
TWENTY NINTH AMENDMENT

TO

OFFERING PLAN OF

COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS

1, 2, 3, 4 AND 5 SADORE LANE
YONKERS, NEW YORK 10710

Dated: February 04, 2004

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

(1) The Sponsor currently holds Unsold Shares allocated to 261 of the 778 Apartments at the Premises, representing 33.55% of all Apartments, as set forth in Exhibit A annexed.

(2) The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

(3) The Sponsor, as Holder of Unsold Shares, holds the Shares allocated to those Apartments indicated on Exhibit "A" annexed hereto. The aggregate monthly maintenance charges due in connection with the Unsold Shares are \$119,903.31. The aggregate monthly rents received from tenants of Apartments to which Unsold Shares are allocated are \$150,882.84. The Sponsor owns the Shares allocated to one additional Apartment which has been previously sold. The monthly maintenance charge due in connection with these Shares is \$226.44. The monthly rent received from the tenant of the Apartment to which these Shares are allocated is \$750.00. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected.

The Sponsor plans to market the vacant Apartments to which Unsold Shares are allocated immediately. As those Apartments are sold the monthly maintenance charges due to the Apartment Corporation will decrease.

(4) As disclosed in the 25th Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases.

(5) Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial

statements for the year ended February 28, 2003, and February 28, 2002.

(6) Some of the principals of the Sponsor, as individual holders of unsold shares or units or as general partners or principals of the sponsor or holder of unsold shares, own more than 10% of the shares or units in other cooperative or condominium conversion projects. The offering plans for these buildings are on file with the Department of Law and are available for public inspection. The principals of the Sponsor, as individual holders of unsold shares, are current on all financial obligations in respect of these other cooperatives in which they owns shares or units as individuals, general partners or principals.

Annexed hereto as Exhibit "C" is a list of the identity of each principal of the Sponsor who owns more than 10% of the shares of other buildings, and the address of said building.

(7) The current maintenance charges are \$3.33 per share per month; maintenance charges were increased 7% as of May 1, 2003.

(8) The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on August 29, 2002; there was no quorum at the annual meeting held in 2003. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Scheinberg, treasurer, Roy Stillman, Philip Rosen, and Abraham Roller. Of the foregoing, Philip Rosen, Roy Stillman and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

(9) The Corporation has been named as a defendant in a lawsuit entitled Sadore Estates verses Sadore Lane Gardens, Inc., DJP Management, Inc. and John Doe No. 1 to 45. The law suit was filed in Westchester County Supreme Court under index number 03-20348. Sadore Estates is a partnership with a composition similar to that of the Sponsor; Sadore Estates is the record owner of a parcel of land, known as 70 Salisbury Road, Yonkers, New York, which is located behind 5 Sadore Lane. The suit seeks a determination that Sadore Estates is the sole owner of this parcel, that Sadore Estates may exclude others from parking on the lot, and that Sadore Estates is entitled to utilize an easement over the driveway between Sadore Lane and the 70 Salisbury Road lot over the existing driveway. The 70 Salisbury Road lot is currently used for additional parking by residents of Sadore Lane Gardens, Inc. pursuant to an oral license granted by Sadore Estates many years ago;

Sadore Estates advised the Corporation in June 2003 that it was revoking this license; Sadore Estates has also similarly advised DJP Management, Inc., the vendor which administers all parking at Sadore Lane, and letters have been distributed to the vehicles parked on the 70 Salisbury Road lot informing the drivers/owners of such vehicles that their parking is without the consent of the owner of the lot and must stop immediately. These measures have not resulted in the removal of the cars on the lot, and the Corporation has indicated that it will dispute Sadore Estate's rights regarding the 70 Salisbury Road lot and the easement.

(10) The Offering Plan may be used for twelve (12) months from the date of this Amendment.

(11) The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

(12) Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.
Apartment Corporation

GARDEN TOWERS LLC
Sponsor

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

BUILDING NO. 1

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1E	130	3N	102	5A	106	7B	213
1F	155	3T	168	5E	140	7C	110
1L	162	3U	136	5G	136	7D	78
1Y	162	3V	136	5L	172	7G	140
2A	100	3X	168	5N	106	7H	140
2K	159	3Z	102	5S	140	7J	124
2M	100	4B	207	5Y	172	7S	144
2P	100	4G	134	6B	211	7T	176
2T	166	4K	165	6E	142	7V	144
2U	134	4L	170	6F	169	7X	176
2X	166	4M	104	6L	174		
3B	205	4V	138	6V	142		
3F	163	4Y	170				
3G	132						
							7,189

Building Totals:

Apartments: 49

Shares: 7,189

BUILDING NO. 2

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1A	96	3C	97	5B	209	7G	144
1F	155	3J	120	5P	101	7H	144
1O	60	3L	168	5T	161	7J	128
1T	151	3P	97	5Y	172	7P	105
1V	126	3T	157	6A	108	7R	74
1W	110	3W	116	6E	136	7Z	110
2C	95	3X	163	6F	167		
2G	134	4D	68	6H	142		
2H	134	4F	163	6K	174		
2M	100	4G	138	6U	138		
2N	100	4H	138	6V	138		

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

2R	64	4K	170	6W	122		
2S	128	4L	170	6Y	174		
2U	130	4M	104				
2W	114	4O	207				
2Y	166	4T	159				
		4X	165				
		4Z	104				
							7,014

Building Totals:

Apartments: 53

Shares: 7,014

BUILDING NO. 3

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1B	96	3C	102	5G	140	7C	110
1D	64	3D	70	5H	140	7D	78
1E	130	3G	136	5K	172	7G	144
1J	114	3K	168	5N	106	7L	176
1K	162	3M	102	5R	74	7O	213
1L	162	3P	102	5S	140	7X	176
1M	96	3S	136	5T	172		
1O	64	3Y	168	5V	140		
1S	130	4A	104	5W	124		
1T	162	4K	170	5X	172		
1U	130	4R	72				
1Y	162	4S	138	6C	108		
1Z	96	4U	138	6E	142		
2B	203	4W	122	6F	174		
2E	134	4Z	104	6J	126		
2H	134			6K	174		
2J	118			6R	76		
2L	166			6U	142		
2S	134			6V	142		

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

2V	134			6Z	108		
							8,103

Building Totals:

Apartments: 60

Shares: 7,892

BUILDING NO. 4

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1C	91	3C	97	5A	106	7B	213
1E	124	3H	136	5B	209	7H	144
1J	112	3J	118	5D	70	7K	174
1N	96	3K	166	5F	165	7P	105
1P	91	3S	130	5J	122	7S	138
1T	157	3U	136	5K	170	7T	171
1X	162	3W	120	5O	209	7U	144
1Y	162	4E	132	5R	70	7X	176
2B	203	4F	163	5T	167	7Y	176
2C	95	4K	168	5X	172		
2E	128	4V	138	5Z	106		
2G	132	4X	170	6C	103		
2K	164			6F	167		
2O	203			6G	142		
2S	128			6L	174		
2U	134			6M	108		
2W	118			6S	136		
				6X	174		
				6Y	174		
							8,159

Building Totals:

Apartments: 57

Shares 8,159

BUILDING NO. 5

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
LG	128	3A	84	5M	169	7B	144

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

LL	128	3B	136	5N	169	7E	213
LM	94	3C	136	5P	140	7F	144
1E	128	3D	136	6C	142	7G	144
1H	114	3E	205	6E	211	7K	144
1L	132	3J	118	6K	142	7M	173
2K	134	3S	102	6L	142	7N	173
2P	132	4A	86	6R	142	7P	144
2R	132	4B	138			7R	144
		4C	138				
		4G	138				
		4H	120				
		4L	138				
		4P	138				
		4R	138				
							5,753

Building Totals:

Apartments: 42

Shares: 5,753

Project Unsold Share Totals:

Apartments: 261

Shares: 36,007

Building 1 2R 68** Toribio

(foreclosed - stock certificate & proprietary
lease- in file no. 93-355)

****NOT AN UNSOLD SHARE UNIT BUT OWNED BY SPONSOR**

261 apartments unsold out of 778 = 33.5475%

36,007 shares out of 103,945 = 34.6404%

Total for project:

Apartments: 262

Shares: 36,075

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SADORE LANE GARDENS, INC.

FINANCIAL STATEMENTS

YEARS ENDED
FEBRUARY 28, 2003 AND 2002

EXHIBIT "B"

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SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 28, 2003 AND 2002

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 28, 2003 and 2002, and the related statements of operations and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Sadore Lane Gardens, Inc. as of February 28, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9, the Corporation has not estimated the remaining lives and replacement costs of its building and building improvements and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future. The American Institute of Certified Public Accountants has determined it is required to supplement, although not required to be part of, the basic financial statements.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 12, 2003

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SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 28, 2003 AND 2002

	2003	2002
<u>ASSETS</u>		
Cash and cash equivalents	\$ 118,727	\$ 234,785
Marketable securities	-	34,782
Real estate tax escrow deposits	262,759	224,659
Assessments and other receivables	26,718	50,677
Prepaid real estate taxes and other prepaid expenses	222,066	173,276
Deferred finance costs, net	90,749	123,256
Land, property and equipment, net	7,965,825	8,164,944
TOTAL ASSETS	\$ 8,686,844	\$ 9,006,379

LIABILITIES AND STOCKHOLDERS' DEFICIT

<u>Liabilities:</u>		
Accounts payable, accrued expenses and other liabilities	\$ 207,619	\$ 356,038
Loan payable - bank	1,240,000	1,000,000
Mortgage notes payable	10,935,686	11,097,808
Total liabilities	12,383,305	12,453,846
Commitments and contingencies (Notes 7, 9 and 11)		
<u>Stockholders' deficit:</u>		
Common stock, par value \$1; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	(6,195,401)	(5,930,679)
	(3,401,374)	(3,136,652)
Less: receivable from sponsor	(295,087)	(310,815)
Total stockholders' deficit	(3,696,461)	(3,447,467)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 8,686,844	\$ 9,006,379

See accompanying notes to financial statements.

