

**PREMISES AT
350 BLEECKER STREET
NEW YORK, NEW YORK 10014**

Apartment Corporation:

350 Bleecker Street Apartment Corp.

Sponsor/Holder of Unsold Shares:

Bleecker Charles Company

**TWENTIETH AMENDMENT TO
COOPERATIVE OFFERING PLAN**

This Amendment modifies and supplements the terms of the Offering Plan dated December 31, 1984 (the "Plan"), as amended by the First Amendment dated January 2, 1985, the Second Amendment dated February 28, 1985, and filed by the department of Law on March 12, 1985, the Third Amendment dated April 5, 1985, and filed by the Department of Law on April 11, 1985, the Fourth Amendment dated May 1, 1985, and filed by the Department of Law on June 26, 1985, the Fifth Amendment dated August 19, 1985, and filed by the Department of Law on September 18, 1985, the Sixth Amendment filed by the Department of Law in December, 1986, the Seventh Amendment fled by the Department of Law on August 4, 1987, the Eighth Amendment filed by the Department of Law on November 10, 1988, the Ninth Amendment filed by the Department of Law on November 15, 1989, the Tenth Amendment filed by the Department of Law on June 11, 1990, the Eleventh Amendment filed by the Department of Law on June 24, 1991, the Twelfth Amendment filed by the Department of Law on October 21, 1992, the Thirteenth Amendment filed by the Department of Law on December 17, 1993, the Fourteenth Amendment filed by the Department of Law on January 9, 1995, the Fifteenth Amendment filed by the Department of Law on April 25, 1996, the Sixteenth Amendment filed by the Department of Law on June 13, 1997, the Seventeenth Amendment fled by the Department of Law on October 21, 1998, and the Eighteenth Amendment filed by the Department of Law on November 2, 1999, and the Nineteenth Amendment file by the Department of Law on January 5, 2001 as follows:

FIRST: Litigation.

(a) On or about July 19, 2000, the cooperative corporation (the "Corporation") sent a notice purporting to terminate the parking garage portion of the Master Lease held by the Sponsor effective 90 days thereafter pursuant to the Federal Condominium and Cooperative Abuse Relief Act (the "Act"). Based upon the advice of counsel and the Sponsor's knowledge of the circumstances, the Sponsor believed that the termination notice was and continues to be ineffective and void under the Act.

On or about October 13, 2000, the Sponsor commenced an action in the United States District Court for the Southern District of New York seeking a judgment declaring the notice of termination a nullity, seeking injunctive relief restraining and enjoining any interference with the Sponsor's possession of the parking garage and other relief including the recovery of any damages sustained as a result of the termination notice together with legal fees and expenses incurred in connection with the action.

If the termination notice had been adjudged effective under the Act, the Master Lease would have been void insofar as it covers the parking garage. The rents and other obligations under the Master Lease would have been adjusted for the commercial spaces still covered by the Master Lease and the Corporation would recover possession of the garage space.

On or about March 15, 2001, the Sponsor moved for summary judgment on its claims. On or about May 18, 2001, the Corporation cross-moved for summary judgment on its counterclaims. By Decision dated October 3, 2001, Judge Gerard E. Lynch granted summary judgment in favor of the Sponsor on its claims and denied the Corporation's cross-motion. A judgment granting all of the relief sought by the Sponsor was signed and filed on October 30, 2001.

The Act provides for the recovery of the reasonable legal fees and other costs incurred by a prevailing plaintiff. Because the Sponsor prevailed in the action, it moved to recover its attorneys' fees, disbursements and costs to date and to enjoin the Corporation from causing the Sponsor to share the Corporation's legal fee burden by application of the Sponsor's maintenance or assessment payments to such fees. The Corporation opposed the Sponsor's motion.

In an Opinion and Order dated April 10, 2002, the Court awarded the Sponsor attorneys' fees and expenses in the amount of \$344,516.18. On April 12, 2002, for reasons stated in its Order of that date, the Court vacated a portion of the Judgment as erroneously calculated and directed the Clerk to enter judgment for the increased amount of \$366,908.20, all of its requested fees. On April 18, 2002, judgment was entered against the

Corporation for \$366,908.20. On May 10, 2002, the Corporation transmitted payment in the amount of the judgment plus interest or \$367,467.66. The Corporation's newsletter has stated that board members individually loaned \$200,000 to the Corporation without interest to assist the Corporation in meeting the obligation.

The Corporation has appealed from the Judgment to the United States Court of Appeals for the Second Circuit. The appeal has been fully briefed and was argued on August 6, 2002. The Court reserved decision and no decision has been issued to date. Under the Act, if the Sponsor prevails on the appeal, it is entitled to recover and will seek reimbursement from the Corporation of its attorneys' fees and other expenses. Under the Act, if the Corporation prevails on the appeal, it is not entitled to recover its attorneys' fees and other expenses incurred on the appeal.

The Corporation has placed many, but not all, of the papers presented to or issued by the Court on its web site (www.350bleecker.com). The Sponsor notes the web site for informational purposes only. The Sponsor has not independently verified the information contained therein. The Sponsor does not adopt the information on the web site or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied.

(b) On or about June 18, 2002, the Corporation instituted an action against the Sponsor, the Corporation's prior transfer agent, the Corporation's prior managing agent and the liquidating partner of the Sponsor. The primary claim in the complaint is that the defendants failed either negligently or intentionally to inform the board of directors and the Corporation of the existence of the Act which permits the Corporation, under limited circumstances, to recapture the garage portion of the Sponsor's Master Lease. The failure to do so is claimed to be a breach of the defendants' contractual and/or fiduciary duty to advise all directors and the Corporation of the existence of the Act. The Corporation alleges that the failure to inform resulted from the defendants' self interest and the alleged diversion of a corporate opportunity. For the alleged breach the Corporation seeks \$12,750,000 in compensatory damages and \$10,000,000 in punitive damages. On these claims, the Corporation seeks to recover (a) the value of the garage portion of the master commercial lease and (b) the legal fees it has been ordered to pay and incurred in defending and losing the Federal action.

An additional claim for the upkeep of the sidewalks and repairs to the building has been alleged by the plaintiff for which the plaintiff seeks damages of \$200,000.

The Sponsor believes the Corporations's claims are without merit. It is the defendants' intention to defend against the lawsuit and to seek indemnities from the

Corporation and its insurer to the extent allowed by the plaintiff's insurance policy, its by-laws and the Business Corporation Law of the State of New York. In addition, defendants will file or have filed claims for coverage under their own insurance policies. One or more defendants intend to assert claims for contribution against one or more directors of the Corporation.

Although the plaintiffs claims may exceed defendants' insurance, the defendants believe that the aggregate coverage, the right to indemnifications and/or the right to contribution and/or indemnifications are sufficient realistically to cover any or all of the Corporation's claims.

The lawsuit, brought in New York county is entitled 350 Bleecker Street Apartment Corporation v. Kenneth B. Newman, individually and as managing/general partner of Bleecker Charles Company and Kenneth B. Newman Realty Corp. and an index number of 113271/02. The defendants have not yet answered the complaint and their time to answer has not yet expired.

(c) On May 23, 2002, the Sponsor brought a proceeding against the Corporation to obtain certain shareholder information and board minutes which the Corporation refused to relinquish. The court directed that the shareholder list and shareholder minutes be turned over to the Sponsor and granted Sponsor's request for turnover of the Corporation's unredacted board minutes to the extent of providing a special referee to hear and report the issues with recommendations. A more recent determination set the hearing date for August 9, 2002. The basis for the request, in addition to the Sponsor's entitlement, was the Sponsor's need to deliver an Offering Plan Amendment to shareholders and its desire to communicate with other shareholders about the activities of the board and the Corporation.

SECOND: Financial statements and budget.

The financial statements of the Corporation's operations for the periods ended December 31, 2000 and December 31, 2001 are appended to this Amendment as Exhibit A.

The Corporation's statements are prepared on a cash rather than accrual basis. See independent auditor's report and Note 1 to the financial statement. The financial statement should be interpreted recognizing the Corporation's particular method of reporting its income and expenses.

The financial statement is contained herein for informational purposes only. The Sponsor does not adopt the financial statement or make any representation as to

the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has not participated in the preparation of the financial statement of the Corporation and has not independently verified the information contained therein.

A budget for the Corporation's operations for the year 2002 is included in newsletter number 153 and annexed to this Amendment as Exhibit B. See also Article Fifth (b).

THIRD: The corporation's officers and directors.

To the best of the Sponsor's knowledge and information, the following is a list of the current directors of the Corporation:

Alfred DelVecchio	Susan Kim
Laura Herbert	Mark Lilien
James Kafadar	Mary Louise Moravec

To the best of the Sponsor's knowledge and information, the following is a list of the current officers of the Corporation:

Chairman	Mark Lilien
President	Laura Herbert
Secretary	James Kafadar
Treasurer	Mary Louise Moravec
Vice President	Alfred DelVecchio
Vice President	Susan Kim

No Sponsor representative is an officer or director of the Corporation.

FOURTH: Unsold shares: financial disclosure.

1. Annexed hereto as Exhibit C (Schedule of Sponsor's Maintenance Paid on Unsold Shares) is a schedule of unsold units including shares allocated to each unit. The aggregate amount of Sponsor's monthly maintenance paid On the units is \$20,371.68.

2. The aggregate amount of monthly rent for all of the Sponsor-owned units listed in Exhibit D (Schedule of Rents Received) is \$21,647.79.

3. There are no financial obligations to the Corporation on the unsold shares other than regular maintenance.

4. None of the unsold units are subject to mortgage or financing commitments.

5. The source of funds to meet the obligations described in paragraph 1 are rent receipts and the assets of the Sponsor.

6. The Sponsor is current on all financial obligations under this Plan and has been current for the 12 months preceding the date of this Amendment.

(a) However, the Corporation has asserted the Sponsor owes the Corporation for sidewalk cleaning expense from July 31, 1985 upon the conversion of the building to cooperative ownership. The Sponsor believes there is no merit to the Corporation's position concerning past entitlements. The Corporation has been unwilling to discuss or negotiate a method for dealing with sidewalk maintenance and cleaning in the future.

(b) The Corporation has stated in footnote 6 to its financial statements for the year ending December 31, 2000 (Exhibit A), that \$18,875 is due the Corporation from the Sponsor for alleged real estate tax escalations which has neither been billed to nor paid by the Sponsor. Although the Sponsor has not been provided with information with which to verify the amount of the escalation, it paid the alleged escalation under protest and demanded appropriate verification on January 2, 2002. No indication of an amount due for 2002 has been billed or paid.

7. The Sponsor, principal of the Sponsor or holder of unsold shares or units, as individual holder of unsold shares or units or as general partner or principal of the Sponsor or holder, does not own more than ten per cent of the shares or units in any other building.

8. The Sponsor, principal of the Sponsor or holder of unsold shares or units, as individual holder of unsold shares or units or as general partner or principal of the Sponsor or holder, is current in its financial obligations in other cooperatives in which it owns shares.

