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**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

**TWENTY-FIRST 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 filed 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 filed by the Department of Law on October 21, 1998, the Eighteenth Amendment filed by the Department of Law on November 2, 1999, the Nineteenth Amendment filed by the Department of Law on January 5, 2001, and the Twentieth Amendment filed by the Department of Law on August 19, 2002, as follows:

FIRST: End of Litigation with the Sponsor.

On April 23, 2003, the decision of the United States Court of Appeals for the Second Circuit unanimously affirmed the judgment dated October 31, 2001, of Gerard E. Lynch, Judge of the United States District Court for the Southern District of New York, declaring null and void a purported notice of termination of the garage portion of the Sponsor's master commercial lease.

The appellate decision stripped the co-op of most if not all of its \$22,752,000 of retaliatory claims in a New York State court action (the "State Action") against the Sponsor and its managing partner for any alleged wrongdoing. Although the co-op's claims lost their vitality, the Sponsor's claims continued unabated against the co-op, its board of directors and certain individual directors. The co-op's likelihood of success declined and the Sponsor's opportunities increased dramatically. Eventually, the co-op and its insurer agreed to together pay the Sponsor \$450,000 to resolve all outstanding legal claims and related costs of the Sponsor.

The statute which authorized the federal lawsuit permits the court to include in its judgment reasonable fees for attorneys, independent accountants, engineers and appraisers, interest and court costs. An application was made soon after the decision was released to be reimbursed for these items totaling just over \$202,000.

The parties believed it to be prudent to end the lawsuits, terminate all legal fees and restore the co-op to a more congenial place to live, thus enhancing the investment of all parties. The Settlement Agreement reached by the parties was approved by Judge Karla Moscovitz on July 31, 2003, fully paid on August 7, 2003 and all pending actions, proceedings and appeals were discontinued with prejudice.

SECOND: Financial statements and budget.

The financial statements of the Corporation's operations for the periods ended December 31, 2001 and December 31, 2002 are appended to this Amendment as Exhibit A.

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 2003 is included in newsletter number 162 an excerpt of which is annexed to this Amendment as Exhibit 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 officers and all directors of the Corporation:

President	Elizabeth Hochbrueckner
Vice President	Robert Geils
Vice President	Laura Herbert
Vice President	Gregory Colucci
Vice President	Nicholas Mallardi
Secretary	Amanda Squadrilli
VP/Treasurer	Jeff Sirak

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 \$20,937.56.
2. The aggregate amount of monthly rent for all of the Sponsor-owned units listed in Exhibit D (Schedule of Rents Received) is \$22,049.66.
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. The Sponsor and the Corporation have resolved all claims in their Settlement Agreement

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.

Maintenance per share is currently \$5.18 per month.

SIXTH: Price per share.

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

SEVENTH: Mortgage Refinancing.

The prior mortgage of \$3,500,000 with an interest rate of 7.82% was refinanced on January 14, 2003 into an interest only mortgage at a rate of 5.89% for a 10 year term. See exhibit A, note 6.

EIGHTH: No other changes.

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

Dated: September 5, 2003

**Bleecker Charles Company
Sponsor/Holder of Unsold Shares**

350 BLEECKER STREET APARTMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

350 BLEECKER STREET APARTMENT CORPORATION

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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, 2002, and the related statements of operations, 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, 2002, 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 27, 2003



350 BLEECKER STREET APARTMENT CORPORATION

EXHIBIT A

BALANCE SHEET

As of December 31, 2002

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents:

Operating accounts - Citibank - Tudor Realty	\$ 8,806
- Citibank - Money Market account	<u>66,160</u>
	74,966
Fidelity Investment - (Note 5)	927
Shareholders arrears	6,587
Commercial arrears	50,102
Prepaid Expenses:	
Insurance	30,596
Real estate tax	<u>181,802</u>