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SADORE LANE GARDENS, INC.
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 28, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Maintenance assessments	\$ 3,867,551	\$ 3,746,787
Parking	281,460	281,460
Investment income, net	1,889	7,712
Laundry	50,400	50,400
Storage	21,920	14,576
License fee	32,016	30,000
Other	35,272	18,984
Total revenues	<u>4,290,508</u>	<u>4,149,919</u>
Expenses:		
Administrative	466,203	396,856
Utilities	513,384	567,426
Building operations	94,492	90,276
Payroll and related costs	797,004	762,399
Interest	914,298	935,806
Real estate taxes	983,309	884,788
Major repairs and replacements	232,353	281,340
Total expenses	<u>4,001,043</u>	<u>3,918,891</u>
Excess of revenues over expenses before depreciation and amortization	289,465	231,028
Depreciation	521,680	508,811
Amortization	32,507	32,507
Deficit of revenues over expenses	(264,722)	(310,290)
Accumulated deficit - beginning	(5,930,679)	(5,620,389)
ACCUMULATED DEFICIT - ENDING	<u>\$ (6,195,401)</u>	<u>\$ (5,930,679)</u>

See accompanying notes to financial statements.

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SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2003 AND 2002

	2003	2002
Cash flows from operating activities:		
Detail of revenues over expenses		
Adjustments to reconcile deficit of revenues over expenses	\$ (264,722)	\$ (310,290)
to net cash provided by (used in) operating activities:		
Maintenance charges allocated to financing activities	(162,122)	(149,785)
Depreciation and amortization	554,187	541,318
Loss on sale of marketable securities	2,729	44
Decrease (increase) in assets:		
Real estate tax escrow deposits	(38,100)	21,633
Assessments and other receivables	23,959	53,551
Prepaid real estate taxes and other prepaid expenses	(48,790)	3,680
Decrease in liabilities:		
Accounts payable, accrued expenses and other liabilities	(148,419)	(10,429)
Net cash provided by (used in) operating activities	<u>(81,278)</u>	<u>149,722</u>
Cash flows from investing activities:		
Proceeds from sales of marketable securities	32,053	24,246
Purchases of property and equipment	(322,561)	(495,556)
Net cash used in investing activities	<u>(290,508)</u>	<u>(471,310)</u>
Cash flows from financing activities:		
Proceeds from line of credit	240,000	250,000
Repayment of mortgage	(162,122)	(149,785)
Maintenance charges allocated to mortgage repayment	162,122	149,785
Decrease in reserve fund receivable	15,728	41,806
Net cash provided by financing activities	<u>255,728</u>	<u>291,806</u>
Net decrease in cash and cash equivalents	(116,058)	(29,782)
Cash and cash equivalents - beginning	<u>234,785</u>	<u>264,567</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 118,727</u>	<u>\$ 234,785</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 914,298	\$ 935,806
Income taxes paid	<u>\$ 9,167</u>	<u>\$ 8,164</u>

See accompanying notes to financial statements.

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SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2003 AND 2002

1- ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a co-operative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "property"). The buildings consist of 778 units, and as of February 28, 2003, there were 498 units that were owned by tenant-shareholders and 280 units owned by Garden Towers, Inc. (the "Sponsor").

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be classified as cash equivalents. For the years ended February 28, 2003 and 2002, cash equivalents consisted principally of money market funds.

Marketable Securities

The Corporation classifies its marketable debt securities as available for sale. Securities classified as available for sale are carried on the financial statements at fair market value. Realized gains and losses are included in earnings; holding gains and losses, if any, are included as a separate component of stockholders' deficit.

Deferred Finance Costs

Deferred finance costs represent costs paid to refinance the mortgage and line of credit on the Corporation's real property. These costs are amortized over the term of the related mortgage loan using the straight-line method. The weighted average life of the deferred finance costs is 2.79 years. Amortization expense and accumulated amortization of deferred finance costs were \$32,507 and \$165,492, respectively, for the year ended February 28, 2003, and \$32,507 and \$132,975, respectively, for the year ended February 28, 2002. Amortization expense for each of the next three years is estimated to be as follows: \$32,507 (2004); \$32,507 (2005); and \$25,735 (2006).

Land, Property and Equipment

Land, property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

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SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2003 AND 2002

2-- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Corporation generally is taxed only on non-member related net income, such as interest income and income from commercial operations. If there had been earnings from member-related services, those earnings would be taxed at the standard corporate tax rates. The provision for taxes, which is included in administrative expenses, is based on non-member income reduced by an allocation of expenses attributable to non-member income.

For income tax purposes, the Corporation has federal and state net operating loss carryforwards of approximately \$5,100,000 and \$5,000,000, respectively, as of February 28, 2003, expiring between 2003 and 2018. The method used by the Corporation to calculate income taxes is based on a percentage of capital, which does not allow the Corporation to utilize the federal and state net operating losses at this time. The tax benefit of the net operating loss carryforwards of approximately \$1,500,000 is offset by a corresponding amount of a valuation allowance.

3-- CASH AND CASH EQUIVALENTS

The Corporation maintains cash balances at two financial institutions. From time to time, the balances will exceed the federal depository insurance coverage limit. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk with respect to such balances.

4-- MARKETABLE SECURITIES

At February 28, 2002, the Corporation's investment portfolio consisted primarily of high-grade corporate and municipal bonds and had an aggregate amortized cost of \$34,782, which approximated market. The Corporation had designated its investment portfolio as its reserve fund for future major repairs and replacements. During the year ended February 28, 2003, the Corporation used these funds for current year repairs and replacements.

For the years ended February 28, 2003 and 2002, the Corporation earned interest income of \$1,357 and \$2,918, respectively, in connection with its investment portfolio.

Gains and losses on the sale of securities are determined using the specific identification method.

5-- RESERVE FUND RECEIVABLE

Pursuant to an amendment to the offering plan, the Corporation is to receive \$1,000,000 in specified installments from the Sponsor out of proceeds from the sale of the Corporation's shares. As of February 28, 2003, the Corporation has received a total of \$704,913 since its inception, of which \$15,728 and \$41,806 was received during the years ended February 28, 2003 and 2002, respectively. The remaining balance of \$295,087 is due in installments based on future sales of shares by the Sponsor.

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SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2003 AND 2002

6--LAND, PROPERTY AND EQUIPMENT

The estimated useful lives of depreciable property and equipment for the purpose of computing depreciation for financial reporting purposes are as follows:

	Years
Buildings	27.5
Building improvements	5 - 39
Equipment	5
Vehicles	5

Land, property and equipment consists of the following:

	2003	2002
Land		
Building	\$ 1,568,638	\$ 1,568,638
Building improvements	8,888,950	8,888,950
Equipment	5,451,620	5,129,059
Vehicles	22,297	22,297
	<u>14,911</u>	<u>14,911</u>
Total land, property and equipment	15,946,416	15,623,855
Less: accumulated depreciation	<u>(7,980,591)</u>	<u>(7,458,911)</u>
Net fixed assets	\$ <u>7,965,825</u>	\$ <u>8,164,944</u>

Depreciation expense of \$521,680 and \$508,811 was recorded for the years ended February 28, 2003 and 2002, respectively.

7--MORTGAGE PAYABLE

The Corporation has a mortgage with a bank that bears interest at 7.94% per annum and requires monthly payments of principal and interest of \$86,456. The mortgage note is collateralized by the land and building owned by the Corporation, which has a net book value of \$7,965,825. Pursuant to the mortgage note, a final balloon payment of approximately \$10,382,000 is due on January 1, 2006; however, the Corporation intends to seek refinancing prior to such date.

The Corporation incurred interest expense related to this mortgage obligation for the years ended February 28, 2003 and 2002, of \$875,350 and \$887,686, respectively.

Future maturities of the mortgage note are as follows:

Year ending February 28/29:	Amount
2004	\$ 175,473
2005	189,923
2006	<u>10,570,290</u>
	\$ <u>10,935,686</u>

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2011/012

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2003 AND 2002

8. LINE OF CREDIT

On December 16, 1999, the Corporation entered into a line of credit agreement with a bank that allows the Corporation to borrow up to a maximum of \$2,500,000. The agreement expires January 1, 2006, and is secured by a second mortgage on the property. At February 28, 2003 and 2002, the outstanding balances were \$1,240,000 and \$1,000,000, respectively.

Interest is payable monthly at LIBOR plus 1.75 percent per annum (3.125% and 3.625% at February 28, 2003 and 2002, respectively) on any outstanding balance. The Corporation incurred interest expense related to this line of credit for the years ended February 28, 2003 and 2002, of \$38,948 and \$42,120, respectively.

9. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents do not require that it accumulate funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future. In addition, the Corporation has not developed a plan to fund future repair and replacement needs. When replacement funds are needed to meet future needs for major repairs and replacements, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

10. FIRE LOSS

In February 2003, there was an electrical fire that caused substantial damages to one of the buildings. Subsequent to year-end, the Corporation repaired all damages at a cost of approximately \$710,000. No major additional costs are anticipated. The Corporation was fully insured for the loss and has received approximately \$680,000 in insurance through May 12, 2003. The Corporation expects to receive the balance of the proceeds in 2003.

11. COMMITMENTS

Agreement for Management Services

Effective January 1, 2001, the managing agent agreement with Prime Locations, Inc. ("Prime") was extended for five years. Pursuant to the agreement, Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to Board approval in certain instances. The management agreement provides that Prime shall receive \$175,000 annually.

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SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2003 AND 2002

II - COMMITMENTS (CONTINUED)**Agreement for Parking Garage Services**

Effective February 1, 2002, the Corporation exercised a five-year renewal of their current agreement with a managing agent to manage the garages and outside parking. The agreement provides that the Corporation shall retain \$281,460 annually. For the years ended February 28, 2003 and 2002, parking income was \$281,460.

Agreement for Maintenance of Laundry Facilities

Effective October 1, 1999, the Corporation exercised a ten-year renewal of its agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement provides that the Corporation shall receive \$50,400 per year.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). The agreement is for an initial term of five years and can be automatically renewed for two additional five-year terms.

Following are the projected license fees for each of the next three years:

<u>Years</u>	<u>Amount</u>
2004	\$ 32,881
2005	34,916
2006	33,397
	<u>\$ 21,194</u>

Agreement for Maintenance of Elevators

Effective November 1, 2001, the Corporation renewed its agreement with an elevator contractor to assume maintenance of the elevators for three years. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement.