9. Sponsor does not now and did not control the Board of Directors of the Corporation since the date of conversion.

FIFTH: Maintenance per share; financial reports.

(a) Maintenance per share is currently \$5.04 per month.

(b) Three estimated financial reports were prepared by the Corporation and attached to newsletters numbered 142, 148 and 150. Copies of these three financial reports are annexed as Exhibit E. These newsletters contain footnotes or other indications of nonpayment of certain financial obligations by the Sponsor. These claims have been responded to on the Sponsor's behalf. They are believed to be erroneous for various reasons. The Corporation has been unwilling to discuss or document any of its claims.

SIXTH: Price per share.

The purchase price for the unsold units (Exhibit C) is increased to \$3,500.00 per share. Some sales may be at negotiated prices.

SEVENTH: No other changes.

Except as set forth in this Twentieth Amendment, there have been no other material changes in the terms of the Offering Plan.

Dated: August 19, 2002

**Bleecker Charles Company
Holder of Unsold Shares**

EXHIBIT A

350 BLEECKER STREET APARTMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2000

350 BLEECKER STREET APARTMENT CORPORATION

TABLE OF CONTENTS

	Page No.
AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statement of Operations and Accumulated Deficit	5
Statement of Cash Flows.....	8
Notes to Financial Statements	9

Marin & Montanye LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD B. MONTANYE, CPA
PATRICIA A. PRUSINSKI, CPA

FRANK LIONEL, CPA

Independent Auditor's Report

To The Board of Directors and Shareholders of
350 Bleecker Street Apartment Corporation:

We have audited the accompanying balance sheet of 350 BLEECKER STREET APARTMENT CORPORATION as of December 31, 2000, and the related statements of operations and accumulated deficit (and supporting schedules) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Detailed property records have not been maintained and certain prior year records and supporting data were not available for our audit. Therefore, we are not able to satisfy ourselves about the amounts at which cash, machinery and equipment, and related accumulated depreciation are recorded in the accompanying balance sheet at December 31, 2000, and the amount of certain income and expense items for the year then ended.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.



April 16, 2001

BALANCE SHEET

As of December 31, 2000

ASSETSCURRENT ASSETS

Cash in Bank - Operating account - Managing agent	\$ 29,373
- Operating account	96,340
- First Union	<u>902</u>
	126,615
Shareholders arrears	1,911
Commercial arrears - Note 6	18,875
Prepaid Expenses:	
Insurance	6,044
Real estate tax	141,066
Management fee - Note 6	<u>4,083</u>
<u>TOTAL CURRENT ASSETS</u>	298,594

RESERVE FUND

Fidelity investment - Schedule 1 - Note 3	119,875
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PROPERTY AND EQUIPMENT

Land	2,779,843
Building	10,542,862
Building Equipment	31,267
Building Improvements	<u>1,812,768</u>
	15,166,740
Less: Accumulated depreciation	(8,608,532)
<u>NET PROPERTY AND EQUIPMENT</u>	6,558,208

OTHER ASSETS

Unamortized mortgage costs	<u>85,031</u>
<u>TOTAL ASSETS</u>	<u>\$ 7,061,708</u>

See Notes to Financial Statements.

BALANCE SHEET

As of December 31, 2000

LIABILITIES AND STOCKHOLDERS' EQUITYCURRENT LIABILITIES

Accounts payable and accrued expenses - Schedule 2	\$ 40,939
Real estate tax abatements payable	7,273
SCRIE payable	327
Move in/out and alterations deposits	8,000
Payroll taxes payable	8,693
Accrued mortgage interest	22,048
Current portion of mortgage payable	<u>29,288</u>

TOTAL CURRENT LIABILITIES 116,568

LONG TERM LIABILITIES

Mortgage Payable - Note 5	3,383,387
Less: Current portion	<u>(29,288)</u>

TOTAL LONG TERM LIABILITIES 3,354,099

TOTAL LIABILITIES 3,470,667

STOCKHOLDERS' EQUITY

Capital Stock Common, authorized 17,222 shares, Issued and outstanding 17,222 shares at \$1 par value	17,222
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Paid-in Capital	10,541,150
Accumulated deficit - December 31, 2000 - Restated - Note 10	<u>(6,967,331)</u>

TOTAL STOCKHOLDERS' EQUITY 3,591,041

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 7,061,708

See Notes to Financial Statements.

SUPPORTING SCHEDULESAs of December 31, 2000

<u>RESERVE FUND</u>	<u>Schedule 1</u>
Balance - January 1,	\$ 257,362
Add: Interest income	12,913
Net transfers to Reserve Fund from operating account	25,000
Less: Real estate tax payments	(140,400)
Sale of Class B1 stock - NCB - Note 4	<u>(35,000)</u>
Balance - December 31,	<u>\$ 119,875</u>
<u>Consisting of:</u>	
Fidelity Investments - Note 3	<u>\$ 119,875</u>
<u>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</u>	<u>Schedule 2</u>
Legal	\$ 13,814
Miscellaneous administrative	338
Electricity	1,273
Gas	9,674
Water and sewer	2,500
Uniforms	260
Heating and plumbing expenses	5,352
Supplies	315
Miscellaneous repairs	357
Corporate taxes	2,800
Building improvements	<u>4,256</u>
<u>TOTAL ACCOUNTS PAYABLE AND ACCRUED EXPENSES</u>	<u>\$ 40,939</u>

See Notes to Financial Statements.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For The Year Ended December 31, 2000

INCOMEIncome from Shareholders

Maintenance charges - apartments	\$ 960,988
Apartment resale fee	62,820
Sublet fees	4,200
Storage room	9,600
Storage room - bike rental	<u>1,105</u>
<u>TOTAL INCOME</u>	<u>1,038,713</u>

OTHER INCOME

Commercial income - Note 6	104,875
Laundry income	8,807
Interest income	14,257
Patronage dividend - Note 4	1,252
Miscellaneous income	<u>214</u>
<u>TOTAL INCOME</u>	<u>1,168,118</u>

COST OF OPERATIONS

Administrative expenses	Schedule 1	143,941
Operating expenses	Schedule 2	305,795
Maintenance expenses	Schedule 3	40,665
Taxes	Schedule 4	323,000
Financial expenses	Schedule 5	<u>287,808</u>
<u>TOTAL COSTS OF OPERATIONS</u>		<u>1,101,209</u>

INCOME FROM OPERATIONS BEFORE DEPRECIATION,
AMORTIZATION AND OTHER ITEM

66,909

Depreciation and amortization expense	Schedule 6	(470,603)
Special assessment - Note 7		<u>109,542</u>

NET LOSS

(294,152)

Beginning Accumulated Deficit - Restated - Note 10	(6,673,179)
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Ending Accumulated Deficit	<u>\$(6,967,331)</u>
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See Notes to Financial Statements.

SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS

For The Year Ended December 31, 2000

<u>ADMINISTRATIVE EXPENSES</u>	<u>Schedule 1</u>
Management fee	\$ 49,000
Auditing	7,000
Legal	56,404
Stationery, printing, miscellaneous administrative expenses	13,170
Communications	967
Consulting	731
Insurance	<u>16,669</u>
<u>TOTAL ADMINISTRATIVE EXPENSES</u>	<u>\$ 143,941</u>
<u>OPERATING EXPENSES</u>	<u>Schedule 2</u>
Water and sewer charges	\$ 36,235
Electricity	17,615
Gas	40,666
Payroll	165,496
Payroll taxes	13,284
Payroll insurance	11,110
Employee benefits	17,485
Permits	435
Miscellaneous operating	3,199
Uniforms	<u>270</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$ 305,795</u>
<u>MAINTENANCE EXPENSES</u>	<u>Schedule 3</u>
Exterminating	\$ 4,170
Plumbing and heating repairs	9,027
Grounds expense	2,392
Elevator repair and maintenance	9,171
General repairs and maintenance	8,576
Supplies and janitorial materials	7,329
<u>TOTAL MAINTENANCE EXPENSES</u>	<u>\$ 40,665</u>

See Notes to Financial Statements.

SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONSFor The Year Ended December 31, 2000

<u>TAXES</u>	<u>Schedule 4</u>
New York City real estate tax	\$ 318,970
New York State franchise taxes	2,136
New York City corporate tax	<u>1,894</u>
<u>TOTAL TAXES</u>	<u>\$ 323,000</u>
<u>FINANCIAL EXPENSES</u>	<u>Schedule 5</u>
Interest on mortgage	\$ 287,790
Other interest	<u>18</u>
<u>TOTAL FINANCIAL EXPENSES</u>	<u>\$ 287,808</u>
<u>DEPRECIATION AND AMORTIZATION</u>	<u>Schedule 6</u>
Building	\$ 383,377
Building equipment	4,206
Building improvements	65,919
Amortization of mortgage costs	<u>17,101</u>
<u>TOTAL DEPRECIATION AND AMORTIZATION</u>	<u>\$ 470,603</u>

See Notes to Financial Statements.

STATEMENT OF CASH FLOWSEXHIBIT C

For The Year Ended December 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (294,152)
Adjustments to reconcile net loss to net cash Provided by operating activities:	
Depreciation and amortization expense	470,603
Increase in receivables	(20,785)
Increase in prepaid expenses	(151,193)
Increase in accounts payable and accrued expenses	69,874
Prior period adjustment	91,849
Interest earned	<u>(12,913)</u>
Total adjustments	<u>447,429</u>
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>	153,277

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property (construction services) and equipment	(241,556)
Increase in Reserve Fund - net transfer from operations	(25,000)
Decrease in Reserve Fund - payment of real estate taxes	<u>140,400</u>
<u>CASH USED BY INVESTING ACTIVITIES</u>	(126,156)

CASH FLOW FROM FINANCING ACTIVITY

Payments of mortgage principal	(27,093)
Decrease in Class B1 stock	<u>35,000</u>
<u>CASH PROVIDED BY FINANCING ACTIVITY</u>	<u>7,907</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of year	<u>91,587</u>
Cash and cash equivalents at end of year	<u>\$ 126,615</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATIONEXHIBIT D

Cash paid during the year:

Corporate taxes	\$ 1,230
Interest	\$ 265,760

Non-Cash Investing and Financing Activities

Additions to property and equipment accrued at year ended December 31, 2000: \$4,256

Total acquisitions of property and equipment for year ended December 31, 2000 was \$245,812

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2000

NOTE 1 - ORGANIZATION

350 Bleecker Street Apartment Corporation is a cooperative housing corporation incorporated in the state of New York in August 1985. The corporation owns the land and seven story building located in the borough of Manhattan, New York which originally consisted of 137 residential apartments (some of which have been subsequently combined), two commercial stores, a laundry room and a garage. The primary purpose of the Corporation is to manage the operations of 350 Bleecker Street Apartment Corporation, and maintain common elements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments (not used to meet Reserve Fund requirements) purchased with a maturity of three months or less to be cash equivalents.

Depreciation

Property and equipment are recorded at cost and are being depreciated over their estimated useful lives using the straight-line method.