TOTAL CURRENT ASSETS 344,980

PROPERTY AND EQUIPMENT

Land	2,779,843
Building	10,542,862
Building equipment	40,703
Building improvements	<u>1,901,468</u>
	15,264,876
Less: Accumulated depreciation	<u>(9,525,671)</u>

NET PROPERTY AND EQUIPMENT 5,739,205

OTHER ASSETS

Unamortized mortgage costs	<u>144,730</u>
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TOTAL ASSETS \$ 6,228,915

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

EXHIBIT A

BALANCE SHEET

As of December 31, 2002

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses - Schedule 1	\$ 53,814
Loan payable - (Note 11)	370,000
Insurance loan payable	13,205
Real estate tax abatements payable - (Note 10)	12,359
Prepaid occupancy income	2,098
SCRIE payable	426
Move in/out and alterations deposits	3,500
Accrued mortgage interest	21,669
Current portion of mortgage payable	<u>34,008</u>
<u>TOTAL CURRENT LIABILITIES</u>	511,079

LONG TERM LIABILITIES

Mortgage payable - National Cooperative Bank - (Note 6)	3,325,170
Less: Current portion	<u>(34,008)</u>
<u>TOTAL LONG TERM LIABILITIES</u>	<u>3,291,162</u>
<u>TOTAL LIABILITIES</u>	3,802,241

STOCKHOLDERS' EQUITY

Capital Stock - Common, authorized 17,222 shares, Issued and outstanding 17,222 shares at \$1 par value	17,222
Paid-in Capital	10,541,150
Accumulated Deficit	<u>(8,131,698)</u>
<u>TOTAL STOCKHOLDERS' EQUITY</u>	<u>2,426,674</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 6,228,915

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

EXHIBIT A

SUPPORTING SCHEDULE

As of December 31, 2002

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Schedule 1

Legal	\$ 2,000
Legal - Abuse Relief Act litigation	5,007
Miscellaneous administrative and telephone	175
Electricity	2,151
Gas	11,407
Water and sewer charges	29,917
Exterminating	249
Heating and plumbing repairs	974
Supplies and janitorial materials	424
Grounds expense	500
Other interest	939
Corporate taxes	<u>71</u>
<u>TOTAL ACCOUNTS PAYABLE AND ACCRUED EXPENSES</u>	<u>\$ 53,814</u>

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

EXHIBIT B

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For The Year Ended December 31, 2002

INCOME

Income from Shareholders

Maintenance charges - apartments	\$ 1,040,670
Special assessments - (Note 8)	65,107
Apartment resale fees	89,330
Sublet fees	1,188
Late charges	2,400
Miscellaneous income	<u>800</u>
<u>TOTAL INCOME</u>	<u>1,199,495</u>

OTHER INCOME

Commercial income - (Note 4)	86,000
Commercial rent escalation - (Note 4)	16,975
Commercial water meter reimbursement - (Note 4)	5,358
Laundry income	12,132
Interest income	576
Patronage refund	746
Workers' compensation insurance refund	<u>10,619</u>
<u>TOTAL INCOME</u>	<u>1,331,901</u>

COST OF OPERATIONS

Administrative expenses	Schedule 1	122,073
Operating expenses	Schedule 2	277,136
Maintenance expenses	Schedule 3	51,131
Taxes	Schedule 4	365,907
Financial expenses	Schedule 5	<u>266,494</u>
<u>TOTAL COSTS OF OPERATIONS</u>		<u>1,082,741</u>

INCOME FROM OPERATIONS BEFORE DEPRECIATION, AMORTIZATION
AND OTHER ITEMS

		249,160
Depreciation and amortization expense	Schedule 6	(477,357)
Legal expense - Abuse Relief Act litigation		(92,298)
Prior year water and sewer credits - (Note 12)		37,060
Consulting fees for water and sewer charges - (Note 12)		<u>(8,519)</u>