EXHIBIT "C"

PERCENTAGE INTEREST IN OTHER CO-OPS

BY HOLDERS OF UNSOLD SHARES

Individual's Name	Percentage Interest	Building Address	Dept. of Law File No.
PHILIP ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022
	71.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
MILDRED ROLLER	21.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
MICHAEL ROSEN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
WENDY LANDIS	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
PHYLLIS RASKIN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
RITA ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022

SADORE LANE GARDENS, INC.

OPERATING BUDGET

MARCH 1, 2003-FEBRUARY 28, 2004

PREPARED BY: BOB LINDENBAUM
PRIME LOCATIONS, INC.
733 YONKERS AVENUE
YONKERS, NY 10704
January 18, 2003
DRAFT

Budget De (Cash)

SADORE LANE GARDENS INC. - (029)

03/2003 - 02/2004

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Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
INCOME:													
MAINTENANCE	323,269	323,269	323,269	323,269	323,269	323,269	323,269	323,269	323,269	323,269	323,269	323,269	3,678,228
RENT	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,812	2,812	2,812	2,812	32,881
STORAGE	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	1,745	20,940
WORKING	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	281,460
AUDRY	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400
ATE CHARGES & NSF	833	833	833	833	833	833	833	833	833	833	833	833	10,000
ISCELLANEOUS INCOME	200	200	200	200	200	200	200	200	200	200	200	200	2,400
TOTAL INCOME	356,406	356,406	356,406	356,406	356,406	356,406	356,406	356,406	356,514	356,514	356,514	356,515	4,277,309
EXPENSES:													
FUEL OIL	84,389	46,883	23,441	18,753	18,753	9,377	9,377	18,753	23,441	46,883	84,389	84,389	468,827
UTILITIES - ELECTRIC	16,704	16,704	16,704	16,704	16,704	16,704	16,704	16,704	16,704	16,704	16,704	16,704	200,451
UTILITIES - GAS	2,707	2,707	2,707	2,707	2,707	2,707	2,707	2,707	2,707	2,707	2,707	2,707	32,484
SUPPLIES	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
REPAIRS & MAINTENANCE	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
CONTRACT CLEANING	1,083	136	136	136	136	136	136	136	136	136	136	136	1,626
CONTRACT LANDSCAPING	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	27,793
CONTRACT ELEVATOR	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	42,448
CONTRACT EXTERMINATING	700	700	700	700	700	700	700	700	700	700	700	700	8,400
CONTRACT SPRINKLER													
CONTRACT WATER TREATM													
CONTRACT TOWING	600			563									563
CONTRACT SEWER/FEE	300	300	300	300	300	300	300	300	300	300	300	300	3,600
CONTRACT SEWER/FEE	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	175,000
MANAGEMENT	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000
LEGAL													
ACCOUNTING & RELATED COSTS	47,500	47,500	47,500	47,500	47,500	47,500	47,500	48,900	48,900	61,900	48,900	48,900	590,000
EMPLOYER FICA	3,634	3,634	3,634	3,634	3,634	3,634	3,634	3,741	3,741	4,735	3,741	3,741	45,155
EMPLOYER NY SU	840												840
EMPLOYER NY SU	404	404	404	404	404	404	404	404	404	404	404	404	4,845
INION WELFARE	5,600	5,600	5,600	5,600	5,600	5,600	5,600	6,300	6,300	6,300	6,300	6,300	70,700
INION PENSION	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,380	2,380	2,380	2,380	2,380	27,580
INION LEGAL SERVICES	140	140	140	140	140	140	140	154	154	154	154	154	1,750
INION TRAINING	182	182	182	182	182	182	182	196	196	196	196	196	2,254
WORKERS COMPENSATION	2,369	2,369	2,369	2,369	2,369	2,369	2,369	2,369	2,369	2,369	2,369	2,369	28,423
DISABILITY INSURANCE	67	67	67	67	67	67	67	67	67	67	67	67	800
WATER & SEWER	117	117	117	117	117	117	117	117	117	117	117	117	1,400
STATE CORP TAX	792	792	792	792	792	792	792	792	792	792	792	792	9,500
ADMINISTRATIVE EXPENSES	21,316	21,316	21,316	21,316	21,316	21,316	21,316	21,316	21,316	21,316	21,316	21,316	255,793
PHONE	533	533	533	533	533	533	533	533	533	533	533	533	6,400
PHONE CELLULAR	50	50	50	50	50	50	50	50	50	50	50	50	600
PHONE PAGER	50	50	50	50	50	50	50	50	50	50	50	50	600
ISCELLANEOUS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
COPIES, POSTAGE & FAX	100	100	100	100	100	100	100	100	100	100	100	100	1,200
MTG HSBC BANK USA	86,456	86,456	86,456	86,456	86,456	86,456	86,456	86,456	86,456	86,456	86,456	86,456	1,037,472
MTG HSBC CREDIT LINE	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
MORTGAGE ESCROW	81,904	81,904	81,904	81,904	81,904	81,904	81,904	81,904	81,904	81,904	81,904	81,904	982,845
ICRS & CONTINGENCY	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
TOTAL EXPENSES	423,612	388,583	378,141	406,016	355,453	346,077	346,447	358,072	362,517	453,648	422,489	425,733	4,661,787
NET INCOME(LOSS)	-67,206	-21,176	-21,735	-49,610	953	10,330	8,960	-1,665	-6,002	-97,133	-63,975	-69,218	-364,478

THIRTIETH AMENDMENT
TO
OFFERING PLAN OF
COOPERATIVE OWNERSHIP OF
PREMISES KNOWN AS
1, 2, 3, 4 AND 5 SADORE LANE
YONKERS, NEW YORK 10710

Dated: October 18, 2004

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 4, 2004; AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

- (1) The purchase price for all unsold shares are hereby increased to \$1,250.00 per share; the new purchase price are shown on the annexed schedule.
- (2) The Offering Plan, as modified hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.
- (3) Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.
Apartment Corporation

GARDEN TOWERS LLC
Sponsor

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

BUILDING NO. 1

APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE
1E	130	162,500.00	3G	132	165,000.00	4V	138	172,500.00	7B	213	266,250.00
1F	155	193,750.00	3N	102	127,500.00	4Y	170	212,500.00	7C	110	137,500.00
1L	162	202,500.00	3R	66	82,500.00	5A	106	132,500.00	7D	78	97,500.00
2A	100	125,000.00	3T	168	210,000.00	5E	140	175,000.00	7G	140	175,000.00
2K	159	198,750.00	3V	136	170,000.00	5G	136	170,000.00	7H	140	175,000.00
2M	100	125,000.00	3X	168	210,000.00	5N	106	132,500.00	7J	124	155,000.00
2P	100	125,000.00	3Z	102	127,500.00	5S	140	175,000.00	7S	144	180,000.00
2T	166	207,500.00	4B	207	258,750.00	5Y	172	215,000.00	7T	176	220,000.00
2U	134	167,500.00	4G	134	167,500.00	6B	211	263,750.00	7V	144	180,000.00
2X	166	207,500.00	4K	165	206,250.00	6E	142	177,500.00	7X	176	220,000.00
3B	205	256,250.00	4L	170	212,500.00	6L	174	217,500.00			
3F	163	203,750.00	4M	104	130,000.00	6V	142	177,500.00			
										6,616	8,270,000.00

Building Totals: Apartments: 46

Shares: 6,616

BUILDING NO. 2

APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE
1A	96	120,000.00	2W	114	142,500.00	4L	170	212,500.00	6K	174	217,500.00
1O	60	75,000.00	2Y	166	207,500.00	4M	104	130,000.00	6U	138	172,500.00
1T	151	188,750.00	3C	97	121,250.00	4O	207	258,750.00	6V	138	172,500.00
1V	126	157,500.00	3J	120	150,000.00	4T	159	198,750.00	6W	122	152,500.00
1W	110	137,500.00	3L	168	210,000.00	4X	165	206,250.00	6Y	174	217,500.00
2C	95	118,750.00	3P	97	121,250.00	4Z	104	130,000.00	7G	144	180,000.00
2G	134	167,500.00	3T	157	196,250.00	5B	209	261,250.00	7H	144	180,000.00
2H	134	167,500.00	3X	163	203,750.00	5T	161	201,250.00	7J	128	160,000.00
2M	100	125,000.00	4D	68	85,000.00	5Y	172	215,000.00	7P	105	131,250.00
2N	100	125,000.00	4F	163	203,750.00	6A	108	135,000.00	7R	74	92,500.00
2R	64	80,000.00	4G	138	172,500.00	6E	136	170,000.00	7Z	110	137,500.00
2S	128	160,000.00	4H	138	172,500.00	6F	167	208,750.00			
2U	130	162,500.00	4K	170	212,500.00	6H	142	177,500.00			
										6,642	8,302,500

Building Totals: Apartments: 50

Shares: 6,642

BUILDING NO. 3

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

Exhibit A

APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE
1B	96	120,000.00	2E	134	167,500.00	4R	72	90,000.00	6C	108	135,000.00
1D	64	80,000.00	2H	134	167,500.00	4S	138	172,500.00	6E	142	177,500.00
1E	130	162,500.00	2J	118	147,500.00	4U	138	172,500.00	6F	174	217,500.00
1J	114	142,500.00	2L	166	207,500.00	4W	122	152,500.00	6J	126	157,500.00
1J	162	202,500.00	2S	134	167,500.00	4Z	104	130,000.00	6K	174	217,500.00
1L	162	202,500.00	2V	134	167,500.00	5G	140	175,000.00	6U	142	177,500.00
1M	96	120,000.00	3C	102	127,500.00	5H	140	175,000.00	6V	142	177,500.00
1O	64	80,000.00	3D	70	87,500.00	5K	172	215,000.00	7C	110	137,500.00
1S	130	162,500.00	3G	136	170,000.00	5N	106	132,500.00	7D	78	97,500.00
1T	162	202,500.00	3K	168	210,000.00	5S	140	175,000.00	7G	144	180,000.00
1U	130	162,500.00	3S	136	170,000.00	5V	140	175,000.00	7O	213	266,250.00
1Y	162	202,500.00	4A	104	130,000.00	5W	124	155,000.00	7X	176	220,000.00
1Z	96	120,000.00	4K	170	212,500.00	5X	172	215,000.00			
										6,711	8,388,750