Amortization

Amortization of mortgage cost is computed using the straight-line method over the term of the loan.

Shareholder Maintenance

Tenant-shareholders are subject to monthly maintenance charges to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose maintenance charges are substantially delinquent. Any excess maintenance charges at year end are retained by the Corporation for use in future years.

Estimates

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

Marketable Securities

The Corporation's policy is to classify equity securities as available for sale securities and record them at current market prices with any unrealized gains and losses reported as a component of equity. Realized gains and losses are reported as income.

NOTE 3 - MARKETABLE SECURITIES

The Corporation has investments in marketable equity securities which are being reported at fair value. These investments are classified as "available-for-sale" and are accounted for in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investment in Debt and Equity Securities."

As of December 31, 2000, the investments are:

	<u>Cost</u>	<u>Unrealized Gain/(loss)</u>	<u>Fair Value</u>
Fidelity Investments	\$ 119,875	-0-	\$ 119,875

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2000

NOTE 4 - INVESTMENT IN NATIONAL COOPERATIVE BANK

In 1995, the Corporation purchased 350 shares of National Cooperative Bank's Class B1 Capital Stock, par value, \$100 per share for \$35,000. The investment in the capital stock was a requirement of the mortgage agreement between National Cooperative Bank and 350 Bleecker Street Apartment Corporation and is equal to 1% of the mortgage principal of \$3,500,000. As of the balance sheet date, the Class B1 Stock has been sold and refunded to the Corporation.

The Corporation also holds Class B2 Stock of its mortgage holder, the National Cooperative Bank. Class B2 Stock is acquired through patronage refunds. The stock is currently non-transferable and non-redeemable. The Bank Act does not allow a dividend to be paid on this stock.

Class C Stock is acquired through patronage refunds. The stock is currently non-transferable and non-redeemable. National Cooperative Bank will now pay a cash dividend on its Class C Stock equal to as much as 2 percent of National Cooperative Bank's net income. The dividend will be distributed among all holders of Class C Stock regardless of patronage.

Under National Cooperative Bank's Capitalization and Patronage Refund Policy, the cash portion of each cooperative's patronage refund may be between 35 percent and 55 percent based on the amount of National Cooperative Bank Class B and Class C Stock owned by the Cooperative relative to the loan amount or loan commitment made to the Cooperative by National Cooperative Bank. In addition, the stock portion of the patronage refund will consist of Class B Stock until the Cooperative accumulates 16 percent of its aggregate loan amount in Class B Stock. Any further stock distributions will consist of Class C Stock. All Class B Stock may be used by the Cooperative to offset any future purchase requirements.

NOTE 5 - MORTGAGE PAYABLE

On December 31, 1995, the Corporation refinanced its mortgage with National Cooperative Bank at a rate of 7.82% for a ten-year term in the amount of \$3,500,000. Monthly payments of \$24,403 are due on the 1st of every month based on a 35-year amortization schedule. The monthly payments are applied first to interest and the balance in reduction of principal, until and including, the maturity date. As part of the refinancing agreement, the Corporation incurred \$171,007 of mortgage refinancing costs. These costs have been deferred and are being amortized over the ten-year life of the mortgage.

A prepayment provision requires the Mortgagor, except during 90 days prior to maturity, to pay 2% of the outstanding mortgage balance if it desires to prepay the mortgage. Prepayment of the mortgage requires notice at least 30 days before the intended prepayment date, but not to exceed 90 days.

Principal maturities of the mortgage payable during the next five years are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2001	\$ 29,288
2002	31,458
2003	34,008
2004	36,765
2005 - Maturity	3,251,868

Total interest expense for the year ended December 31, 2000 was \$287,790.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31' 2000

NOTE 6 - RELATED PARTY TRANSACTIONS

Management Contract

The Corporation has a management agreement with a managing agent whose principal is the general partner of Bleecker Charles Company, the Cooperative's Sponsor. For the year ended December 31, 2000, the Sponsor was compensated \$53,083, inclusive of a prepayment in the amount of \$4,083, for rendering management services to the Cooperative.

Sponsor Owned Apartments

At December 31, 2000, the Sponsor owned 4,042 of the outstanding shares, approximately 23.46%. Maintenance charges attributed to the Sponsor totaled approximately \$225,650 for the year ended December 31, 2000. As of December 31, 2000, the Sponsor is current with maintenance on these apartments.

Master Commercial Lease

The Corporation has a master commercial lease agreement with the Sponsor, Bleecker Charles Company, entered into in July 31, 1985, with the then President of 350 Bleecker Street Apartment Corporation, who is the general partner of Bleecker Charles Company. Under the terms of the master commercial lease, monthly payments of \$7,167 monthly or \$86,000 annually, are to be paid by the Sponsor to the Cooperative. The term of the lease agreement is for 75 years, commencing July 31, 1985 and terminating on July 31, 2060. In addition to the annual charge to the Sponsor, additional rent is due the Cooperative in direct proportion to increases or decreases in the annual real estate taxes attributable to 350 Bleecker Street Apartment Corporation in excess of such taxes for 1984/1985 (the "base period"), but no such increase shall exceed 12% of any increase of such taxes for the whole premises over the base period. Additional rent payable, shall be paid by the Sponsor within 30 days following submission of copies of paid bills. At December 31, 2000, the amount due to the Corporation from this provision is \$18,875. As of the balance sheet date, this amount had not been billed to or paid by the Sponsor.

NOTE 7 - SPECIAL ASSESSMENT

A special assessment was instituted by the Board of Directors of the Corporation as to generate funds to be used for capital improvements. The assessment became effective as of January 1, 1998 and had an original term of 30 months. The term of the assessment was extended an additional six months to December 31, 2000. The assessment was for \$.53 per share to be collected monthly.

NOTE 8 - CONTRIBUTIONS TO CAPITAL

The Corporation treats special assessments used for the acquisition of capital improvements and maintenance charges used for amortization of mortgage principal as contributions to capital for tax purposes only.

For the year ended December 31, 2000, Paid-in Capital for tax purposes is:

Mortgage amortization	\$ 27,093
Special assessment	109,542

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2000

NOTE 9 - COOP/CONDO TAX ABATEMENTS

As a result of the revisions to Section 467(a) of the New York Real Property Tax Law, certain shareholders of the Cooperative units are eligible for partial abatements of their real estate taxes over the tax years 1996/97 to 2000/01.

As of December 31, 2000, the Corporation received credits of \$58,650 on its tax bills representing the abatements for the tax year 1999/2000 and the first two quarters of the tax year 2000/2001. This amount is being credited to the eligible shareholders.

NOTE 10 - PRIOR YEAR INCOME, EXPENSES, AND PAID-IN CAPITAL

For the year ended December 31, 2000, the financial statements have been prepared on an accrual basis of accounting. Due to the fact that the prior financial statements were prepared on a cash basis, a prior period adjustment was made to beginning accumulated earnings in order for the financial statements to conform with generally accepted accounting principles. An adjustment was made in the amount of \$607,775, representing under and overaccruals of certain added income expenses. Paid-in Capital was overstated on a tax basis as well. The adjustments consisted of the following:

Understatement of shareholder arrears	\$ (81)
Understatement of prepaid real estate tax	(114,388)
Understatement of prepaid insurance	(2,917)
Understatement of water and sewer expense	3,877
Understatement of legal expenses	7,789
Understatement of audit fee	3,375
Understatement of miscellaneous administrative expenses	220
Understatement of electricity and gas	780
Understatement of miscellaneous operating expenses	122
Understatement of plumbing repair expenses	8,443
Understatement of supplies purchases	686
Understatement of elevator repairs	149
Understatement of payroll taxes payable	102
Overstatement of paid-in capital	<u>(515,932)</u>
	<u><u>\$(607,775)</u></u>

NOTE 11 - CORPORATION TAX

During 1996, in a case involving a conventional cooperative, the United States Tax Court ruled that Subchapter T of the Internal Revenue Code, not Section 277, applies to housing cooperatives that qualify under Section 216 of the Internal Revenue Code. Subchapter T requires allocations of patronage and non-patronage source income. For federal tax purposes, the Corporation's taxes are computed pursuant to Subchapter T of the Internal Revenue Service.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2000

NOTE 12 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation may have the right to borrow, utilize available cash, increase maintenance charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

The Corporation has a Reserve Fund in the amount of \$119,875 which may be used for major repairs and replacements, when needed.

NOTE 13 - SUBSEQUENT EVENTS

During 2000, the Corporation retained new auditors and, on February 1, 2001, replaced the managing agent with Tudor Realty. The managing agent has no connection with the Cooperative's Sponsor.

350 BLEECKER STREET APARTMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2001

350 BLEECKER STREET APARTMENT CORPORATION

TABLE OF CONTENTS

	Page No.
AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statement of Operations and Accumulated Deficit	5
Statement of Cash Flows	8
Notes to Financial Statements	9

Marin & Montanye LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD B. MONTANYE, CPA
PATRICIA A. PRUSINSKI, CPA

FRANK LIONEL, CPA

Independent Auditor's Report

To The Board of Directors and Shareholders of
350 Bleecker Street Apartment Corporation:

We have audited the accompanying balance sheets of 350 BLEECKER STREET APARTMENT CORPORATION as of December 31, 2001, and the related statements of operations and accumulated deficit (and supporting schedules) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 350 BLEECKER STREET APARTMENT CORPORATION as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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



March 19, 2002

BALANCE SHEET

As of December 31, 2001

ASSETSCURRENT ASSETSCash and Cash Equivalents:

Operating accounts	– J.P. Morgan Chase – Due from former managing agent – (Note 3)	\$ 5,073
	– J.P. Morgan Chase – Board of Directors	1,558
	– Citibank – Tudor Realty	74,282
Lock box deposit account	– First Union	<u>942</u>
		81,855

Shareholders arrears	13,381
Commercial arrears	47,560

Prepaid Expenses:

Insurance	12,000
Real estate tax	<u>136,764</u>

<u>TOTAL CURRENT ASSETS</u>	291,560
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RESERVE FUND

Fidelity investment - Schedule 1 - (Note 4)	120,611
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PROPERTY AND EQUIPMENT

Land	2,779,843
Building	10,542,862
Building Equipment	40,703
Building Improvements	<u>1,879,015</u>
	15,242,423
Less: Accumulated depreciation	<u>(9,065,416)</u>

<u>NET PROPERTY AND EQUIPMENT</u>	6,177,007
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OTHER ASSETS

Unamortized mortgage costs	<u>67,931</u>
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<u>TOTAL ASSETS</u>	<u>\$ 6,657,109</u>
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See Notes to Financial Statements.