NET LOSS

	(291,954)
Beginning Accumulated Deficit	<u>(7,839,744)</u>
Ending Accumulated Deficit	<u>\$(8,131,698)</u>

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION
SUPPORTING SCHEDULES - STATEMENT OF OPERATIONS

EXHIBIT B

For The Year Ended December 31, 2002

<u>ADMINISTRATIVE EXPENSES</u>	<u>Schedule 1</u>
Management fee	\$ 40,689
Auditing	8,000
Legal	9,878
Legal - Tax reduction	400
Stationery, printing, miscellaneous administrative expenses	18,539
Communications	985
Insurance	<u>43,582</u>
<u>TOTAL ADMINISTRATIVE EXPENSES</u>	<u>\$ 122,073</u>
 <u>OPERATING EXPENSES</u>	 <u>Schedule 2</u>
Water and sewer charges - (Note 12)	\$ 14,794
Electricity	15,871
Gas	28,755
Payroll	171,011
Payroll taxes	13,958
Payroll insurance	10,748
Employee benefits	21,669
Permits	280
Miscellaneous operating	<u>50</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$ 277,136</u>
 <u>MAINTENANCE EXPENSES</u>	 <u>Schedule 3</u>
Exterminating	\$ 1,494
Plumbing and heating repairs	6,583
Grounds expense	4,743
Elevator repair and maintenance	9,017
General repairs and maintenance	19,569
Supplies and janitorial materials	<u>9,725</u>
<u>TOTAL MAINTENANCE EXPENSES</u>	<u>\$ 51,131</u>

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION
SUPPORTING SCHEDULES - STATEMENT OF OPERATIONS

EXHIBIT B

For The Year Ended December 31, 2002

<u>TAXES</u>	<u>Schedule 4</u>
New York City real estate tax	\$ 359,082
New York State franchise taxes	4,482
New York City corporate tax	<u>2,343</u>
<u>TOTAL TAXES</u>	<u>\$ 365,907</u>
<u>FINANCIAL EXPENSES</u>	<u>Schedule 5</u>
Interest on mortgage - National Cooperative Bank	\$ 261,172
Other interest	<u>5,322</u>
<u>TOTAL FINANCIAL EXPENSES</u>	<u>\$ 266,494</u>
<u>DEPRECIATION AND AMORTIZATION</u>	<u>Schedule 6</u>
Building	\$ 383,377
Building equipment	5,815
Building improvements	71,064
Amortization of mortgage costs	<u>17,101</u>
<u>TOTAL DEPRECIATION AND AMORTIZATION</u>	<u>\$ 477,357</u>

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

EXHIBITS C & D

STATEMENT OF CASH FLOWS

EXHIBIT C

For The Year Ended December 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (291,954)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization expense	477,357
Increase in investments	(927)
Decrease in receivables	4,252
Increase in prepaid expenses	(63,634)
Decrease in accounts payable and accrued expenses	(469,425)
Cash provided by investments - legal payment	97,000
Interest earned	(316)
Total adjustments	<u>44,307</u>
<u>CASH USED BY OPERATING ACTIVITIES</u>	<u>(247,647)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(27,811)
Decrease in investments - Transfer to operations	<u>23,927</u>
<u>CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>(3,884)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Increase in loan payable	370,000
Increase in mortgage refinancing costs	(93,900)
Amortization of mortgage principal	<u>(31,458)</u>
<u>CASH USED BY FINANCING ACTIVITIES</u>	<u>244,642</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

	(6,889)
Cash and cash equivalents at beginning of year	<u>81,855</u>
Cash and cash equivalents at end of year	<u>\$ 74,966</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

EXHIBIT D

Cash paid during the year:

Corporate taxes	\$ 11,342
Interest	\$ 265,760

See Notes to Financial Statements.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2002

NOTE 1 - ORGANIZATION

350 Bleecker Street Apartment Corporation (the "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 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

