 1" is the year from the Cooperative Conversion Date to the day before the first anniversary of the Cooperative Conversion Date.

Schedule III

Initial Shareholder Profit Proceeds Split

*Subject to 15 year review period followed up every subsequent 5 years after that

Year*	Percentage of Profits to Initial Shareholder	Percentage of Profits to HDFC Reserve Account
1	20%	80%
2	30%	70%
3	40%	60%
4 through final year	50%	50%

Rental Apartments that become Vacant Profit Proceeds

*Subject to 15 year review period followed up every subsequent 5 years after that

Year*	Percentage of Profits to HPD Mortgage	Percentage of Profits to HDFC Reserve
1 - end of restriction period	0%	100%

Vacant Units At Time of Coop Conversion Profits Proceeds

Year*	Percentage of Profits to HPD Mortgage	Percentage of Profits to HDFC Reserve
1 - end of restriction period	50%	50%

Schedule IV

Schedule of Annual Monitoring Fees (2007):

\$1,500	Minimum fee per building for buildings without commercial units
\$2,500	Minimum fee per building for buildings with commercial units
\$3,000	Maximum fee for buildings of less than 50 dwelling units
\$100	Per dwelling unit fee for buildings between 16 and 30 units (in addition to minimum fee of \$1,500 or \$2,500)
\$3,000 plus \$20 per dwelling unit	\$3,000 base charge plus \$20 per unit for each unit over 49 dwelling units in a building
-0-	No extra charge for units 31 to 49 in a building
\$4,250	Maximum fee for buildings of less than 100 units
\$5,000	Fee for buildings of 100 units or more

The above fees shall be increased on an annual basis, to parallel increases in the Consumer Price Index for the New York Area, as calculated from January to January. In the event of financial difficulties these fees can, in Agent's sole discretion, be reduced.

Schedule of Annual Monitoring Fees (2007):

Buildings without commercial units

Number of Units	Fee
1 to 15	\$1,500
16	\$1,600
17	\$1,700
18	\$1,800
19	\$1,900
20	\$2,000
21	\$2,100
22	\$2,200
23	\$2,300
24	\$2,400
25	\$2,500
26	\$2,600
27	\$2,700
28	\$2,800
29	\$2,900
30 to 49	\$3,000
50	\$3,050
51	\$3,100
52	\$3,150
53	\$3,200
54	\$3,250
55	\$3,300
56	\$3,350
57	\$3,400
58	\$3,450
59	\$3,500
60	\$3,550
61	\$3,600
62	\$3,650
63	\$3,700
64	\$3,750
65	\$3,800
66	\$3,850
67	\$3,900
68	\$3,950
69	\$4,000
70	\$4,100
71	\$4,150
72	\$4,200
73 to 99	\$4,250
100+	\$5,000

Buildings with commercial units

Number of Units	Fee
1 to 25	\$2,500
26	\$2,600
27	\$2,700
28	\$2,800
29	\$2,900
30 to 49	\$3,000
49	\$3,000
50	\$3,050
51	\$3,100
52	\$3,150
53	\$3,200
54	\$3,250
55	\$3,300
56	\$3,350
57	\$3,400
58	\$3,450
59	\$3,500
60	\$3,550
61	\$3,600
62	\$3,650
63	\$3,700
64	\$3,750
65	\$3,800
66	\$3,850
67	\$3,900
68	\$3,950
69	\$4,000
70	\$4,100
71	\$4,150
72	\$4,200
73 to 99	\$4,250
100+	\$5,000

Attachment A

The certification of compliance with all of the following tasks and requirements of the Agreement will be the responsibility of the Board of Directors. The certification along with accompanying documentation is to be submitted to Agent for approval.

Any amendment to the by-laws of the HDFC and all leases, including, but not limited to, propriety and sub-leases, shall require that approval of a sale of shares, and/or proposed transfer of any Shares in the HDFC shall require the prior approval of Agent.

- (A) A copy of the executed contract for such proposed transfer or sublease, which each shall be made expressly conditional on written consent of HDFC and Agent;
- (B) Affidavit from the Board of Directors to the effect that:
 - (i) the transfer or sublease complies and conforms with this Agreement;
 - (ii) the proposed transferee is a person eligible to purchase to purchase the Shares or sublease an Apartment pursuant to this Agreement; and
 - (iii) if the transaction is a resale, the resale price conforms to this Agreement;
- (C) Affidavit from the seller of the Shares to the effect that:
 - (i) the sale complies and conforms with this Agreement; and
 - (ii) in the case of a resale, the resale price, conforms to this Agreement; and
- (D) Affidavit from the purchaser that the purchaser's household income conforms with the limitations contained in this Agreement.

No sale shall be final or effective until the written consent of Agent shall have been received by the Board of Directors of the HDFC.