BALANCE SHEETAs of December 31, 2001LIABILITIES AND STOCKHOLDERS' EQUITYCURRENT LIABILITIES

Accounts payable and accrued expenses - Schedule 2	\$ 517,072
Real estate tax abatements payable – (Note 9)	36,021
Prepaid occupancy income	2,127
SCRIE payable	259
Move in/out and alterations deposits	4,500
Accrued mortgage interest	21,874
Current portion of mortgage payable	<u>31,458</u>

TOTAL CURRENT LIABILITIES 613,311

LONG TERM LIABILITIES

Mortgage Payable – National Cooperative Bank – (Note 5)	3,356,628
Less: Current portion	<u>(31,458)</u>

TOTAL LONG TERM LIABILITIES 3,325,170

TOTAL LIABILITIES 3,938,481

STOCKHOLDERS' EQUITY

Capital Stock Common, authorized 17,222 shares, Issued and outstanding 17,222 shares at \$1 par value	17,222
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Paid-in Capital	10,541,150
Accumulated deficit - December 31, 2001	<u>(7,839,744)</u>

TOTAL STOCKHOLDERS' EQUITY 2,718,628

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 6,657,109

See Notes to Financial Statements.

SUPPORTING SCHEDULESAs of December 31, 2001

<u>RESERVE FUND</u>	<u>Schedule 1</u>
Balance - January 1,	\$ 119,875
Add: Interest income	4,747
Transfers to Reserve Fund from operating account	178,000
Less: Legal Payment – Abuse Relief Act litigation	(25,000)
Transfer from Reserve Fun to operating account	<u>(157,011)</u>
Balance - December 31,	<u>\$ 120,611</u>
 <u>Consisting of:</u>	
Fidelity Investments – (Note 4)	<u>\$ 120,611</u>
<u>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</u>	<u>Schedule 2</u>
Legal	\$ 10,829
Legal - Abuse Relief Act litigation	51,204
- Judgement Abuse Relief Act litigation – (Note 10)	366,908
Miscellaneous administrative	1,057
Electricity	1,266
Gas	10,792
Water and sewer charges (Note 11)	52,183
Exterminating	124
Uniforms	277
Heating and plumbing repairs	81
Supplies and janitorial materials	4,838
Painting and decorating	300
Special repairs - carpeting	8,375
General repairs and maintenance	564
New York City real estate taxes	1,972
New York City corporate tax	944
Property and equipment	<u>5,358</u>
 <u>TOTAL ACCOUNTS PAYABLE AND ACCRUED EXPENSES</u>	 <u>\$ 517,072</u>

See Notes to Financial Statements.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For The Year Ended December 31, 2001

INCOMEIncome from Shareholders

Maintenance charges - apartments	\$	960,988
Special assessment – (Note 7)	\$	80,599
Apartment resale fee		21,400
Sublet fees		3,596
Late charges		1,814
Roof use fee		5,750
Miscellaneous income		<u>1,454</u>
<u>TOTAL INCOME</u>		1,075,601

OTHER INCOME

Commercial income – (Note 3)		86,000
Commercial real estate tax escalation – (Note 3)		21,266
Laundry income		15,378
Interest income		4,747
Patronage dividend		<u>493</u>
<u>TOTAL INCOME</u>		<u>1,203,485</u>

COST OF OPERATIONS

Administrative expenses	Schedule 1	118,509
Operating expenses	Schedule 2	334,209
Maintenance expenses	Schedule 3	53,615
Taxes	Schedule 4	347,663
Financial expenses	Schedule 5	<u>241,689</u>

TOTAL COSTS OF OPERATIONS 1,095,985

INCOME FROM OPERATIONS BEFORE DEPRECIATION,
AMORTIZATION AND OTHER ITEM

		107,800
Depreciation and amortization expense	Schedule 6	(473,985)
Legal judgement – Abuse Relief Act litigation – (Note 10)		(366,908)
Legal expense – Abuse Relief Act litigation – (Note 10)		<u>(139,320)</u>

NET LOSS (872,413)

Beginning Accumulated Deficit - Restated - Note 10 (6,967,331)

Ending Accumulated Deficit \$(7,839,744)

See Notes to Financial Statements.

SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS

For The Year Ended December 31, 2001

<u>ADMINISTRATIVE EXPENSES</u>	<u>Schedule 1</u>
Management fee	\$ 40,292
Auditing	11,625
Legal	22,896
Legal – Tax reduction	250
Stationery, printing, miscellaneous administrative expenses	12,520
Communications	940
Consulting	3,972
Insurance	<u>26,009</u>
<u>TOTAL ADMINISTRATIVE EXPENSES</u>	<u>\$ 118,509</u>
<u>OPERATING EXPENSES</u>	<u>Schedule 2</u>
Water and sewer charges – (Note 11)	\$ 51,613
Electricity	18,191
Gas	56,398
Payroll	161,531
Payroll taxes	14,611
Payroll insurance	10,278
Employee benefits	20,351
Permits	541
Uniforms	645
Miscellaneous operating	<u>50</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$ 334,209</u>
<u>MAINTENANCE EXPENSES</u>	<u>Schedule 3</u>
Exterminating	\$ 3,669
Plumbing and heating repairs	1,656
Grounds expense	1,114
Painting and decorating	9,711
Elevator repair and maintenance	3,851
General repairs and maintenance	8,374
Supplies and janitorial materials	16,865
Special repairs - carpeting	<u>8,375</u>
<u>TOTAL MAINTENANCE EXPENSES</u>	<u>\$ 53,615</u>

See Notes to Financial Statements.

SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONSFor The Year Ended December 31, 2001

<u>TAXES</u>	<u>Schedule 4</u>
New York City real estate tax	\$ 340,236
New York State franchise taxes	4,810
New York City corporate tax	<u>2,617</u>
<u>TOTAL TAXES</u>	<u>\$ 347,663</u>
<u>FINANCIAL EXPENSES</u>	<u>Schedule 5</u>
Interest on mortgage – National Cooperative Bank	\$ 241,497
Other interest	<u>192</u>
<u>TOTAL FINANCIAL EXPENSES</u>	<u>\$ 241,689</u>
<u>DEPRECIATION AND AMORTIZATION</u>	<u>Schedule 6</u>
Building	\$ 383,377
Building equipment	5,141
Building improvements	68,366
Amortization of mortgage costs	<u>17,101</u>
<u>TOTAL DEPRECIATION AND AMORTIZATION</u>	<u>\$ 473,985</u>

See Notes to Financial Statements.

STATEMENT OF CASH FLOWSEXHIBIT C

For The Year Ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (872,413)
Adjustments to reconcile net loss to net cash Provided by operating activities:	
Depreciation and amortization expense	473,985
Increase in receivables	(40,155)
Decrease in prepaid expenses	2,429
Increase in accounts payable and accrued expenses	493,470
Cash provided by Reserve Fund – legal payment	25,000
Interest earned	<u>(4,747)</u>
Total adjustments	<u>949,982</u>
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>77,569</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(74,581)
Increase in Reserve Fund - transfer from operations	(178,000)
Decrease in Reserve Fund - transfer to operations	<u>157,011</u>
<u>CASH USED BY INVESTING ACTIVITIES</u>	<u>(95,570)</u>

CASH FLOW FROM FINANCING ACTIVITY

Amortization of mortgage principal	<u>(26,759)</u>
<u>CASH PROVIDED BY FINANCING ACTIVITY</u>	<u>(26,759)</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>(44,760)</u>
Cash and cash equivalents at beginning of year	<u>126,615</u>
Cash and cash equivalents at end of year	<u>\$ 81,855</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATIONEXHIBIT D

Cash paid during the year:

Corporate taxes	\$ 7,311
Interest	\$ 241,863

Non-Cash Investing and Financing Activities

Additions to property and equipment accrued at December 31, 2001 totaled \$5,358. Total property and equipment acquired during the year ended December 31, 2001 amounted to \$75,683

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2001

NOTE 1 - ORGANIZATION

350 Bleecker Street Apartment Corporation is a cooperative housing corporation incorporated in the state of New York in September 1980. The closing of title on the property was July 1985. The Corporation owns the land and seven story building located in the borough of Manhattan, New York which originally consisted of 137 residential apartments (some of which have been subsequently combined), two commercial stores, a laundry room and a garage. The primary purpose of the Corporation is to manage the operations of 350 Bleecker Street Apartment Corporation, and maintain common elements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments (not used to meet Reserve Fund requirements) purchased with a maturity of three months or less to be cash equivalents.

Depreciation

Property and equipment are recorded at cost and are being depreciated over their estimated useful lives using the straight-line method.

Amortization

Amortization of mortgage cost is computed using the straight-line method over the term of the loan.

Shareholder Maintenance

Tenant-shareholders are subject to monthly maintenance charges to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose maintenance charges are substantially delinquent. Any excess maintenance charges at year end are retained by the Corporation for use in future years.

Estimates

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

Marketable Securities

The Corporation's policy is to classify equity securities as available for sale securities and record them at current market prices with any unrealized gains and losses reported as a component of equity. Realized gains and losses are reported as income.

NOTE 3 - RELATED PARTY TRANSACTIONS

Cash

One of the Corporation's cash accounts is in the custody of the former managing agent Kenneth B. Newman Realty Corp. As of December 31,2001, the former managing agent has a balance of \$5,073 in their custody.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2001

NOTE 3 - RELATED PARTY TRANSACTIONS – (continued)

Management Contract

The Corporation had a management agreement with Kenneth B. Newman Realty Corp. whose principal is the general partner of Bleecker Charles Company, the Cooperative's Sponsor. Effective February 2001, Kenneth Newman Realty Corp. was replaced by an independent third party managing agent Tudor Realty. For the year ended December 31, 2001, the former managing agent was compensated \$4,083 representing the month of January 2001 for rendering management services to the Cooperative.

Sponsor Owned Apartments

At December 31, 2001, the Sponsor owned 4,042 of the outstanding shares, approximately 23.46% of the Corporation. Maintenance charges attributed to the Sponsor totaled approximately \$225,543 for the year ended December 31, 2001. As of December 31, 2001, the Sponsor is current with maintenance on these apartments.

Master Commercial Lease

The Corporation has a master commercial lease agreement with the Sponsor, Bleecker Charles Company, entered into in July 31, 1985, with the then President of 350 Bleecker Street Apartment Corporation, who is the general partner of Bleecker Charles Company. Under the terms of the master commercial lease, monthly payments of \$7,167 monthly or \$86,000 annually, are to be paid by the Sponsor to the Cooperative. The term of the lease agreement is for 75 years, commencing July 31, 1985 and terminating on July 31, 2060. In addition to the annual charge to the Sponsor, additional rent is due the Cooperative in direct proportion to increases or decreases in the annual real estate taxes attributable to 350 Bleecker Street Apartment Corporation in excess of such taxes for 1984/1985 (the "base period"), but no such increase shall exceed 12% of any increase of such taxes for the whole premises over the base period. Additional rent payable, shall be paid by the Sponsor within 30 days following submission of copies of paid bills. For the year ended December 31, 2001, the amount due to the Corporation for this provision is \$21,266. As of the balance sheet date, this amount had not been billed to or paid by the Sponsor.

NOTE 4 - MARKETABLE SECURITIES

The Corporation has investments in marketable equity securities which are being reported at fair value.