Shareholders are subject to monthly maintenance charges to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. Shareholder receivables at the balance sheet date represent maintenance fees due from shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of 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 - CONCENTRATION OF CREDIT RISK

Total funds on deposit at Citibank generally exceed FDIC limits due to daily cash flow requirements. The amount exceeding this limit at December 31, 2002 was \$5,177.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2002

NOTE 4 - RELATED PARTY TRANSACTIONS

Sponsor Owned Apartments

At December 31, 2002, the Sponsor owned 4,042 of the outstanding shares, approximately 23.46% of the Corporation. Maintenance charges attributed to the Sponsor totaled approximately \$244,459 for the year ended December 31, 2002. As of December 31, 2002, 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. Sponsor shall be further responsible for, as additional rent, all operating expenses including fuel, insurance and labor, in excess of such expenses relating to the commercial space for the base year. The total additional rent payable shall not exceed 75% of the total rents and additional rents collected. 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, 2002, the amount due to the Corporation for this provision is \$16,975. As of the balance sheet date, this amount had not been billed to or paid by the Sponsor. For the year ended December 31, 2002, the Sponsor was also charged an additional \$5,358 for water meter charges.

NOTE 5 - MARKETABLE SECURITIES

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

As of December 31, 2002, the investment is as follows:

<u>Available for Sale Securities</u>	<u>Cost</u>	<u>Unrealized Gain/(loss)</u>	<u>Fair Value</u>
Fidelity Investments	\$ 927	-0-	\$ 927

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 6- MORTGAGE PAYABLE

On December 31, 1995, the Corporation refinanced its mortgage with National Cooperative Bank ("NCB") 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.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2002

NOTE 6- MORTGAGE PAYABLE - (continued)

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

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

Total interest expense for the year ended December 31, 2002 was \$261,172.

On January 14, 2003 subsequent to the balance sheet date, the Corporation's underlying mortgage was refinanced with NCB at a rate of 5.89% for a ten-year term in the amount of \$4,250,000. It is an interest-only mortgage. For the year ended December 31, 2002, as part of the refinancing agreement, the Corporation incurred \$93,900 of mortgage refinancing costs which have been deferred. Subsequently \$85,000 of these costs were refunded at closing. In addition, a credit line second mortgage was created. The principal amount of the new credit line second mortgage is \$3,000,000. A commitment fee of \$20,000 for the second mortgage was paid at closing. \$2,000,000 of the line is reserved for payment of judgments in litigation. The balance of \$1,000,000 may be drawn for extraordinary expenses and to fund reserves. No funds were drawn on the line of credit at closing.

NOTE 7 - INVESTMENT IN NATIONAL COOPERATIVE BANK

In 1995, the Corporation purchased 350 shares of National Cooperative Bank's ("NCB") 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 NCB 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 can be held only by eligible borrowers of NCB. Class C Stock is non-redeemable by NCB but is transferrable among eligible borrowers of NCB. Class C Stock may be purchased from NCB or is received as part of NCB's patronage refund distribution. NCB will now pay a cash dividend on its Class C Stock equal to as much as 2 percent of NCB's net income. The dividend will be distributed among all holders of Class C Stock regardless of patronage.

Under NCB 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 NCB Class B and Class C Stock owned by the Cooperative relative to the loan amount or loan commitment made to the Cooperative by NCB. 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, 2002, the Corporation realized \$1,119 in B2 stock and received \$746 in cash refunds.

NOTE 8 - SPECIAL ASSESSMENTS

Special assessments were 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 11). The total amount of the assessment was \$13,441 and was billed monthly in January 2002 and February 2002 at 39¢ per share. A one time assessment of \$51,666 was billed in March of 2002.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2002

NOTE 9 - 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, 2002, Paid in Capital for tax purposes is:

Mortgage amortization	\$ 31,458
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NOTE 10 - 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 \$9,131 for the shareholders for the year ended December 31, 2002. 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, 2002, the Corporation received credits of \$66,441 on its tax bills representing the abatements for the 2001/2002 tax year and the first two quarters of the 2002/2003 tax year. This amount is being credited to the eligible shareholders.