Building Totals: Apartments: 51 Shares: 6,711

BUILDING NO. 4

APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE	APT.#	SHARES	PRICE
1C	91	113,750.00	2U	134	167,500.00	5A	106	132,500.00	6L	174	217,500.00
1E	124	155,000.00	2W	118	147,500.00	5B	209	261,250.00	6M	108	135,000.00
1J	112	140,000.00	3C	97	121,250.00	5D	70	87,500.00	6S	136	170,000.00
1N	96	120,000.00	3H	136	170,000.00	5F	165	206,250.00	6X	174	217,500.00
1T	157	196,250.00	3J	118	147,500.00	5J	122	152,500.00	6Y	174	217,500.00
1X	162	202,500.00	3K	166	207,500.00	5K	170	212,500.00	7B	213	266,250.00
1Y	162	202,500.00	3S	130	162,500.00	5O	209	261,250.00	7H	144	180,000.00
2B	203	253,750.00	3U	136	170,000.00	5R	70	87,500.00	7K	174	217,500.00
2C	95	118,750.00	3W	120	150,000.00	5T	167	208,750.00	7S	138	172,500.00
2E	128	160,000.00	4E	132	165,000.00	5X	172	215,000.00	7T	171	213,750.00
2G	132	165,000.00	4F	163	203,750.00	5Z	106	132,500.00	7U	144	180,000.00
2K	164	205,000.00	4K	168	210,000.00	6C	103	128,750.00	7X	176	220,000.00
2O	203	253,750.00	4V	138	172,500.00	6F	167	208,750.00	7Y	176	220,000.00
2S	128	160,000.00	4X	170	212,500.00	6G	142	177,500.00			
										7963	9,953,750.00

Building Totals: Apartments: 55 Shares: 7,963

BUILDING NO. 5

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

APT.# SHARES PRICE			APT.# SHARES PRICE			APT.# SHARES PRICE			APT.# SHARES PRICE		
LG	128	160,000.00	3C	136	170,000.00	4P	138	172,500.00	7E	213	266,250.00
LL	128	160,000.00	3E	205	256,250.00	4R	138	172,500.00	7F	144	180,000.00
LM	94	117,500.00	3J	118	147,500.00	5M	169	211,250.00	7G	144	180,000.00
1E	128	160,000.00	3S	102	127,500.00	5N	169	211,250.00	7K	144	180,000.00
1H	114	142,500.00	4A	86	107,500.00	6C	142	177,500.00	7M	173	216,250.00
1L	132	165,000.00	4B	138	172,500.00	6E	211	263,750.00	7N	173	216,250.00
2K	134	167,500.00	4C	138	172,500.00	6K	142	177,500.00	7P	144	180,000.00
2P	132	165,000.00	4G	138	172,500.00	6L	142	177,500.00	7R	144	180,000.00
2R	132	165,000.00	4H	120	150,000.00	6R	142	177,500.00			
3B	136	170,000.00	4L	138	172,500.00	7B	144	180,000.00			
										5,393	6,741,250

Building Totals: Apartments: 38 Shares: 5,393

Project Unsold Share Totals:
 Apartments: 240 Shares: 33,325

Building 1 2R 68** Toribio (foreclosed - stock certificate & proprietary lease- in file no. 93-355)

****NOT AN UNSOLD SHARE UNIT BUT OWNED BY SPONSOR**

240 apartments unsold out of 778 = 30.8483%
 33,325 shares out of 103,985 = 32.0478%

Total for project:
 Apartments: 241 Shares: 33,393

THIRTY FIRST AMENDMENT
TO
OFFERING PLAN OF
COOPERATIVE OWNERSHIP OF
PREMISES KNOWN AS
1, 2, 3, 4 AND 5 SADORE LANE
YONKERS, NEW YORK 10710
Dated: February 9, 2005

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004, AND THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004, AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

(1) The Sponsor currently holds Unsold Shares allocated to 234 of the 778 Apartments at the Premises, representing 30.077% of all Apartments, as set forth in Exhibit A annexed.

(2) The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

(3) The Sponsor, as Holder of Unsold Shares, holds the Shares allocated to those Apartments indicated on Exhibit "A" annexed hereto. The aggregate monthly maintenance charges due in connection with the Unsold Shares are \$108,892.35. The aggregate monthly rents received from tenants of Apartments to which Unsold Shares are allocated are \$138,192.79. The Sponsor owns the Shares allocated to one additional Apartment which has been previously sold. The monthly maintenance charge due in connection with these Shares is \$226.28. The monthly rent received from the tenant of the Apartment to which these Shares are allocated is \$806.25. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected.

The Sponsor plans to market the vacant Apartments to which Unsold Shares are allocated immediately. As those Apartments are sold the monthly maintenance charges due to the Apartment Corporation will decrease.

(4) As disclosed in the 25th Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases.

(5) Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 29, 2004, and February 28, 2003.

(6) Some of the principals of the Sponsor, as individual holders of unsold shares or units or as general partners or principals of the sponsor or holder of unsold shares, own more than 10% of the shares or units in other cooperative or condominium conversion projects. The offering plans for these buildings are on file with the Department of Law and are available for public inspection. The principals of the Sponsor, as individual holders of unsold shares, are current on all financial obligations in respect of these other cooperatives in which they owns shares or units as individuals, general partners or principals.

Annexed hereto as Exhibit "C" is a list of the identity of each principal of the Sponsor who owns more than 10% of the shares of other buildings, and the address of said building.

(7) The current maintenance charges are \$3.33 per share per month. Maintenance charges are projected to increase as of March 1, 2005; the projected increase is between 9% and 12%, but the exact amount has not been determined. If the maintenance increases by 12%, the monthly maintenance would be approximately \$3.73 per share per month. Annexed as Exhibit "D" is the Apartment Corporation's draft budget for March 1, 2005 to February 28, 2006; a final budget has not been adopted by the board of directors of the Apartment Corporation.

(8) The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on October 21, 2004. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Scheinberg, treasurer, Mike Abelson, James Schoen, and Abraham Roller. Of the foregoing, James Schoen and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

(9) As disclosed in the Twenty Ninth Amendment, the Corporation has been named as a defendant in a lawsuit entitled Sadore Estates v. Sadore Lane Gardens, Inc., DJP Management, Inc. and John Doe No. 1 to 45. (Westchester County Supreme Court, index number 03-20348). Sadore Estates is a partnership with a composition similar to that of the Sponsor; Sadore Estates is the record owner of a parcel of land, known as 70 Salisbury Road, Yonkers, New York, which is located behind 5 Sadore Lane. The suit seeks a determination that Sadore Estates is the sole owner of this parcel, that Sadore Estates may exclude others from parking on the lot, and that Sadore Estates is entitled to utilize an easement over the driveway between Sadore Lane and the 70 Salisbury Road

lot over the existing driveway. The 70 Salisbury Road lot is currently used for additional parking by residents of Sadore Lane Gardens, Inc. pursuant to an oral license granted by Sadore Estates many years ago; Sadore Estates advised the Corporation in June 2003 that it was revoking this license; Sadore Estates has also similarly advised DJP Management, Inc., the vendor which administers all parking at Sadore Lane, and letters have been distributed to the vehicles parked on the 70 Salisbury Road lot informing the drivers/owners of such vehicles that their parking is without the consent of the owner of the lot and must stop immediately. The Corporation answered and asserted various counterclaims; additionally, the Corporation filed a complaint with the Department of Law in which it alleged that the Sponsor's original disclosure was inadequate as regards the parcel in question in the lawsuit. Since the filing of the lawsuit and the Department of Law complaint, the parties have been attempting to negotiate a settlement, and no action had been taken in either the suit or on the complaint. Unfortunately, negotiations have recently broken down, and the lawsuit will proceed.

(10) Revised Mortgage Indebtedness.

The Mortgage affecting the Premises was refinanced on February 25, 2004. The material terms of the new mortgage include the following:

Mortgagee:	National Consumer Cooperative Bank
Original Principal Amount:	\$16,000,000
Maturity Date:	March 1, 2014
Interest Rate:	5.34%
Monthly Installment Payments:	\$81,590.88

Prepayment - The Mortgage may be prepaid after April 1, 2011, together with a prepayment penalty calculated on a "yield maintenance" basis.

Default Rate - 10.34%.

Late Charges - \$.05 on each dollar overdue for more than 10 days.

Due-on-Sale - The Apartment Corporation may not sell, transfer, convey or further encumber the Premises or the stock of the Apartment Corporation except in connection with the sale of individual units.

Events of default -

- (a) Failure to make any payment due under the Note for a period of 10 days or more;
- (b) Failure to pay all amounts due at maturity;

(c) Failure to make payment of any tax due and payable under the Mortgage for a period of 10 days or more;

(d) Failure to observe or perform the covenants and agreements contained in the Mortgage regarding the warranty of title, the insurance requirements, the prohibition on changing, assigning, or terminating the proprietary leases, and regarding hazardous materials;

(e) Failure to perform or observe any other covenant or agreement contained in the Mortgage or other loan documents for a period of 30 days;

(f) Appointment by a court of a trustee, receiver or liquidator of the Premises;

(g) Filing a petition in bankruptcy;

(h) Failure to obtain a dismissal or discharge of an involuntary bankruptcy petition within sixty (60) days after filing;

(i) Filing of a final judgment for payment of money against the Mortgagor which is not discharged, bonded or appealed from within thirty (30) days, or if the financial condition of the Mortgagor undergoes a materially adverse change;

(j) Commencement of any action to foreclose any lien on the Premises which is not bonded or discharged within thirty (30) days after such action is instituted;

(k) Failure to discharge any mechanic's lien within sixty (60) days after the lien has been filed;

(l) Discovery by the Mortgagee of any material misrepresentation made in connection with obtaining the Mortgage;

(m) Failure to obtain written consent of the Mortgagee for any easement affecting the Premises; and

(n) Any default under the Credit Line Mortgage.

(2) Credit Line Mortgage.