As of December 31, 2001, the investments are:

	<u>Cost</u>	<u>Unrealized Gain/(loss)</u>	<u>Fair Value</u>
Fidelity Investments	\$ 120,611	-0-	\$ 120,611

Mutual fund shares held in Fidelity Investment are not bank deposits or FDIC insured and are not guaranteed by the brokerage house. These funds are subject to investment risks due to market fluctuations including possible loss of the principal amount invested.

These funds are insured by the Securities Investor Protection Corporation (SIPC) which protects the Corporation's securities up to a maximum of \$500,000 (\$100,000 cash, \$400,000 securities).

NOTE 5 - MORTGAGE PAYABLE

On December 31, 1995, the Corporation refinanced its mortgage with National Cooperative Bank at a rate of 7.82% for a ten-year term in the amount of \$3,500,000. Monthly payments of \$24,403 are due on the 1st of every month based on a 35-year amortization schedule. The monthly payments are applied first to interest and the balance in reduction of principal, until and including, the maturity date. As part of the refinancing agreement, the Corporation incurred \$171,007 of mortgage refinancing costs. These costs have been deferred and are being amortized over the ten-year life of the mortgage.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2001

NOTE 5 - MORTGAGE PAYABLE – (continued)

A prepayment provision requires the Mortgagor, except during 90 days prior to maturity, to pay 2% of the outstanding mortgage balance if it desires to prepay the mortgage. Prepayment of the mortgage requires notice at least 30 days before the intended prepayment date, but not to exceed 90 days.

Principal maturities of the mortgage payable during the next four years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2002	\$ 31,458
2003	34,008
2004	36,765
2005 – Maturity	3,254,397

Total interest expense for the year ended December 31, 2001 was \$241,497.

NOTE 6 - INVESTMENT IN NATIONAL COOPERATIVE BANK

In 1995, the Corporation purchased 350 shares of National Cooperative Bank's Class B1 Capital Stock, par value, \$100 per share for \$35,000. The investment in the capital stock was a requirement of the mortgage agreement between National Cooperative Bank and 350 Bleecker Street Apartment Corporation and is equal to 1% of the mortgage principal of \$3,500,000. As of the balance sheet date, the Class B1 Stock has been sold and refunded to the Corporation.

The Corporation also holds Class B2 Stock of its mortgage holder, the National Cooperative Bank. Class B2 Stock is acquired through patronage refunds. The stock is currently non-transferable and non-redeemable. The Bank Act does not allow a dividend to be paid on this stock.

Class C Stock is acquired through patronage refunds. The stock is currently non-transferrable and non-redeemable. National Cooperative Bank will now pay a cash dividend on its Class C Stock equal to as much as 2 percent of National Cooperative Bank's net income. The dividend will be distributed among all holders of Class C Stock regardless of patronage.

Under National Cooperative Bank's Capitalization and Patronage Refund Policy, the cash portion of each cooperative's patronage refund may be between 35 percent and 55 percent based on the amount of National Cooperative Bank Class B and Class C Stock owned by the Cooperative relative to the loan amount or loan commitment made to the Cooperative by National Cooperative Bank. In addition, the stock portion of the patronage refund will consist of Class B Stock until the Cooperative accumulates 16 percent of its aggregate loan amount in Class B Stock. Any further stock distributions will consist of Class C Stock. All Class B Stock may be used by the Cooperative to offset any future purchase requirements.

For the year ended December 31, 2001, the Corporation realized \$740 in B2 stock and received \$493 in cash refunds.

NOTE 7 - SPECIAL ASSESSMENT

A special assessment was instituted by the Board of Directors of the Corporation to generate funds to be used to pay legal fees associated with the legal litigation - Abuse Relief Act (Note 10). The total amount of the assessment was \$80,599 and was billed monthly beginning in January 2001 at 39¢ per share.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2001

NOTE 8 - CONTRIBUTIONS TO CAPITAL

The Corporation treats special assessments used for the acquisition of capital improvements and maintenance charges used for amortization of mortgage principal as contributions to capital for tax purposes only.

For the year ended December 31, 2001, Paid-in Capital for tax purposes is:

Mortgage amortization	\$ 26,759
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NOTE 9 - REAL ESTATE TAX ABATEMENTS

New York State School Tax Relief Program

The New York State School Tax Relief Program is a credit that is applied for by each individual taxpayer or shareholder and it represents a reduction of taxable value when calculating the real estate tax. The STAR credit received by the Corporation resulted in a tax savings of \$8,107 for the shareholders for the period ended December 31, 2001. This amount is being credited to the eligible shareholders.

Condo/Coop Tax Abatements

As a result of revisions to Section 467(a) of the New York Real Property Tax Law, certain shareholders of the Cooperative units are eligible for partial abatements of their real estate taxes commencing with the 1996/1997 tax year. The abatement has been extended for an additional three years through the 2003/2004 tax year.

As of December 31, 2001, the Corporation received credits of \$20,641 on its tax bills representing the abatements for the last two quarters of the 2000/2001 tax year. This amount is being credited to the eligible shareholders.

NOTE 10 - LITIGATION

350 Bleecker Street Apartment Corporation vs. Bleecker Charles Company

The Corporation, commenced proceedings under the Condominium and Cooperative Conversion Protection and Abuse Relief Act against Bleecker Charles Company, Sponsor, regarding the garage lease. This act is intended to deal with potential self-dealing and as viewed by the Corporation, the lease terms are sufficiently favorable to the Sponsor that in 2000 the Corporation sought to invoke the Act's terms and terminate the lease. The Sponsor commenced a lawsuit against the Corporation seeking the courts relief in restraining the Cooperative from taking any action to terminate the Master lease or the Garage portion. The Sponsor also sought recovery of attorney fees associated with this action. The Judge residing over the case ruled in favor of the Sponsor and has subsequently awarded \$366,908 to the Sponsor for recovery of legal fees expended by the Sponsor during the course of the litigation process. The Board of Directors of the Cooperative is seeking to borrow up to \$500,000 from a bank at an approximate interest rate of 6% in order to pay this liability. The Corporation has filed an appeal with the court.

NOTE 11 - WATER AND SEWER CHARGES

The Corporation is disputing the water and sewer charges with the New York City Department of Environmental Protection. As of the balance sheet date, the City has admitted that certain meters were defective and have since replaced them. As of the balance sheet date, the City has not rebilled the Corporation for the adjusted readings. The liability in the amount of \$52,183 is based on the original billings from the City and the actual charges are subject to adjustment.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2001

NOTE 12 - MECHANIC'S LIEN

AM&G Waterproofing, LLC filed a mechanic's lien for the sum of \$22,453 against the Corporation. The Board of Directors voted to bond the mechanic's lien filed by AM&G Waterproofing, LLC. As of the balance sheet date, the mechanic's lien has been bonded.

NOTE 13 - CORPORATION TAX

During 1996, in a case involving a conventional cooperative, the United States Tax Court ruled that Subchapter T of the Internal Revenue Code, not Section 277, applies to housing cooperatives that qualify under Section 216 of the Internal Revenue Code. Subchapter T requires allocations of patronage and non-patronage source income. For federal tax purposes, the Corporation's taxes are computed pursuant to Subchapter T of the Internal Revenue Code.

Subchapter T requires allocations of patronage and non-patronage source income. Accordingly, income from non-patronage sources such as commercial rentals, professional apartments rentals, etc. in excess of expenses properly attributable thereto, may be subject to federal tax. Any income tax liability that may result from the above is not reflected in these financial statements.

For the year ended December 31, 2001, the Corporation sustained a loss and is not liable for federal tax. The Corporation also has net operating loss carryforwards from prior years for tax purposes totaling \$7,725,600. The tax loss carryforwards, if not used against taxable income expire beginning in 2007 and continuing through 2020. The Corporation is also subject to New York State and City tax based on the higher of net income or capital. Current tax expense is \$7,427.

NOTE 14 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation may have the right to borrow, utilize available cash, increase maintenance charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

The Corporation has a Reserve Fund in the amount of \$120,611 which may be used for major repairs and replacements, when needed.

EXHIBIT B

350 BLEECKER STREET CO-OP NEWSLETTER #153

May 31, 2002

The board met on April 11, April 30, May 7 and May 28. Among the issues discussed:

NEW BOARD MEMBER

The board unanimously elected Greg Colucci (apartment 4C, 212 647 9117) to fill the vacant seat. Greg's e-mail address is joshgrc@aol.com.

MITCHELL SCHRAGE

The board hired Mitchell Schrage, an attorney, to assist the co-op in legal action against Ken Newman in state court and arbitration. For additional information about Mitchell Schrage, see his web site, www.mrsnylaw.com. Mitchell's retainer is \$15,000 plus 30% of what he collects from Ken Newman. None of the activities Mitchell is working on can result in Ken collecting legal fees from the co-op, should Ken prevail. Unfortunately, due to the nature of Mitchell's probable actions, the details cannot be outlined in the Newsletter at this time.

AUDITED FINANCIAL REPORT FOR 2001

Marin and Montanye finished their audit and certified the statement. It was posted on the co-op's web site (www.350bleecker.com/policy/finance.html) on May 26, a few days after the audit was completed. Because it is 15 pages long, it is not attached to this Newsletter. If you'd like a copy, and do not have access to the Internet, please ask any board member to give you a copy.

A major reason for the audit's delay pertained to a bank account Ken Newman controlled that still had over \$5,000 of the co-op's money at the end of April 2002. The CPA firm reported that when they requested extra copies of the bank statements from Ken, he could not make them available promptly. A board member called Chase, informed them of the problem, and Chase faxed the missing statements within 24 hours.

Ken used the Chase account when he was the managing agent of the co-op. His contract expired January 31, 2001, but he kept the account under his control after that.

BIKE ROOM

Do you want to get on the waiting list for the bike room? If so, please inform Paul Morton at Tudor (212 557 3600 extension 337 or e-mail him at paulm@tudorrealty.com.) Due to the space shortage, a maximum of 1 spot may be kept on the waiting list. The waiting list is for shareholders only. In other words, if a shareholder has 2 bicycles, only 1 may be on the waiting list.

PAYMENT OF LEGAL FEE JUDGMENT

Newsletter #152 reported that Judge Lynch awarded the sponsor (Ken Newman) \$344,516.18. This is the same judge who ruled against the co-op in the garage case itself. Ken wanted to keep the sponsor (himself) exempt from paying his share of the legal fees, but the judge disagreed. In other words, since the sponsor owns about 23% of the co-op's shares, the sponsor will be liable for about 23% of the judgment.

Ken raised his request, and the judge complied. So the amount awarded was raised to \$366,908.20. The co-op paid Ken on May 10, 2002.

BORROWING

To minimize the co-op's costs, the seven members of the board lent the co-op \$200,000 interest-free, on a temporary basis. By making the payment to Ken as quickly as possible, the co-op avoided paying him further interest and additional legal fees. His attorney made it clear that any additional efforts spent trying to collect would be charged to the co-op.