NOTE 11 - 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 presiding over the case ruled in favor of the Sponsor and has awarded \$366,908 to the Sponsor for recovery of legal fees expended by the Sponsor during the course of the litigation process. The Corporation has filed an appeal with the court. In 2002, \$367,467 was paid to the Sponsor for legal fees. To help pay for these fees, \$370,000 was lent to the Corporation by the Board of Directors at no interest. The loan was repaid in January 2003.

Bleecker Charles Company, derivatively on behalf of 350 Bleecker Street Apartment Corporation vs. Mark Lilien and James Kafadar and 350 Bleecker Street Apartment Corporation.

Bleecker Charles company, the Sponsor, has brought this action against Messrs. Lilien and Kafadar for allegedly failing to disclose information in their possession to the Board of Directors and against the Corporation for not taking action against Messrs. Lilien and Kafadar based upon this allegation. The Corporation and Messrs. Lilien and Kafadar have interposed answers denying the material allegations of the claim.

The outcome of these actions or any financial impact cannot be determined at this time.

350 BLEECKER STREET APARTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2002

NOTE 12 - 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. The Department of Environmental Protection has made numerous adjustments to prior year water and sewer charges resulting in a credit of \$37,060. The liability in the amount of \$14,794 is based on original billings from the City and the actual charges are subject to adjustment. Consulting fees related to water and sewer charges were \$8,519 for the year ended December 31, 2002.

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. 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, 2002, 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 \$8,164,787. The tax loss carryforwards, if not used against taxable income expire beginning in 2007 and continuing through 2021. 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 \$6,825.

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.

Pictures from the snow storm of February 17, 2003.

350 BLEECKER STREET CO-OP NEWSLETTER #162

February 7, 2003

The board met on December 15, 2002 and January 7 and 20, 2003, largely focusing on the budget. Among the items discussed:

2003 FEES -- \$5.18 maintenance per share per month

The budget meetings were very difficult. Every board member is a shareholder and no board member enjoys raising the maintenance.

The greatest fiscal crisis New York City has faced in many years led to the largest real estate tax increase in memory. The co-op's real estate taxes are being raised 28%, which is \$93,094 (equal to 45 cents per share per month). In other words, a typical studio of 90 shares will pay an extra \$486 per year in additional real estate taxes. A typical one-bedroom of 140 shares will pay \$756 per year and a typical two-bedroom of 190 shares will pay \$1,026 per year in additional taxes. The taxes are deductible, but the increase is still extreme.

The City's rate was increased 18.5% and the building's assessed value was also raised. The co-op challenges its assessed value whenever possible, and sometimes receives reductions in the increase. However, the board was advised that a challenge this year might not be very successful for two reasons:

- a. Approximately 15 of the 38 Manhattan assessors were indicted for (up to 35 years of) corruption. The indictments reduced the tax agency's responsiveness.
- b. Our apartments have generally been selling for record high prices.

The real estate tax rebates average about \$4 per share this year (about 33 cents per month per share). For a typical studio, this would be \$360 per year, for a typical one-bedroom this would be \$560 per year and for a typical two-bedroom this would be \$760 per year. In other words, the rebates are less than the tax increases.

Tudor advised the board that over 95% of their clients (they manage 75 buildings) are applying the real estate tax rebates towards the giant real estate tax increase. The board decided to adopt that method, too.

If the tax rebates had not been applied to the real estate tax increase, the maintenance would have gone up to \$5.51 per share per month. By applying the tax rebates to the real estate tax increase, the board was able to keep the maintenance increase to only 14 cents per share.

Therefore, maintenance was raised to \$5.18 per month per share from \$5.04.