A credit line mortgage of \$3,500,000.00 was also secured from National Consumer Cooperative Bank, an affiliate of the Mortgagee; the credit line mortgage was executed on February 25, 2004 and provides that the Apartment Corporation may obtain advances in increments of \$10,000.00, which shall be due no later than March 1, 2014. The Apartment Corporation shall pay interest on the outstanding amount at a floating rate of 1.25% above the Lender's base rate which is currently equal to the Wall Street Journal prime rate.

Payments - Payments of interest only shall commence on the last day of the first month in which a draw is made and shall continue monthly thereafter so long as funds are outstanding; commencing April 1, 2009, monthly payments shall include principal, in the minimum amount of \$100.00 and interest on the outstanding balance.

Default Rate - 5% above the then-applicable interest rate.

Late charges - \$0.05 on each dollar overdue for more than ten (10) days.

Prepayment - The line of credit may be prepaid at any time in whole on thirty days' prior written notice or in part without penalty in increments of \$10,000.00.

Events of Default - (a) Any default under the Mortgage is a default under the credit line mortgage as well; (b) Failure to make any payment due under the credit line mortgage.

(11) The Sponsor has adopted a revised form of contract to be used for sale of unsold shares; a copy of the revised form of contract is annexed as Exhibit "E."

(12) The Offering Plan may be used for twelve (12) months from the date of this Amendment.

(13) The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

(14) Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.
Apartment Corporation

GARDEN TOWERS LLC
Sponsor

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

BUILDING NO. 1

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1E	130	3B	205	5A	106	7B	213
1F	155	3F	163	5E	140	7C	110
1L	162	3G	132	5G	136	7D	78
		3N	102	5L	172	7G	140
2A	100	3T	168	5N	106	7H	140
2K	159	3V	136	5S	140	7J	124
2M	100	3X	168	5Y	172	7S	144
2P	100	3Z	102			7T	176
2T	166			6B	211	7V	144
2U	134	4B	207	6E	142	7X	176
2X	166	4G	134	6L	174		
		4K	165	6V	142		
		4L	170				
		4M	104				
		4V	138				
		4Y	170				
							6,722

Building Totals:

Apartments: 46

Shares: 6,722

BUILDING NO. 2

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1A	96	3C	97	5B	209	7G	144
1O	60	3J	120	5T	161	7H	144
1T	151	3L	168	5Y	172	7J	128
1V	126	3P	97			7P	105
1W	110	3T	157	6A	108	7R	74
		3X	163	6E	136	7Z	110
2C	95			6F	167		
2G	134	4D	68	6H	142		
2H	134	4F	163	6K	174		
2M	100	4G	138	6U	138		

unsoldt.sad January 27, 2005

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

Exhibit A

2N	100	4H	138	6V	138		
2R	64	4K	170	6W	122		
2S	128	4L	170	6Y	174		
2U	130	4M	104				
2W	114	4O	207				
2Y	166	4T	159				
		4X	165				
		4Z	104				
							6,642

Building Totals:

Apartments: 50

Shares: 6,642

BUILDING NO. 3

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1B	96	2E	134	4A	106	6E	142
1D	64	2H	134	4K	170	6F	174
1E	130	2J	118	4R	72	6J	126
1J	114	2L	166	4S	138	6K	174
1K	162	2S	134	4U	137	6U	142
1L	162	2V	134	4W	122	6V	142
1M	96			4Z	104		
1O	64	3C	102			7C	110
1S	130	3D	70	5G	140	7D	78
1T	162	3G	136	5H	140	7G	144
1U	130	3K	168	5K	172	7O	213
1Y	162	3S	136	5N	106	7X	176
1Z	96			5S	140		
				5V	140		
				5W	124		
				5X	172		
							6,604

Building Totals:

Apartments: 50

Shares: 6,604

Exhibit A

BUILDING NO. 4

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1C	91	3C	97	5A	106	7B	213
1E	124	3H	136	5B	209	7H	144
1J	112	3J	118	5D	70	7K	174
1N	96	3K	166	5F	165	7S	138
1T	157	3S	130	5J	122	7T	171
1X	162	3U	136	5K	170	7U	144
1Y	162	3W	120	5O	209	7X	176
				5T	167	7Y	176
2B	203	4E	132	5Z	106		
2C	95	4F	163				
2E	128	4K	168	6C	103		
2G	132	4V	138	6F	167		
2K	164	4X	170	6G	142		
2O	203			6L	174		
2S	128			6M	108		
2U	134			6S	136		
2W	118			6X	174		
				6Y	174		
							7,721

Building Totals:

Apartments: 53

Shares 7,721

BUILDING NO. 5

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
LG	128	3B	136	5M	169	7B	144
LM	94	3C	136	5N	169	7E	213
		3E	205			7F	144
1E	128	3J	118	6C	142	7G	144
1H	114	3S	102	6E	211	7K	144
1L	132			6K	142	7M	173
		4B	138	6L	142	7N	173

UNSOLD APARTMENTS
UNSOLD APARTMENTS

Exhibit A

2K	134	4C	138	6R	142	7P	144
2P	132	4G	138				
2R	132	4H	120				
		4L	138				
		4P	138				
		4R	138				
							5,035

Building Totals:

Apartments: 35

Shares: 5,035

Project Unsold Share Totals:

Apartments: 234

Shares: 32,724

Building I

2R 68** Toribio

(foreclosed - stock certificate & proprietary
lease- in file no. 93-355)

**NOT AN UNSOLD SHARE UNIT BUT OWNED BY SPONSOR

234 apartments unsold out of 778 = 30.077%

32,724 shares out of 103,985 = 31.47%

Total for project:

Apartments: 235

Shares: 32,792

SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 29, 2004
AND FEBRUARY 28, 2003

EXHIBIT "B"

SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 29, 2004 and February 28, 2003, and the related statements of operations and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Sadore Lane Gardens, Inc. as of February 29, 2004 and February 28, 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8, the Corporation has not estimated the remaining lives and replacement costs of its building and building improvements and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America has determined is required to supplement; although not required to be part of, the basic financial statements.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 5, 2004

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,478,410	\$ 118,727
Restricted cash - reserve fund	1,000,000	-
Investment in National Cooperative Bank, FSB	168,750	-
Real estate tax escrow deposits	-	262,759
Assessments and other receivables	36,983	26,718
Prepaid real estate taxes and other prepaid expenses	414,523	222,066
Deferred finance costs, net	233,293	90,749
Land, property and equipment, net	<u>7,470,451</u>	<u>7,965,825</u>
TOTAL ASSETS	<u>\$ 10,802,437</u>	<u>\$ 8,686,844</u>
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 113,029	\$ 207,619
Loan payable - bank	-	1,240,000
Mortgage note payable	<u>16,000,000</u>	<u>10,935,686</u>
Total liabilities	<u>16,113,029</u>	<u>12,383,305</u>
Commitments and contingencies (Notes 6, 8 and 10)		
Stockholders' deficit:		
Common stock, \$1 par value; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(7,837,654)</u>	<u>(6,195,401)</u>
Less: receivable from sponsor	(5,043,627)	(3,401,374)
Total stockholders' deficit	<u>(266,965)</u>	<u>(295,087)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>(5,310,592)</u>	<u>(3,696,461)</u>
	<u>\$ 10,802,437</u>	<u>\$ 8,686,844</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 29, 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Maintenance assessments	\$ 4,107,941	\$ 3,867,551
Parking	268,311	281,460
Investment income, net	5,921	1,889
Laundry	48,721	50,400
Storage	22,811	21,920
License fee	32,887	32,016
Other	<u>22,171</u>	<u>35,272</u>
Total revenues	<u>4,508,752</u>	<u>4,290,508</u>
Expenses:		
Administrative	626,140	466,203
Utilities	672,511	513,384
Building operations	94,871	94,492
Payroll and related costs	734,283	797,004
Interest	967,540	914,298
Mortgage prepayment fee	1,209,732	-
Real estate taxes	1,016,127	983,309
Major repairs and replacement	<u>211,471</u>	<u>232,353</u>
Total expenses	<u>5,532,685</u>	<u>4,001,043</u>
Excess (deficit) of revenues over expenses before depreciation and amortization	(1,023,933)	289,465
Depreciation	527,574	521,680
Amortization	<u>90,749</u>	<u>32,507</u>
Deficit of revenues over expenses	(1,642,253)	(264,722)
Accumulated deficit - beginning	<u>(6,195,401)</u>	<u>(5,930,679)</u>
ACCUMULATED DEFICIT - ENDING	<u>\$ (7,837,654)</u>	<u>\$ (6,195,401)</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 21, 2003

	<u>2004</u>	<u>2003</u>
Operating activities:		
Deficit of revenues over expenses	\$ (1,642,251)	\$ (264,722)
Adjustments to reconcile deficit of revenues over expenses to net cash used in operating activities:		
Maintenance charges allocated to financing activities	(175,472)	(162,122)
Depreciation and amortization	618,321	554,187
Loss on sale of marketable securities	-	2,729
Decrease (increase) in assets:		
Real estate tax escrow deposits	262,751	(38,100)
Assessments and other receivables	(10,270)	23,959
Prepaid real estate taxes and other prepaid expenses	(192,451)	(48,790)
Decrease in liabilities:		
Accounts payable, accrued expenses and other liabilities	(94,590)	(148,419)
Net cash used in operating activities	<u>(1,233,962)</u>	<u>(81,278)</u>
Investing activities:		
Restricted cash - reserve fund	(1,000,000)	-
Investment in National Cooperative Bank, FSB	(168,750)	-
Proceeds from sales of marketable securities	-	32,053
Purchases of property and equipment	(32,206)	(322,561)
Net cash used in investing activities	<u>(1,200,956)</u>	<u>(290,508)</u>
Financing activities:		
Proceeds from line of credit	-	240,000
Repayment of mortgage payable HSBC	(175,472)	(162,121)
Proceeds from refinancing mortgage payable	3,766,488	-
Maintenance charges allocated to mortgage repayment	175,473	162,121
Decrease in reserve fund receivable	28,122	15,728
Net cash provided by financing activities	<u>3,794,611</u>	<u>255,728</u>
Net increase (decrease) in cash and cash equivalents	1,359,692	(116,058)
Cash and cash equivalents - beginning	<u>118,727</u>	<u>234,785</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,478,419</u>	<u>\$ 118,727</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

Supplemental disclosures of cash flow information:

Interest paid

Income taxes paid

<u>2004</u>	<u>2003</u>
\$ <u>967,540</u>	\$ <u>914,298</u>
\$ <u>9,723</u>	\$ <u>9,167</u>

Non-cash investing and financing activities:

During February 2004, a mortgage payable amounting to \$16,000,000 was incurred to:

Repay a mortgage payable held by HSBC

Repay a line of credit with HSBC

Deferred finance costs

Plus: cash received

Mortgage payable incurred

\$ 10,760,211
1,240,000
<u>233,291</u>
12,233,511
<u>3,766,481</u>
\$ <u>16,000,000</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

NOTE 1 ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units, and, as of February 29, 2004, there were 521 units that were owned by tenant-shareholders and 257 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. For the years ended February 29, 2004 and February 28, 2003, cash equivalents consisted principally of money market funds.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted average life of the deferred finance costs at February 29, 2004 is 10 years. Amortization expense for each of the next five years is estimated to be \$23,330.