Among the reasons the board did not immediately borrow the money from the bank:

- a. Generally, banks are reluctant to make loans to co-ops without a certified set of financial statements, audited by a certified public accountant. Our CPA firm could not complete the audit promptly, as reported above.
- b. It may not be worthwhile to pay the fees associated with a loan since the underlying mortgage will probably be refinanced by the end of this year. When a mortgage is made, bank and legal fees are also paid.

MORTGAGE REFINANCING

The 7.82% underlying mortgage, as of December 31, 2001, is for approximately \$3,356,628. A mortgage broker consulted by the board offered to "lock-in" an interest rate of 6.75% (or possibly less) for a 10-year mortgage closing at the end of this year. The lower interest rate could save the co-op several hundred thousand dollars over the course of the 10-year period. The board is considering several alternatives, such as:

1. Should the co-op "lock-in" soon, or wait to see if interest rates decline?
2. How much should the co-op borrow?
3. Should the co-op seek a 10-year loan or a loan of longer duration? Generally, longer loans have higher interest rates.
4. How much of a prepayment penalty should the co-op accept? Although mortgages for residences in New York generally have no prepayment penalty, co-op building underlying mortgages usually penalize prepayments. For example, our current mortgage effectively bans prepayment until the end of this year. After that, the penalty is 2% of the principal, which would be about \$67,133.
5. What amortization should the co-op request? Underlying mortgage loans are made with 10, 15, 20, 25, 30, and 40-year amortization, as well as "no amortization" (only interest is paid). Interest is tax-deductible, while amortization is not.

BORROWING ALTERNATIVES

The lowest cost borrowing method may involve avoiding banks. Shareholders may lend all or part of the funds. Bank savings accounts are generally paying 3% interest or less. Banks generally lend money to co-ops for 6% to 7.5%. Splitting the difference would allow the co-op to reduce its cost of borrowing.

GARAGE CASE APPEAL HEARING

Although our attorneys were told informally that the hearing would be in June, the exact date remains unknown. The original judge in the case will not hear the appeal.

FINANCIALS THROUGH MARCH

The last page of this Newsletter has the estimate made at the end of April, based on the figures through March 2002. These figures do not include the payment of the legal fees to the sponsor (Ken Newman) or the temporary interest-free loan made to the co-op by the board members, since those actions occurred in May.

FOR SALE

There are 3 apartments for sale that are not already in contract. They are:

1D	Studio	\$298,000	contact: Armanda Squadrilli, broker	646 824 8379
1M	1 bedroom	\$390,000	contact Andrew Markowitz, broker	212 350 2279
4L	1 bedroom	\$385,000	contact Maryellen Keenan, owner	212 647 0770

350 Bleecker Street Apartment Corp
2002 Estimate

	Mar. YTD				Estimate
	Unaudited	Apr-Dec	Full Year	2002	Over/(Under)
	Actual	Estimate	2002	Budget	Budget
<u>Income</u>					
Commercial Rent	\$ 21,500	\$ 102,250	\$ 123,750	\$ 123,750	\$ (0)
Laundry Income	3,473	10,000	13,473	12,000	1,473
Transfer Fees (A)	-	86,083	86,083	40,000	46,083
Maintenance (B)	260,036	769,190	1,029,226	1,041,587	(12,360)
Other Income (Sublets, etc.)	(85)	3,266	3,182	10,600	(7,418)
Total Income	\$ 284,924	\$ 970,790	\$ 1,255,714	\$ 1,227,937	\$ 27,777
<u>Expenses:</u>					
Real Estate Tax	111	337,252	337,364	337,256	108
Mortgage Interest & Principal	73,209	219,626	292,834	290,526	2,309
Other Taxes	3,647	-	3,647	3,938	(291)
Total Taxes & Interest	76,967	556,878	633,845	631,719	2,126
Insurance	-	42,341	42,341	42,749	(408)
Management Fee	10,172	30,517	40,689	40,689	(0)
Legal Fees (C)	58,344	67,444	125,789	73,000	52,789
Accounting	2,000	6,003	8,003	7,206	797
All Other (security, postage, etc.)	2,060	5,880	7,940	7,840	100
Total Administration	72,577	152,186	224,762	171,484	53,278
Labor	59,273	178,441	237,714	235,325	2,389
Utilities (D)	18,086	97,393	115,480	115,928	(448)
Maintenance & Repairs	16,063	31,466	47,528	46,594	934
Contingency	-	11,250	11,250	15,000	(3,750)
Construction/Capital Projects (E)	13,640	21,858	35,498	21,858	13,640
Total Expense	256,605	1,049,472	1,306,077	1,237,908	68,169
Net Operating Income/(Loss)	\$ 28,319	\$ (78,682)	\$ (50,364)	\$ (9,971)	\$ (40,392)

Projected Cash @ 12/31/02	(E)	<u>\$ 142,579</u>	<u>\$ 139,251</u>	<u>\$ 3,328</u>
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Footnotes:

- (A) Transfer fees projection raised to reflect stronger market than anticipated.
- (B) Reflects unbudgeted tax abatement credited to shareholders.
- (C) Overage reflects 2001 legal fees billed in 2002 + extra payments for legal fee defense.
- (D) Overage reflects planned payment of \$25,000 for the 2001 water bill currently in dispute.
- (E) Overage due to sub-meter (\$4,358) + carpet invoice (\$8,375) paid in 2002 not 2001 as anticipated.

350 BLEECKER STREET

[HOME](#) | [ABOUT 350 BLEECKER](#) | [CO-OP HISTORY](#) | [POLICIES](#) | [CONTACT](#) | [SITE MAP](#)

Apartments for Sale

APARTMENT	SIZE	ASKING PRICE	CONTACT	PHONE NUMBER	E-MAIL ADDRESS	IN CONTRACT
1D	<u>Studio</u>	\$298,000	<u>Armanda Squadrilli (Broker)</u>	646-824-8379	<u>squad@aol.com</u>	No
1E	<u>2 Bedroom</u>	\$632,000	<u>Armanda Squadrilli (Broker)</u>	646-824-8379	<u>squad@aol.com</u>	Yes
1M	<u>1 Bedroom</u>	\$390,000	<u>Andrew Markowitz (Broker)</u>	212-350-2279 (W)	<u>amarkowitz@elliman.com</u>	No
4E	<u>2 Bedroom</u>	\$650,000	Marylou Moravec	212-727-7014	<u>marylou_moravec@mcgraw-hill.com</u>	Yes
4L	<u>1 Bedroom</u>	\$385,000	Maryellen Keenan	212-647-0770	<u>m1keenana@aol.com</u>	Yes
6H	<u>Studio</u>	\$255,000	Denise Lee	212-633-6618	<u>fierce-fairy@att.net</u>	Yes
6K/L	<u>3 BR / 2 Bath</u>	\$775,000	Paul Palushaj (Broker)	917-653-8231	<u>docprela@aol.com</u>	Yes

If you would like your apartment listed on this webpage, contact any [board member](#).

Apartment Plans

The co-op has solicited drawings of apartments from our shareholders. Some of these plans come from a sales brochure circa 1962. The board cannot confirm the measurements of each drawing, since each apartment varies slightly. To confirm any of the drawings below, exact measurements must be taken.

[Typical "C" Line Apartment](#)

[Typical "D" Line Apartment](#)

[Typical "E" Line Apartment](#)

[Typical "G" Line Apartment](#)

[Typical "M" Line Apartment](#)

Typical "R" Line Apartment

Typical "S" Line Apartment

Typical "T" Line Apartment

Typical "U" Line Apartment

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EXHIBIT C

EXHIBIT C
SCHEDULE OF MAINTENANCE
PAID ON UNSOLD SHARES

<u>UNSOLD SHARES</u>	<u>UNIT</u>	<u>MAINTENANCE</u>
124	LB	\$ 624.96
124	LM	624.96
126	1L	635.04
126	1N	635.04
185	1P	932.40
82	1T	413.28
82	1W	413.28
104	2A	524.16
187	2S	942.48
84	2T	423.36
84	2W	423.36
130	3K	655.20
130	3L	655.20
191	3S	962.64
108	3U	544.32
132	4K	665.28
132	4N	665.28
132	4R	665.28
194	4S	977.76
88	4T	443.52
134	5K	675.36
140	6B	705.60
92	6F	463.68
219	6G	1,103.76
140	6J	705.60
140	6M	705.60
206	6P	1,038.24
219	6S	1,103.76
92	6T	463.68
<u>115</u>	<u>6U</u>	<u>579.60</u>
 <u>4,042</u>		 <u>\$ 20,371.68</u>

August 6, 2002

EXHIBIT D

EXHIBIT D

SCHEDULE OF RENT RECEIVED

<u>UNIT</u>	<u>RENT</u>
LB	\$ 631.66
LM	867.26
1L	760.00
1N	600.37
1P	994.02
1T	529.46
1W	526.37
2A	742.41
2S	1,141.19
2T	527.43
2W	511.79
3K	682.99
3L	783.55
3S	1,171.77
3U	539.51
4K	803.52
4N	962.22
4R	-0-
4S	871.26
4T	558.99
5K	657.22
6B	739.92
6F	552.30
6G	884.57
6J	704.34
6M	908.64
6P	853.11
6S	883.69
6T	680.22
6U	<u>665.83</u>
Total apartments: 30	<u>\$ 21,780.91</u>

August 6, 2002

EXHIBIT E

350 BLEECKER STREET NEWSLETTER #142

October 27, 2001

The board met on October 15, 2001. Among the items discussed:

CONSTRUCTION – BLEECKER STREET PLANTERS

Sal-Mar finished the sheet metal installation work on October 27, 6 weeks later than the previous deadline. The work was delayed by the WTC disaster as well as repeated errors by the subcontractor sheet metal fabrication shop. The errors did not raise the price to the co-op (about \$25,000), but the repeated delays were frustrating, since everyone wants to put plants into the planters as soon as possible.

LANDSCAPING FOR BLEECKER STREET PLANTERS

Ron Walker, the landscape architect, should have his drawings ready by approximately November 5. As soon as the plans are received, they will be posted or distributed so that everyone can contribute their comments and suggestions. After any requested changes, several nurseries will bid on supplying the plants, soil, and labor for installation. The goal is to finish around Thanksgiving. The co-op has \$20,000 set aside in its budget for this project.

NEW AWNING

Acme Awning installed it for \$1,650. Rifat Otovic and Jerry Rawls repainted the steel frame.

FINANCIAL REPORT

A two page year-to-date financial report by the Treasurer, Marylou Moravec, is attached. The co-op expects to end the year with about \$118,925 instead of the budgeted \$112,685.

The financial report was substantially delayed because the former managing agent, Ken Newman, submitted incorrect financial reports repeatedly, and our CPA firm, Marin and Montanye, could not get the data needed to certify the Year 2000 audit. Our Year 2000 financials were finished by the CPA firm on September 6, and the Year 2001 financials are partially dependent on an audit (not yet completed) of Ken Newman's last month as managing agent, January 2001.