The sublet fee was kept at \$3 per share per month, the bike room was kept at \$100 per year, the sublet application was kept at \$500 and the late fee was kept at \$50. The 12 lockers will be auctioned this spring, and

the minimum expected is budgeted at \$500 per year per locker.

The monthly bills will reflect the increase starting March. The March bill will also reflect the underbilling for January and February. In other words, the March bill will be for \$5.18 per share and will also have a 28-cent per share bill for January (14 cents) and February (14 cents). Bills from April onward will be at \$5.18 per share for noninvestor units.

The April bill will show the tax rebate for the year credited as a "reverse assessment". In other words, the annual tax rebate will show as a credit (for noninvestor apartments) but there will also be a one-time fee equal to the rebate shown on each bill.

People who live in the building are "noninvestors". The City does not give the co-op a rebate for investor-owned apartments, so those owners will not receive the credit. They will have to pay approximately \$4 per share.

If you have questions about your bill, please call Paul Morton at Tudor at 212 557 3600.

The total of the "rebate" and the maintenance increase is about \$98,000 which approximates the increase in the real estate tax.

BUDGET COMMENTS AND QUESTIONS

If you have any suggestions, comments, or questions about the budget, please contact any board member.

MORTGAGE

On January 14, 2003, the co-op's underlying mortgage was refinanced with National Cooperative Bank. The previous mortgage was at 7.82% and the new underlying mortgage is for 5.89%. The new mortgage is for 10 years and the principal is \$4,250,000. It is an interest-only mortgage, so all payments are 100% tax-deductible.

The previous mortgage was originally for \$3,500,000. It was borrowed in December 1995. At the January 2003 closing, the principal was approximately \$3,325,170. The amortization was over 35 years, although the mortgage was only a 10-year loan, so at the end of 10 years the principal would have been approximately \$3,211,000. Due to the amortization, the payments were not completely tax-deductible to the shareholders.

The fees paid at the January mortgage closing included:

- a. Prepayment penalty of \$66,503, which is tax deductible to the shareholders
- b. title insurance of \$27,155
- c. bank attorney fee \$18,300
- d. Tudor fee \$20,000
- e. Credit line fee of \$20,000

The co-op will save about \$64,000 in interest charges the first year of the mortgage. The co-op will save over \$600,000 in interest over the next 10 years, compared to the previous mortgage rate.

The new mortgage ends January 31, 2013. It may be prepaid August 1, 2011 or after. A 2% penalty is charged if it is prepaid earlier than 90 days before January 31, 2013.

Co-op building underlying mortgages usually have prepayment penalties, unlike individual apartment and home mortgages. In New York State, prepayment penalties for individual mortgages are generally illegal.

The co-op received 2 credit lines: a \$1 million line for capital projects and additions to the reserve fund and a \$2

million line in case of an adverse legal judgment. Both credit lines pay interest of prime plus 1.35%. The prime rate is currently 4.25%, so a loan on a credit line would cost 5.6% at the current rate. No borrowing took place on either credit line, so no interest cost is being charged.

THANK YOU, LAURA HERBERT

Laura Herbert retired as President of the board. The other board members thanked her for her work. Laura will remain on the board as a Vice President.

ELIZABETH HOCHBRUECKNER

Elizabeth Hochbrueckner was unanimously elected President by the other board members.

INTERESTED IN JOINING THE BOARD?

The board is keeping a list of people who might be interested in joining it. Between elections each November, board vacancies sometimes occur. If you'd like to consider volunteering, please contact any board member.

SALLY KASTMAN

Sally Kastman died in January at age 93. Her friends remember her as a feisty independent person with a wry sense of humor and a great love of chocolate.

She cherished the memory of her late son, Craig Rodwell, who lived at 350 Bleecker for many years. He was the founder of the Oscar Wilde Bookstore on Christopher Street, the first gay bookstore in New York. He also co-founded the Gay Pride March that takes place each June. His papers have been displayed by the New York Public Library on Fifth Avenue.