Land, Property and Equipment

Land, property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

NOTE 3 CASH AND CASH EQUIVALENTS

The Corporation maintains cash balances at three financial institutions. From time to time, the balances will exceed the federal depository insurance coverage limit. The Corporation has not experienced any losses in such accounts, and it believes it is not exposed to any significant credit risk with respect to such balances.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

NOTE 4 RECEIVABLE FROM SPONSOR

Pursuant to an amendment to the offering plan, the Corporation was to receive \$1,000,000 from the Sponsor in specified installments out of proceeds from the sale of the Corporation's shares of common stock ("shares"). As of February 29, 2004, the Corporation has received a total of \$733,035, of which \$28,122 and \$15,728 was received during the years ended February 29, 2004 and February 28, 2003, respectively. The remaining balance of \$266,965 is due in installments based on future sales of shares by the Sponsor.

NOTE 5 LAND, PROPERTY AND EQUIPMENT

The estimated useful lives of depreciable property and equipment for the purpose of computing depreciation for financial reporting purposes are as follows:

	<u>Years</u>
Buildings	27.5
Building improvements	5 - 39
Equipment	5
Vehicles	5

Land, property and equipment consist of the following:

	<u>2004</u>	<u>2003</u>
Land		
Buildings	\$ 1,568,638	\$ 1,568,638
Building improvements	8,888,950	8,888,950
Equipment	5,475,641	5,431,621
Vehicles	30,482	22,297
	<u>14,911</u>	<u>4,911</u>
	15,978,622	15,916,417
Less: accumulated depreciation	<u>8,508,165</u>	<u>7,910,592</u>
	<u>\$ 7,470,457</u>	<u>\$ 7,910,592</u>

Depreciation expense of \$527,574 and \$521,680 was recorded for the years ended February 29, 2004 and February 28, 2003, respectively.

NOTE 6 MORTGAGE PAYABLE

In February 2004, the Corporation refinanced its prior mortgage with a new mortgage from the National Cooperative Bank, FSB (the "Bank") in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,300,000 due at maturity. The mortgage note is collateralized by the land and building owned by the Corporation, which has a net book value of \$7,470,457.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

NOTE 6

MORTGAGE PAYABLE (CONTINUED)

As required by the new mortgage agreement, the Corporation deposited \$1,000,000 from the proceeds to fund the Corporation's capital improvement reserve fund. The Corporation has designated these funds as restricted to be used for future capital improvements. In addition, these funds represent collateral security to the bank to ensure payment and performance by the Corporation of its obligations under the terms of the mortgage. If at any time the Corporation defaults under the terms of the mortgage, the bank has no obligation to disburse the collateral security to fund future capital improvements; the bank has the right to hold the remainder of the collateral security to be disbursed in accordance with the terms of the mortgage.

In addition, in lieu of paying mortgage tax at closing, the Corporation was required to purchase 1,600 shares of Class B capital stock of the Bank totaling \$160,000. The Corporation must hold this stock until the loan matures.

In connection with the refinance, the Corporation was required to pay a mortgage prepayment fee of \$1,209,733 to the former bank.

For the years ended February 29, 2004 and February 28, 2003, the Corporation incurred interest expense related to its mortgage obligations of \$930,822 and \$875,350, respectively.

The mortgage payable held by the Corporation with the former bank required monthly payments of principal and interest of \$86,456 and had an interest rate of 7.94% per annum.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2005	\$ 114,419
2006	134,050
2007	141,386
2008	149,123
2009	157,285
Thereafter	<u>15,303,737</u>
	<u>\$ 16,000,000</u>

NOTE 7

LINE OF CREDIT

In February 2004, the Corporation refinanced its prior line of credit with a new line of credit agreement from the Bank, which allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014, and is secured by a second mortgage on the land and building owned by the Corporation. Interest only is payable monthly on the outstanding balance at the lender bank's prime rate plus 1.25% (5.25% at February 29, 2004) through March 1, 2009. Thereafter, monthly payments of principal, in the minimum amount of \$100, and interest shall be made on the outstanding balance until maturity.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

NOTE 7

LINE OF CREDIT (CONTINUED)

Concurrent with the establishment of this credit line, the Corporation was required to purchase 87.50 shares of Class B capital stock in the Bank totaling \$8,750. The Corporation must hold this stock until the maturity date of the mortgage note (referred to in Note 6).

At February 29, 2004, there was no outstanding balance on this line of credit. At February 28, 2003, the outstanding balance on the previous line of credit was \$1,240,000.

For the years ended February 29, 2004 and February 28, 2003, the Corporation incurred interest expense related to the lines of credit of \$36,717 and \$38,948, respectively. Interest on the former credit line was payable monthly at LIBOR plus 1.75 percent per annum on any outstanding balance.

NOTE 8

FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents do not require that it accumulate funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future. In addition, the Corporation has not developed a plan to fund future repair and replacement needs. When funds required for future major repairs and replacements exceed the balances maintained in the reserve fund, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 9

FIRE LOSS

In February 2003, there was an electrical fire that caused substantial damages to one of the buildings. The Corporation repaired all damages at a cost of approximately \$760,000. The Corporation was fully insured for the loss and received approximately \$760,000 in insurance proceeds during the year ended February 29, 2004. The cost of the damages, net of insurance proceeds, are included in administrative costs. The net amount was not material.

In February 2004, there was another electrical fire that caused substantial damages to one of the buildings. Subsequent to year-end, the Corporation repaired all damages at a cost of approximately \$610,000. No major additional costs are anticipated. The Corporation was fully insured for the loss and has received approximately \$595,000 in insurance proceeds through June 7, 2004. The Corporation expects to receive the balance of the proceeds subsequent to February 29, 2004.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

NOTE 10 COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

Effective January 1, 2001, the managing agent agreement with Prime Locations, Inc. ("Prime") was extended for five years. Pursuant to the agreement, Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to Board approval in certain instances. The management agreement provides that Prime shall receive \$175,000 annually.

Agreement for Parking Garage Services

Effective February 1, 2002, the Corporation exercised a five-year renewal of their current agreement with a managing agent to manage the garages and outside parking. The agreement provides that the Corporation shall retain \$281,460 annually. For the years ended February 29, 2004 and February 28, 2003, parking income was \$268,311 and \$281,460, respectively. The Corporation incurred a loss of \$13,141 during the year ended February 29, 2004, due to the electrical fire in February 2003.

Agreement for Maintenance of Laundry Facilities

Effective October 1, 1999, the Corporation exercised a ten-year renewal of its agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement provides that the Corporation shall receive \$50,400 per year. For the years ended February 29, 2004 and February 28, 2003 laundry income was \$48,720 and \$50,400, respectively. The Corporation incurred a loss of \$1,680 during the year ended February 29, 2004, due to the electrical fire in February 2003.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). The agreement is for an initial term of five years and can be automatically renewed for two additional five-year terms.

Following are the projected license fees for each of the next two years:

2005	\$ 34,196
2006	23,397
	<u>\$ 57,593</u>

Agreement for Maintenance of Elevators

Effective November 1, 2001, the Corporation renewed its agreement with an elevator contractor to assume maintenance of the elevators for three years. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004 AND FEBRUARY 28, 2003

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The Corporation is involved in litigation with an affiliate of the Sponsor (the "claimant") in which the claimant seeks a declaratory judgment that it owns the parking lot located adjacent to one of the Corporation's buildings (5 Sadore Lane) which has been used by the Corporation as parking for its shareholders since the Corporation's inception. The claimant also seeks an order ejecting the Corporation from the disputed parcel so that the parcel may be sold to a developer who intends to build a residential building on the site. The Corporation is vigorously defending the lawsuit and has asserted counterclaims seeking to either establish its ownership of the parcel or its right to the continued use thereof. The parties are involved in discussions but the outcome of the discussions is presently uncertain. The outcome of the claims and counterclaims are also uncertain. However, management believes that an adverse finding in the case will not materially affect the Corporation's financial position or results of operations.