So the figures attached are based on the Year 2000 audit finished September 6, unaudited figures reported afterwards, and estimates made by the Treasurer. The estimates are based on last year's figures for similar items, January through September 2001 figures, and this year's budget. Budgeting 2001 was difficult because Ken's financial reports in 2000 were problematic.

Newsletters in previous years reported this information once or twice a year. Going forward, everyone should expect to receive this information monthly, posted on the web site. If you do not have access to the Internet, please ask any board member to print it out for you.

Our cash position was \$280,000 at the end of September, slightly above budget. The newsletter used to report the cash position monthly, but this ended when it became apparent that financial reports submitted by Ken Newman as managing agent were incorrect. Furthermore, bills were not paid promptly on a consistent basis by Ken's office, so the cash position sometimes was misleading. For example, as part of the audit, the CPA reported that on December 31, 2000, \$40,939 was owed, but not paid, by the co-op.

350 Bleecker Street Apartment Corp

2001 Estimate

(\$ in 000's)

	2001 Budget	Estimate Over/(Under) Budget	Jan-Sept. Unaudited Actual	Oct-Dec Estimate	Full Year 2001
<u>Income</u>					
Commercial Rent	\$ 104,978	\$ (102)	\$ 90,542	\$ 14,334	\$ 104,876
Laundry Income	12,000	2,448	11,448	3,000	14,448
Transfer Fees	25,000	(3,600)	21,400	-	21,400
Maintenance	(1) 1,041,587	(12,769)	768,700	260,118	1,028,818
Other Income (Sublets, etc.)	15,850	4,040	13,090	6,800	19,890
Total Income	<u>\$ 1,199,415</u>	<u>\$ (9,983)</u>	<u>\$ 905,180</u>	<u>\$ 284,252</u>	<u>\$ 1,189,432</u>
<u>Expenses:</u>					
Real Estate Tax	(2) 300,000	28,521	156,541	171,980	328,521
Mortgage Interest & Principal	290,400	126	217,317	73,209	290,526
Other Taxes	1,668	2,825	2,067	2,426	4,493
Total Taxes & Interest	<u>592,068</u>	<u>31,472</u>	<u>375,925</u>	<u>247,615</u>	<u>623,540</u>
Insurance	33,120	92	33,212	-	33,212
Management Fee	35,000	1,209	26,333	9,876	36,209
Legal Fees	(3) 87,000	31,077	110,577	7,500	118,077
Accounting	(4) 7,200	4,849	10,300	1,749	12,049
All Other (security, postage, etc.)	13,956	4,144	11,610	6,490	18,100
Total Administration	<u>176,276</u>	<u>41,372</u>	<u>192,033</u>	<u>25,615</u>	<u>217,648</u>
Labor	(5) 200,364	18,584	157,247	61,701	218,948
Utilities	(6) 90,000	32,065	71,255	50,810	122,065
Maintenance & Repairs	77,765	(25,560)	38,774	13,431	52,205
Contingency	15,000	(15,000)	-	-	-
Construction/Capital Projects	(7) 228,750	(140,050)	37,608	51,092	88,700
Total Expense	<u>(8) \$ 1,380,223</u>	<u>\$ (57,116)</u>	<u>\$ 872,843</u>	<u>\$ 450,264</u>	<u>\$ 1,323,107</u>
Net Operating Income/(Loss)	<u>\$ (180,808)</u>	<u>\$ 47,133</u>	<u>\$ 32,337</u>	<u>\$ (166,012)</u>	<u>\$ (133,675)</u>
Projected Cash @ 12/31/01	<u>\$ 112,685</u>	<u>\$ 6,240</u>			<u>\$ 118,925</u>

See notes on following page.

Notes:

- (1) Maintenance and assessments are below budget because Ken Newman's January accounting records show an underpayment.
- (2) Due to the city's fiscal calendar, real estate taxes are unknown at budget time, so an estimate is made. The co-op challenges its assessment every year.
- (3) According to our CPA, Ken Newman did not pay \$13,814 of legal expenses in 2000 so this amount was paid in 2001. The amount was unknown at budget time because Ken's books seemed in disarray. There were unanticipated legal expenses relating to water damage caused by 102 Charles Street.
- (4) Audit fees were substantially higher than planned because the audit took an extra 7 months due to difficulties with Ken Newman's records.
- (5) \$10,901 of the overage appears in the January records of Ken Newman. This amount is being audited and may actually relate to the previous year.
- (6) According to our CPA, Ken Newman did not pay \$13,447 of utilities in 2000, which had to be paid in 2001.
- (7) Construction was overbudgeted approximately \$100,000 because AM&G was paid most of its holdback in 2000 not 2001. Additionally, AM&G refused to install new air conditioner grills and sleeves for \$34,000. Major construction costs were approximately:

Zolotone painting	\$ 30,000
Planter sheet metal	25,000
Planter landscaping (estimate)	20,000
Nawkaw brick staining	8,000
Commercial Space Water Meters (to be reimbursed by Ken Newman)	6,000
	<u>\$ 89,000</u>

- (8) According to our CPA, Ken Newman did not pay \$40,939 in expenses in 2000. \$27,261 of this total is discussed in the footnotes above.

**NOTICE OF THE ANNUAL MEETING OF
SHAREHOLDERS OF
350 BLEECKER STREET APARTMENT CORP.
TO BE HELD ON NOVEMBER 13, 2001 7:30 PM
IN THE EXERCISE ROOM OF
350 BLEECKER STREET, NEW YORK, NY 10014**

Notice is hereby given to the shareholders of 350 Bleecker Street Apartment Corp., a New York corporation, that the Annual Meeting of Shareholders will be held in the exercise room of 350 Bleecker Street, New York, New York 10014 on November 13, 2001 at 7:30 PM for the following purposes:

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

The date fixed by the Board of Directors as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting is the close of business on November 1, 2001. The transfer books will not be closed.

By order of the Board of Directors.

James D. Kafadar, Secretary
October 29, 2001

350 BLEECKER STREET CO-OP NEWSLETTER #148

December 23, 2001

The board met on December 12 and 20, 2001, largely focusing on the budget. Among the issues discussed:

2002 FEES

Maintenance was raised to \$5.04 from \$4.65 per share per month. There is no more assessment. The sublet fee was raised to \$5 from \$2.50 per share per month. All other fees remain the same: bike room \$100; sublet application \$500; late fee \$50.

The fees normally due January 1 will be due January 15th, 2002. If you've already received a bill from Tudor that contradicts this Newsletter, please ignore the bill.

Maintenance has not been raised for 4 years. The 39-cent increase is 8%, which works out to the equivalent of about 2% per year.

2002 EXPENSE INCREASES

The 2002 budget is attached. The largest expense increases, compared to the most recent 2001 projection are:

- a. Real estate taxes are expected to rise 10%, since the assessed value of the building is rising. The New York City budget is usually not adopted until summertime, so the exact real estate tax rate is unknown. This is the largest expense increase in the budget, \$30,660. The co-op board hires a certiorari attorney to challenge the real estate tax valuation every year. The attorney's fee is based on the tax savings. Nonetheless, real estate values have risen, so the tax expense is expected to rise, even if the tax rate remains the same as a percentage of the valuation.
- b. Utilities are expected to rise \$9,256, largely because of water and sewer charges. The projection for 2001 is only \$12,745 because of the broken water meter. Our typical water/sewer charge is \$5,500 per quarter. The co-op overpaid in 2000 due to the broken meter, and the adjustment was accrued in the 2001 projection. In November 2001, the co-op received a water/sewer bill for approximately \$42,000, based on the broken meter. The City's bill is being challenged by Tudor.
- c. Multiperil insurance is expected to rise from \$31,630 to \$41,118, an increase of \$9,488 (30%). Our attorney, managing agent, and insurance broker all warned the board that other co-ops are experiencing unusually high increases, largely due to the poor performance of the stock market in the past 12 months. Stock market performance is a major profit generator for insurance companies.
- d. Payroll is expected to rise \$6,364 because our staff receives the same increase union members receive.
- e. The intercom will be upgraded for \$5,000. The co-op spent less than \$300 on the intercom in 2001.
- f. Ani Antreasyan's \$250/month fee for taking care of the Bleecker Street planters comes to \$3,000. The co-op never had professional landscaping care before.
- g. Health care insurance is budgeted to rise \$2,382, a 15% increase, for similar reasons to the multiperil insurance.

LEGAL

Legal expenses related to the garage litigation include:

1. \$17,000 for the appeal
2. \$2,000 for a filing by Andrew Brucker relating to possible ethics violations by Ken Newman
3. \$15,000 for Walter Goldsmith and Bob Fass to challenge Ken Newman's demand for legal fees. The co-op may also have to pay another attorney as expert witness another \$4,000. Ken's demand now is for \$338,000, up from \$270,000 that was previously claimed.

Other legal expenses include \$12,500 for attorney and arbitration fees relating to the co-op's possible claim that Ken Newman, when managing agent, underbilled himself over \$250,000 for the commercial space rent. The board was quoted a retainer of \$7,500 with a contingent fee of 30%, plus a likely arbitration expense of \$5,000 to collect this alleged underpayment. The commercial lease has a mandatory arbitration clause for this type of dispute, so if it is pursued, it will not be a court case. Mitchell Schrage, an attorney specializing in collection cases, offered to take the case for the fee arrangement stated above. If the co-op loses the case, it will not be liable for Ken Newman's legal fees, so the maximum risk is \$12,500, and maximum gain may be above \$250,000.

INCOME ASSUMPTIONS IN THE BUDGET

The commercial space lease provides for Ken Newman to pay a percentage of the real estate tax increases. When managing agent, Ken billed himself once a year for this, after each year ended. From now on, the co-op will bill this monthly, which accounts for the rise from \$18,875 in 2001 to \$37,750 in 2002.

Furthermore, Ken Newman still owes the co-op \$5,642 for the water meters installed in July. The commercial lease allows the co-op to install water meters at Ken's expense and bill him for his commercial tenants' usage.

Transfer fees are expected to rise to \$40,000 from \$21,400. This is the 2% fee paid when selling an apartment. The budgeted figure may be conservative, since apartments whose prices total \$3 million are already on the market.

KEN NEWMAN'S LEGAL FEES

When the judge determines the amount the co-op must pay Ken Newman, the board will consider alternative ways to make the payment. If the arbitration case is won by the co-op, and the amount due is greater than or equal to the legal fees due Ken, then the board may simply make the payment without any borrowing. If the co-op does not have sufficient funds, then a loan may be requested from the co-op's mortgage bank.

OTHER POSSIBLE PROJECTS NOT YET INCLUDED IN THE BUDGET

Depending on the co-op's financial condition when the judge makes his decision on Ken's legal fees, the board may or may not go ahead with the projects listed below that total \$203,500.

1. Master Metering

Herbert Hirschfeld, the engineer, reported that this project will cost about \$106,000. New York State will pay a subsidy of around \$34,000, so the net cost to the co-op will be \$72,000. The electricity cost to the shareholders will decline by about \$15,000 annually.