Sally was born in Cuba, New York, and also lived in Chicago, where she was an avid golfer.

She is survived by her sister, Lois Wixon, her stepson, Jack Rodwell, and her nephew, Armand Wixon.

FOR SALE

**350 Bleecker Street Apartment Corp
2002 Estimate and 2003 Budget
(unaudited)**

	Full Year 2002	2002 Budget	2002 Estimate Over/ (Under) Budget	2003 Budget	2003 Budget Increase vs. 2002 Full Year
Income					
Commercial Rent	(A) \$86,000	\$123,750	-\$37,750	\$124,000	44%
Laundry Income	12,132	12,000	132	12,000	-1%
Transfer Fees	89,330	40,000	49,330	89,500	0%
Maintenance	(B) 1,040,679	1,041,587	-908	1,070,520	3%
Bike Room	1,400	1,400	0	1,400	

Interest and dividends	260	2,000	-1,740	4,000	
Late fees	2,400	1,200	1,200	2,400	
Lockers	0	0	0	6,000	
Repair charges	2,465	0	2,465	2,500	
Sublet fees	963	6,000	-5,037	1,200	
Transfer - agency acct of K Newman	5,358	0	5,358	0	
Subtotal other income (Bike Rm thru Transfer)	12,846	10,600	2,246	17,500	36%
Total Income	\$1,240,987	\$1,227,937	\$13,050	\$1,313,520	6%
Expenses:					
Real Estate Tax	337,256	337,256	0	430,350	28%
Mortgage Interest & Principal	294,054	290,526	3,529	250,325	-15%
Other Taxes	13,319	3,938	9,381	14,000	5%
Subtotal taxes and interest	644,629	631,719	12,910	694,675	8%
Insurance	47,827	41,118	6,709	55,000	15%
Management Fee (Tudor)	40,689	40,689	0	41,910	3%
Legal Fees (C)	158,640	73,000	85,640	125,000	-21%
Accounting	8,038	7,206	832	8,300	3%
Bank charges	10	100	-90	100	
Dues and subscriptions	2,411	1,000	1,411	2,500	
Internet site	75	300	-225	500	
Licenses, permits, violations	241	2,000	-1,759	250	
Misc	2,781	500	2,281	3,000	
Phone	943	840	103	1,000	
Postage	568	100	468	600	
Printing	988	500	488	1,000	
Security system	0	2,500	-2,500	2,500	
Subtotal all other (Bank Charges thru Security)	8,017	7,840	177	11,450	43%
Total Administration	263,211	169,853	93,358	241,660	-8%
ADP fees	1,547	1,201	346	1,600	
Dental insurance	3,717	2,713	1,004	4,000	
Medical insurance	17,951	18,259	-308	20,000	
Payroll (incl Worker's Comp)	189,089	214,782	-25,693	200,000	
Subtotal labor (ADP thru Payroll)	212,304	236,955	-24,651	225,600	6%
Cable TV	299	720	-421	300	
Electricity	14,986	22,802	-7,816	17,000	
Gas for cooking	3,726	3,610	116	4,500	
Gas for steam heat + hot water	24,737	66,796	-42,059	32,000	