EXHIBIT "C"

PERCENTAGE INTEREST IN OTHER CO-OPS

BY HOLDERS OF UNSOLD SHARES

Individual's Name	Percentage Interest	Building Address	Dept. of Law File No.
PHILIP ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022
	71.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
MILDRED ROLLER	21.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
MICHAEL ROSEN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
WENDY LANDIS	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
PHYLLIS RASKIN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
RITA ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022

Budget Detail (Cash) **SADORE LANE GARDENS INC. - (029)** March 2005 - February 2006

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Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
INCOME:													
MAINTENANCE	346,137	346,137	346,137	346,137	346,137	346,137	346,137	346,137	346,137	346,137	346,137	346,137	4,153,642
RENT	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	35,504
STORAGE	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	25,800
PARKING	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	281,460
LAUNDRY	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400
LATE CHARGES & NSF	833	833	833	833	833	833	833	833	833	833	833	833	10,000
INTEREST INCOME	875	875	875	875	875	875	875	875	875	875	875	875	10,500
MISCELLANEOUS INCOME	200	200	200	200	200	200	200	200	200	200	200	200	2,400
TOTAL INCOME	380,775	380,775	380,775	380,775	380,775	380,775	380,775	380,775	380,892	380,892	380,892	380,892	4,569,766
EXPENSES:													
FUEL OIL	80,552	44,751	22,375	17,900	17,900	8,950	8,950	17,900	22,375	44,751	80,552	80,552	447,509
UTILITIES - ELECTRIC	16,020	16,020	16,020	16,020	16,020	16,020	16,020	16,020	16,020	16,020	16,020	16,020	192,239
UTILITIES - GAS	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	40,061
SUPPLIES	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
REPAIRS & MAINTENANCE	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	130,000
CONTRACT SNOW REMOVAL	1,083	136	136	136	136	136	136	136	136	1,083	1,082	1,082	4,330
CONTRACT LANDSCAPING	136	2,517	2,517	2,517	2,517	2,517	2,517	2,517	2,517	136	136	136	1,626
CONTRACT ELEVATOR	2,517	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	244	244	244	23,382
CONTRACT EXTERMINATING	3,537	625	625	625	625	625	625	625	625	3,537	3,537	3,537	42,449
CONTRACT SANITATION	625	665	665	665	665	665	665	665	665	625	625	625	7,504
CONTRACT SPRINKLER	665	665	665	665	665	665	665	665	665	665	665	665	7,980
CONTRACT ALARM SYSTEM													1,018
CONTRACT WATER TREATMENT													286
CONTRACT TOWING	651	322	322	322	322	322	322	322	322	322	322	322	3,477
CONTRACT FIRE SAFETY	347	322	322	322	322	322	322	322	322	322	322	322	3,861
CONTRACT UNIFORM													3,600
LICENSE/PERMITS/FEEES	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	175,000
MANAGEMENT	1,500	1,500	18,750	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
LEGAL			48,840	48,840	48,840	48,840	48,840	48,840	49,540	62,540	49,540	49,540	23,450
PAYROLL & RELATED COSTS	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	49,540	62,540	49,540	49,540	602,585
EMPLOYER FICA	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,735	3,790	4,784	3,790	3,790	46,098
EMPLOYER FUTA	840	840	840	840	840	840	840	840	840	840	840	840	840
EMPLOYER NY SUI	341	341	341	341	341	341	341	341	341	341	341	341	4,089
EMPLOYER IRA CONTRIBUTION	303	303	303	303	303	303	303	303	303	303	303	303	3,600
UNION WELFARE	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	84,807
UNION PENSION	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	26,880
UNION LEGAL SERVICES	140	140	140	140	140	140	140	140	140	140	140	140	1,750
UNION TRAINING	182	182	182	182	182	182	182	182	182	182	182	182	2,254
WORKERS COMPENSATION	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	23,000
DISABILITY INSURANCE	71	71	71	71	71	71	71	71	71	71	71	71	850
PAYROLL PREPARATION	125	125	125	125	125	125	125	125	125	125	125	125	1,500
WATER & SEWER													
NY STATE ESTIMATED TAX													
INSURANCE	37,776	37,776	2,500	37,776	37,776	2,500	37,776	37,776	2,500	37,776	37,776	2,500	200,000
ADMINISTRATIVE EXPENSES	417	417	417	417	417	417	417	417	417	417	417	417	5,157
PHONE	517	517	517	517	517	517	517	517	517	517	517	517	6,200
PHONE CELLULAR	50	50	50	50	50	50	50	50	50	50	50	50	600
PHONE PAGERS	50	50	50	50	50	50	50	50	50	50	50	50	600
POSTAGE	83	83	83	83	83	83	83	83	83	83	83	83	1,000
MISCELLANEOUS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
MTG NCB	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	979,091
TAXSTAR ESCROW	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	1,214,190
LEASE POSTAGE METER													248
LEASE COPIER	245	245	245	245	245	245	245	245	245	245	245	245	2,943

EXHIBIT "D"

Budget Detail (Cash)
SADORE LANE GARDENS INC. - (029)
 March 2005 - February 2006

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Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
MOIS & CONTINGENCY	11,417	11,417	11,417	11,417	11,417	11,417	11,417	11,417	11,417	11,417	11,417	11,417	137,000
TOTAL EXPENSES	447,363	408,663	407,638	482,098	382,695	376,505	374,132	384,040	390,755	523,804	445,240	452,687	5,075,544
NET INCOME/(LOSS)	-66,610	-27,868	-26,763	-101,324	-1,920	4,270	6,643	-3,265	-9,863	-142,913	-64,348	-71,795	-505,778

Contract of Sale - Cooperative Apartment

This contract is made as of _____, 200__ between the "Seller" and the "Purchaser" identified below.

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: GARDEN TOWERS LLC
Address: 550 MAMARONECK AVENUE, HARRISON, NEW YORK 10528
Prior names used by Seller:
Soc. Sec. No. 13-2578521

Purchaser:

Address: _____
Soc. Sec. No. _____

1.2 The "Attorneys" are (name, address and telephone):

For Seller:	GROSS AND GROSS LLP 9 WEST PROSPECT AVENUE, SUITE 406 MOUNT VERNON, NEW YORK 10550 (914) 699-1919	For Purchaser:
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1.3 The "Escrowee" is (name, address, and telephone)

GROSS AND GROSS LLP
9 WEST PROSPECT AVENUE, SUITE 406
MOUNT VERNON, NEW YORK 10550
(914) 699-1919

1.4 The "Managing Agent" is (name, address, and telephone)

PRIME LOCATIONS
733 YONKERS AVENUE
YONKERS, NEW YORK 10710
(914) 963-7400

1.5 The name of the cooperative housing corporation ("Corporation") is SADORE LANE GARDENS, INC.

1.6 The "Unit" number is _____

1.7 The Unit is located in "Premises" known as 1-5 SADORE LANE, YONKERS, NEW YORK 10710

1.8 The "Shares" are the _____ shares of the Corporation allocated to the Unit.

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

1.10 The "Broker" (see Par. 12) is THE PHOENIX GROUP, 4 SADORE LANE, SUITE 1J, YONKERS, NEW YORK 10710

1.11 The "Closing" is the transfer of ownership of the Shares and Lease, which is scheduled to occur on _____ at 10:00 A.M. (see Pars. 9 and 10)

1.12 The "Purchase Price" is \$ _____

1.12.1 the "Contract Deposit" is \$ _____

1.12.2 the "Balance" of the Purchase Price due at Closing is \$ _____ (see Par. 2)

1.13 The "Maintenance" charge is the rent payable under the Lease which at the date this Contract is in the monthly amount of \$ _____ (see Par. 4). This maintenance is subject to change.

14 The "Assessment" is the additional rent payable under the Lease which at the date of this Contract is \$ _____ payable as follows:

GTLLC CONTRACT 2005

EXHIBIT "E"

1.15 The Party upon whom the Corporation imposes a "Flip Tax" or similar transfer fee, if any, is NONE (see Par. 11.3)

1.16 If Par. 19 (Financing Contingency) applies:

1.16.1 the "Loan Terms" are:

Amount Financed: \$ or any lower amount applied for or acceptable to Purchaser.

Payment Terms and Charges: The customary payment terms (including prevailing fixed or adjustable interest rate, prepayment provisions and maturity) and charges (including points, origination and other fees) then currently being offered to purchasers of cooperative apartments by the Institutional Lender (defined in Par. 19.5.1) to which Purchaser applies.

Security: Pledge of the Shares and Lease.

1.16.2 the period for Purchaser to obtain a Loan Commitment Letter is 30 days after a fully executed counterpart of this Contract is given to Purchaser.

1.17 The "Proposed Occupants" of the Unit are the following:

1.17.1 persons and relationship to Purchaser:

1.17.2 pets: NONE

1.18 The Contract Deposit shall be held in a non-interest bearing escrow account. ~~Interest shall be payable to the party entitled to the Contract Deposit.~~ The escrow account shall be an IOLA type account held at HUDSON VALLEY BANK, 403 EAST SANDFORD BOULEVARD, MOUNT VERNON, NEW YORK 10550 (see Par. 28)

2. Agreement to Sell and Purchase; Purchase Price; Escrow

2.1 Seller agrees to sell and assign to Purchaser, and Purchaser agrees to purchase and assume from Seller, the Seller's Shares and Lease for the Purchase Price and upon the other terms and conditions stated in this Contract.

2.2 The Purchase Price is payable to Seller by Purchaser as follows:

2.2.1 the Contract Deposit at the time of signing this Contract, by Purchaser's collectible check to the order of Escrowee.

2.2.2 the Balance at Closing, only by cashier's, official bank or certified check of Purchaser made payable to the direct order of Seller. These checks shall be drawn on and payable by a branch of a commercial or savings bank, savings and loan association or trust company located in the same City or County as the Unit. Seller may direct, on not less than 3 business days' Notice (defined in Par. 17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller.

3. Personal Property

3.1 Subject to any rights of the Corporation or any holder of a mortgage to which the Lease is subordinate, this sale includes all of Seller's ownership, if any, of the following "Property" to the extent existing in the Unit on the date hereof: the refrigerator, freezer, range, oven, microwave oven, dishwasher, cabinets and counters, light fixtures, central air-conditioning and/or window or sleeve units, washing machine, dryer, screens and storm windows, window treatments, switch plates, door hardware, built-ins not excluded in Par. 3.2 and **SEE RIDER**

3.2 Specifically excluded from this sale is all personalty not included in Par. 3.1 and

3.3 The Property shall not be purchased if Closing does not occur.

3.4 No consideration is being paid for the Property. Seller makes no representation as to the condition of the Property. Purchaser shall take the Property "as is" on the date of this Contract, except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing.

3.5 At or prior to the time of Closing, Seller shall remove from the Unit all the furniture, furnishings and other personalty not included in this sale, and repair any damage caused by such removal.