2. Mailboxes and lobby construction

All new mailboxes approved by the Postal Service are at least twice the volume of our current mailboxes, so certain walls will require partial demolition. When the walls are changed, the lobby air conditioning will need to be replaced. The total cost is estimated at \$40,000.

3. Lawsuit in New York State court against Ken Newman

The board is exploring a suit against Ken for violating his fiduciary responsibilities. A fee quote supplied by Walter Goldsmith and Bob Fass is \$40,000 versus a 30% contingency. If the co-op loses the suit, it would not be liable for Ken's legal fees, but it will have paid the \$40,000.

4. Waterproofing

The AM+G project did not successfully waterproof the wall shared by the building and 102 Charles Street. Sal-Mar supplied an estimate of \$24,000 for this project. Although the board will try to get 102 Charles to pay for a portion of this project, it may not be worthwhile to litigate, considering the amount involved.

5. Carpet replacement

The board would like to replace hallway carpeting for 2 more floors. The lobby and sixth floor carpet was replaced over a year ago. The rest of the building's carpeting is about a dozen years old. The board would like to replace 2 floors each year, which costs about \$9,000.

6. Engineering

If the master meter and waterproofing projects are attempted, the engineering fees are estimated at \$7,500.

7. Stairwell painting

Now that the basement is painted, the board would like to paint the stairwells. The cost is estimated to be \$6,000.

8. Zolotone touch-up

Zolotone is the paint process used for the hallways. A typical building-wide touch-up costs about \$5,000.

SHAREHOLDER COMMENTS

The board voted unanimously to adopt the budget. **If you agree with the board you need not submit any paperwork at all.** If a large number of people object to the budget or raise unexpected issues, then the board may make further adjustments to accommodate the majority of the shareholders.

You need not write comments on the "Other Possible Projects" section because the board will solicit shareholder comments when, and if, these projects receive further consideration after the judge's decision.

If you prefer to keep your comments and suggestions confidential, please write your message below, and place it into an envelope. Seal the envelope and on the outside, print your name, apartment number, and sign it. Slip the envelope under the door to 6R, Susan Kim. Or you can fax your comments to Susan at 212 242 7919. If you want to keep your fax confidential, please fax a second sheet with your signature, apartment number, and printed name, which will be attached by Susan Kim to the outside of a sealed envelope, with your fax inside. All the confidential messages will be opened by Andrew Brucker, who will give the message contents to the board.

Please submit your comments within 3 days of your receipt of this letter.

Thank you.

Comments and suggestions _____

350 Bleecker Street Budget for 2002

	2002 Budget	% of Total Expenses
<u>Income</u>		
Commercial Rent	\$ 86,000	
Additional Commercial Rent	37,750	
Laundry Income	12,000	
Interest Income	1,000	
National Co-op Bank Dividend	1,000	
2% Transfer Fees	40,000	
Sublet fees	6,000	
Late fees @ \$50	1,200	
Bike Room Fees @ \$100	1,400	
Maintenance @ \$5.04/share/month	1,041,587	
Total Income	\$ 1,227,937	
<u>Expenses:</u>		
Real Estate Tax	337,256	
NY City and NY State -- other taxes	3,939	
Mortgage Interest & Principal	290,526	
Total Taxes & Interest	631,721	51%
Gas for cooking	3,610	
Electricity	22,802	
Gas for heat + hot water	66,796	
Cable TV	720	
Water and sewer	22,000	
Total Utilities	115,928	9%
Multiperil Insurance (fire, directors' + officers, etc.)	41,118	
Other insurance	24,782	
Management Fee	40,689	
Legal Fees for garage	38,500	
Legal Fees -- other	34,500	
Accounting	7,206	
Total Administration	186,795	15%
Payroll	190,000	
ADP fees (payroll system)	1,201	
Cigna Healthcare	18,259	
Dental Insurance	2,713	
Total Labor	212,173	17%

350 Bleecker Street Budget for 2002

	2002 Budget	% of Total Expenses
Boiler, plumbing, a/c	8,138	
Architect and engineer	2,500	
Janitorial + other supplies	8,306	
Elevator	8,596	
Electrician	364	
Equipment repairs	605	
Landscaping -- roof and backyard	936	
Landscaping -- Bleecker St planters	3,000	
Exterminator	4,560	
Exercise room	2,000	
Uniform cleaning	265	
Repairs, physical maintenance -- Other	4,825	
Carpet cleaning machine	1,500	
Painting + carpet repairs	1,000	
Dues + subscriptions	1,000	
Internet site	300	
Miscellaneous	500	
Security system	2,500	
Telephone	840	
Postage and stationery	100	
Printing	500	
Licenses, permits, violations	2,000	
Bank charges	100	
Total Administrative	54,435	4%
Contingency	15,000	1%
AM+G -- holdback	22,500	
Garage water meter reimbursement from Ken Newman	(5,642)	
Intercom upgrade	5,000	
Total construction	21,858	2%
Total Expenses	1,237,910	
Net Operating Income/(Loss)	\$ (9,973)	
Projected Cash @ 12/31/01	\$149,222	
Projected Cash @ 12/31/02	\$139,251	

350 BLEECKER STREET CO-OP NEWSLETTER #150

March 17, 2002

THANK YOU, KEITH HUTCHINSON

Board member Keith Hutchinson resigned. The board unanimously thanked Keith for his service to the co-op.

When a board member resigns, the remaining 6 board members choose a replacement. If you'd like to join the board, please contact any board member.

SUBLET FEE

Based on shareholder comments, the board reconsidered the sublet fee and adjusted it to \$3 per share per month from \$5 per share per month, effective January 1, 2002.

INTERCOM

The board accepted Loeffler's bid to replace the intercom board in the lobby. The price, including some replacement parts, will be under \$5,000. The new intercom will be installed in about 60 days.

PREFERRED BROKER PROGRAM

Several years ago, for several years, the board negotiated a reduced fee brokerage arrangement. A broker was designated as "preferred" because she would charge a reduced commission. Her fee was 4% for co-broker sales and 3% when she sold the listed apartments herself. Most brokers in those days charged 6%, so many people saved several thousand dollars each. People did not have to use the "preferred broker" or any broker. However, due to the reduced commission arrangement, the "preferred broker" sold the majority of broker-sold apartments.

The board is considering whether to revive this program. Unlike the past, the "preferred broker" would not be allowed to post "for sale" signs in the lobby. Furthermore, discounted commissions are more common these days. One brokerage is heavily advertising 2% and 3% commissions, for example. It is not currently known if any brokers would be interested in the "preferred" designation these days.

If you have any suggestions or comments on this proposal, please contact any board member.

RENOVATION

If you are planning any renovation, it would be worthwhile to check with a board member first on the proper procedure. You can also check with the managing agent, Paul Morton, at 212 557 3600 or check the web site: www.350bleecker/policy/alter.html. In summary, any painting, spackling, floor sanding and sealing, plumbing, carpentry, demolition, electrical work, etc. requires you to post a notice 5 days in advance on the bulletin board so other residents can prepare themselves for the noise and disruption. In many cases, a deposit may be required by the co-op in advance, and certain engineering inspections may also be required. The co-op pays for the engineer, but the shareholder must reimburse the co-op for the expense. Contractors and subcontractors must be licensed and appropriately insured.

Apartments for Sale

APARTMENT	SIZE	ASKING PRICE	CONTACT	PHONE NUMBER	E-MAIL ADDRESS
LF	Studio	\$179,000	Armanda Squadrilli (Broker)	646-824-8379	squad@aol.com
1E	2 Bedroom	\$632,000	Armanda Squadrilli (Broker)	646-824-8379	squad@aol.com
1F	Studio	\$236,000	Armanda Squadrilli (Broker)	646-824-8379	squad@aol.com
1M	1 Bedroom	\$390,000	Andrew Markowitz (Broker)	212-350-2279	amarkowitz@elliman.com
2B	1 Bedroom	\$365,000	In Contract	In Contract	In Contract
4E	2 Bedroom	\$599,000	Marylou Moravec	212-727-7014	In Contract
4L	1 Bedroom	\$385,000	Maryellen Keenan	212-647-0770	m1keen@aol.com
5M	1 Bedroom	\$370,000	In Contract	In Contract	In Contract
5U	Alcove Studio	\$310,000	In Contract	In Contract	In Contract
6H	Studio	\$255,000	Denise Lee	212-633-6618	fierce-fairy@att.net
6K/L	3 BR / 2 Bath	\$775,000	Paul Palushaj (Broker)	917-653-8231	docprela@aol.com

**350 Bleecker Street Apartment Corp
2002 Estimate**

	<u>2002 Estimate</u>				Estimate Over/(Under) Budget
	January		Full Year 2002	2002 Budget	
	Unaudited Actual	Feb-Dec Estimate			
Income					
Commercial Rent	\$ 7,167	\$ 116,584	\$ 123,751	\$ 123,750	\$ 0
Laundry Income	1,445	11,000	12,445	12,000	445
Transfer Fees (A)	-	67,000	67,000	40,000	27,000
Maintenance (B)	86,706	914,788	1,001,494	1,041,587	(40,093)
Other Income (Sublets, etc.)	746	8,433	9,180	10,600	(1,420)
Total Income	\$ 96,064	\$ 1,117,805	\$ 1,213,868	\$ 1,227,937	\$ (14,069)
Expenses:					
Real Estate Tax	-	337,253	337,253	337,256	(3)
Mortgage Interest & Principal	24,403	266,315	290,718	290,526	192
Other Taxes	857	3,082	3,939	3,938	1
Total Taxes & Interest	25,260	606,650	631,910	631,719	191
Insurance	-	42,613	42,613	42,749	(136)
Management Fee	-	40,689	40,689	40,689	-
Legal Fees	19,429	56,833	76,263	73,000	3,263
Accounting	667	6,605	7,272	7,206	66
All Other (security, postage, etc.)	1,250	7,187	8,436	7,840	596
Total Administration	21,346	153,927	175,273	171,484	3,790
Labor	17,571	215,715	233,286	235,325	(2,039)
Utilities (C)	6,299	132,101	138,400	115,928	22,472
Maintenance & Repairs	7,012	41,337	48,349	46,594	1,754
Contingency	-	13,750	13,750	15,000	(1,250)
Construction/Capital Projects (D)	5,265	21,858	27,123	21,858	5,265
Total Expense	82,753	1,185,338	1,268,090	1,237,908	30,182
Net Operating Income/(Loss)	\$ 13,311	\$ (67,533)	\$ (54,222)	\$ (9,971)	\$ (44,251)
Projected Cash @ 12/31/02			\$ 145,337	\$ 139,251	\$ 6,086

Footnotes:

- (A) Transfer fees projection raised to reflect stronger market than anticipated.
- (B) Reflects unbudgeted tax abatement credited to shareholders.
- (C) Overage reflects planned payment of 2001 water bill currently in dispute.
- (D) Overage due to payment of sub-metering invoice in 2002 not 2001 as anticipated.