Water and sewer	58,881	22,000	36,881	25,000	
Subtotal Utilities	(D) 102,629	115,928	-13,299	78,800	-23%
Architect + engineer	0	2,500	-2,500	500	
Boiler, plumbing, a/c	6,484	8,138	-1,654	7,500	
Electrician	815	364	451	1,000	
Elevator	8,120	8,596	-476	10,000	
Equipment repair	1,419	605	814	1,500	
Exercise Room	0	2,000	-2,000	2,000	
Exterminator	1,245	4,560	-3,315	1,400	
Garden supplies	1,641	936	705	1,750	
Janitorial supplies	12,556	8,306	4,250	13,000	
Landscaping	2,125	3,000	-875	10,000	
Other physical upkeep	2,678	0	2,678	3,000	
Other repairs	7,543	4,825	2,718	8,000	
Painting touch up + carpet repair	2,940	1,000	1,940	3,500	
Tools	1,465	1,500	-35	1,500	
Uniform cleaning	400	265	135	600	
Subtotal Maint & Repairs (Arch thru Uniform)	49,431	46,595	2,836	65,250	32%
Contingency	0	15,000	-15,000	20,000	
AM+G -- roof and façade completion	22,453	22,500	-47	0	
Carpet and painting	8,375	0	8,375	40,000	
Intercom replacement	5,145	5,000	145	0	
Mailbox replacement	0	0	0	15,000	
Water meters for commercial space	5,642	-5,642	11,284	0	
Subtotal Construction/Capital Projects	(E) 41,615	21,858	19,757	55,000	32%
Total Expense	1,313,819	1,237,908	75,911	1,380,985	5%
Tax rebate for 2003				\$68,421	
Net Operating Income/(Loss)	(F) -\$72,832	-\$9,971	-\$62,861	\$956	

Footnotes:

- (A) Commercial rent was underpaid in 2002, per managing agent (Tudor).
 (B) Maintenance was \$5.04/share/month in 2002. It is \$5.18 in 2003.
 (C) Overage for 2002 reflects 2001 legal fees billed in 2002 + extra payments for legal fee defense.
 (D) Co-op was billed for 2 years of water/sewer usage in 2002 due to broken meter.
 (E) Overage for 2002 due to sub-meters (\$5,358) + carpet invoice (\$8,375) paid in 2002 not 2001 as anticipated.
 (F) \$367,467 payment was made to Ken Newman for his legal fees in 2002. This figure not included above. In 2002 \$370,000 was lent to the co-op by the board at no interest. It was repaid in January 2003. During November, \$85,000 was placed on deposit at National Cooperative Bank in anticipation of the mortgage refinancing that took place in January 2003. Actual cash at the end of December was \$75,893 excluding the NCB deposit.

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EXHIBIT C
SCHEDULE OF MAINTENANCE
PAID ON UNSOLD SHARES

<u>UNSOLD SHARES</u>	<u>UNIT</u>	<u>MAINTENANCE</u>
124	LB	\$ 642.32
124	LM	642.32
126	1L	652.68
126	1N	652.68
185	1P	958.30
82	1T	424.76
82	1W	424.76
104	2A	538.72
187	2S	968.66
84	2T	435.12
84	2W	435.12
130	3K	673.40
130	3L	673.40
191	3S	989.38
108	3U	559.44
132	4K	683.76
132	4N	683.76
132	4R	683.76
194	4S	1004.92
88	4T	455.84
134	5K	694.12
140	6B	725.20
92	6F	476.56
219	6G	1,134.42
140	6J	725.20
140	6M	725.20
206	6P	1,067.08
219	6S	1,134.42
92	6T	476.56
<u>115</u>	6U	<u>595.70</u>
<u>4,042</u>		<u>\$ 20,937.56</u>

September 5, 2003

EXHIBIT D
SCHEDULE OF RENTS RECEIVED

<u>UNIT</u>	<u>RENT</u>
LB	\$ 656.93
LM	901.95
1L	805.60
1N	600.07
1P	994.02
1T	550.64
1W	547.42
2A	757.26
2S	1,141.19
2T	562.33
2W	511.79
3K	682.99
3L	783.55
3S	1,171.77
3U	539.51
4K	803.52
4N	1,000.71
4R	
4S	871.26
4T	558.99
5K	657.22
6B	769.52
6F	574.39
6G	884.57
6J	704.34
6M	908.64
6P	853.11
6S	883.69
6T	680.22
6U	<u>692.46</u>
Total Apartments	30 <u>\$ 22,049.66</u>

September 5, 2003