4. Representations and Covenants

4.1 Subject to any matter affecting title to the Premises (as to which Seller makes no representations or covenants), Seller represents and covenants that:

4.1.1 Seller is and shall at Closing be the sole owner of the Shares and Lease with the full right and power to sell and assign them;

4.1.2 the Shares and Lease will at Closing be free and clear of liens (other than the Corporation's general lien on the

Shares, for which no monies shall be owed), encumbrances and adverse interests ("Liens"); or Seller will deliver to Purchaser at Closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove of record, at Seller's expense, any such Liens;

4.1.3 the Shares were duly issued, fully paid for and are non-assessable;

4.1.4 the Lease is, and will at Closing be, in full force and effect and no notice of default under the Lease will be in effect at Closing;

4.1.5 the Maintenance and Assessments payable as of the date hereof are as specified in Pars. 1.13 and 1.14. All sums due to the Corporation will be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.6 as of this date, Seller neither has actual knowledge nor has received any written notice of (a) any increase in Maintenance or (b) any proposed Assessment which has been either adopted or is under consideration by the Board of Directors of the Corporation and not reflected in the amounts set forth in Pars. 1.13 and 1.14;

4.1.7 Seller will not at Closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Unit or the Premises;

4.1.8 there are and at closing will be no violations of record which the owner of the Shares and Lease would be obligated to remedy under the terms of the Lease;

~~4.1.9 Seller has not made any alterations or additions to the Unit, without any required consent of the Corporation;~~

4.1.10 Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and/or occupancy of the Unit which would be binding on or adversely affect Purchaser; and

4.1.11 Seller has been known by no other name for the past 10 years except as set forth in Par. 1.1.

4.2 Purchaser represents and covenants that Purchaser is acquiring the Shares and Lease solely for residential occupancy of the Unit by the Proposed Occupants only and will so represent to the Corporation in connection with Purchaser's application to the Corporation for approval of this transaction by the Corporation.

4.3 The representations and covenants contained in Par. 4.1 shall survive Closing, but any action based thereon must be instituted within 1 year from Closing.

5. Corporate Documents

Purchaser has examined and is satisfied with or has waived the examination of the Lease, and the Corporation's certificate of incorporation, bylaws, house rules, most recent audited financial statement and most recent statement of tax deductions available to the Corporation's shareholders under Internal Revenue Code ("IRC") § 216 (or any successor statute).

6. Required Approval and References

6.1 This sale is **NOT** subject to the approval of the Corporation.

6.2 **INTENTIONALLY OMITTED**

6.3 **INTENTIONALLY OMITTED**

7. Condition of Unit and Possession

7.1 Seller makes no representation as to the condition of the Unit. Purchaser has inspected the Unit and shall take the same "as is," on the date of this Contract, reasonable wear and tear excepted.

7.2 Seller shall deliver possession of the Unit at Closing, vacant, broom-clean and free of all occupants and rights of possession, **OTHER THAN OCCUPANCY RIGHTS OF THE PURCHASER, IF ANY.**

8. Risk of Loss

8.1 While Seller has legal title and is in possession of the Unit, Seller assumes all risk of loss or damage ("Loss") to the Unit and Property from fire or other cause not due to the fault of Purchaser or Purchaser's contractors, agents or servants. In the event of a Loss, Seller shall have the option (but not the obligation) to restore the Unit and Property to as near as reasonably possible to the condition immediately prior to the Loss.

8.2 Within 10 calendar days after the Loss occurs, Seller shall give Notice to Purchaser of the Loss and whether or not Seller elects to restore ("Election Notice").

8.3 If Seller elects to restore, Seller must do so within 60 calendar days after sending the Election Notice or by the Closing, whichever is later ("Restoration Period").

8.4 If the Closing is before such 60 calendar day period expires, then the Closing shall be adjourned to a date and time fixed by the Seller on not less than 10 calendar days' prior Notice to Purchaser, but in no event shall the Closing be adjourned for more than 70 calendar days after giving of the Election Notice.

8.5 If Seller elects not to restore or fails, in a timely manner, to send the Election Notice or, having sent the Notice, Seller fails to complete the restoration within the Restoration Period, then Purchaser's sole remedy is either to:

8.5.1 cancel this Contract in accordance with Par. 16 and recover all sums theretofore paid on account of the Purchase Price; or

8.5.2 complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller, but with the right to receive any "Net Insurance Proceeds" as defined in Par. 8.6 together with an assignment to Purchaser, without recourse to Seller, of any uncollected proceeds, which assignment shall be delivered by Seller at Closing.

8.6 "Net Insurance Proceeds" are proceeds of Seller's insurance covering the Loss which is attributable to the Unit and Property after deducting legal and other collection expenses incurred by Seller and any sums paid or incurred by Seller for restoration.

8.7 If Purchaser fails to exercise one of Purchaser's options pursuant to Par. 8.5 by Notice to Seller within 7 business days after Seller gives the Election Notice or within 7 business days after the Restoration Period expires (in the event Seller fails to complete the restoration within the Restoration Period), then Purchaser will be deemed to have conclusively elected the option to complete the purchase pursuant to Par. 8.5.2.

8.8 If Purchaser is given possession of the Unit prior to Closing:

8.8.1 Purchaser assumes all risk of Loss to the Unit and Property prior to Closing from fire or other cause not the fault of Seller or Seller's contractors, agents, employees or servants; and

8.8.2 Purchaser shall be obligated to complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller and without delay.

8.9 Notwithstanding anything to the contrary in Par 8.1, Purchaser shall have the right to cancel this Contract in accordance with Par. 16 if, prior to Closing and while Seller is in possession, through no fault of Purchaser or Purchaser's contractors, agents, employees and servants, either:

8.9.1 a Loss occurs to the Unit would cost more than 10% of the Purchase Price to restore; or

8.9.2 more than 10% of the units in the Premises are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Unit is damaged.

8.10 Purchaser shall be deemed to have waived Purchaser's right to cancel under Par. 8.9 if Purchaser fails to elect to cancel by Notice to Seller given within 7 business days after Seller gives Notice to Purchaser of the event which gives rise to Purchaser's right to cancel. In the event Purchaser waives or is deemed to have waived this right to cancel, the provisions of Par. 8.5.2 shall apply.

9. Closing Location

THE CLOSING SHALL BE HELD AT THE OFFICE OF SELLER'S ATTORNEY.

10. Closing

10.1 At Closing, Seller shall deliver:

10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;

10.1.2 Seller's counterpart original of the Lease and duly executed assignment thereof to Purchaser in the form required by the Corporation;

10.1.3 a written statement by an officer of the Corporation or its authorized agent consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts and payments status of the Maintenance and any Assessments;

10.1.4 executed FIRPTA document(s) (defined in Par. 26);

10.1.5 keys to the Unit, building entrances, garage, mailbox and any locks in the Unit;

10.1.6 if requested, an assignment to Purchaser of Seller's interest in the Property;

10.1.7 Net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable; and

10.1.8 instruments or other documents required under Par. 4.1.2, if any.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with Par. 2.2.2;

10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in form required by the

Corporation; and

10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be cancelled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall provide, the information necessary for Internal Revenue Service ("IRS") Form 1099-S or other similar form required.

10.4 At Closing, Seller shall provide and the parties shall execute, all documents necessary to comply with any applicable transfer and/or gains tax filings.

11. Closing Fees, Taxes and Apportionments

11.1 At Closing, Seller shall pay, if applicable:

~~11.1.1 the processing fee(s) of the Corporation, its attorneys, and/or agents, except as set forth in Par. 11.2.3;~~

11.1.2 the cost of stock transfer stamps; and

11.1.3 the transfer tax and transfer gains tax, except a transfer tax which by its terms imposes primary liability on the purchaser.

11.2 At Closing, Purchaser shall pay:

11.2.1 the sales taxes, if any, on this sale, other than the transfer stamps as provided for in Par. 11.1.2;

11.2.2 the cost of any title search;

11.2.3 any fee to the Corporation or its agents and/or attorneys relating to the transfer or the Purchaser's financing (currently \$400.00 to SMITH, BUSS & JACOBS LLP);

11.2.4 a transfer tax which by law is primarily imposed on the purchaser; and

11.2.5 **\$300.00 CLOSING FEE TO THE PHOENIX GROUP.**

11.3 At Closing, the Flip Tax, if any, shall be paid by the Party specified in Par. 1.15.

11.4 At Closing, the Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance and any other periodic charges due the Corporation (other than Assessments).

1.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned but shall be paid by the party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right to and elected to pay the Assessment in installments.

11.6 Each party covenants to the other that it will timely pay any taxes for which it is primarily liable pursuant to law. This Par. 11.6 shall survive Closing.

12. Broker

12.1 Each Party represents to the other that such Party has not dealt with any other person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker named in Par. 1.10.

12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker shall not be deemed to be a third-party beneficiary of this provision.

12.3 This Par. 12 shall survive the Closing.

13. Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole remedy shall be to terminate this Contract and retain the Contract Deposit as liquidated damages, except there shall be no limitation on Seller's remedies for breach of Par. 12.1. In case of Purchaser's misrepresentation or default, Seller's damages would be impossible to ascertain and the Contract Deposit constitutes a fair and reasonable amount of compensation.

13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.

13.3 Each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of the representations or covenants stated to survive Closing. This indemnity

includes, without limitation, reasonable attorney's fees and disbursements, court costs and litigation expenses. This Par. 13.3 shall survive the Closing.

13.4 Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the Lease obligations assumed by Purchaser. This indemnity includes, without limitation, reasonable attorney's fees and disbursements, court costs and litigations expenses. This indemnity does not include or excuse a breach of any representation or covenant by Seller in Par. 4.1. This Par. 13.4 shall survive the Closing.

13.5 In the event any instrument for the payment of the Contract Deposit fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Contract, provided Seller gives Purchaser notice of such failure of collection and, within 3 business days after Notice is given, Escrowee does not receive from Purchaser an unendorsed certified check, bank check or immediately available funds in the amount of the uncollected funds. Failure to cure such default shall entitle Seller to the remedy in Par. 13.1 and to retain all sums as may be collected and/or recovered.

14. Entire Agreement; Modification

14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to Par. 28, are merged in this Contract, which alone fully and completely expresses their agreement.

14.2 A provision of this Contract may be changed or waived only in writing signed by the Party (or Escrowee) to be charged.

14.3 The Attorneys may extend in writing any of the time limitations stated in this Contract.

15. No Assignment by Purchaser

15.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder and any purported assignment shall be null and void.

15.2 This Contract shall bind and inure to the benefit of the Parties hereto and their respective heirs, personal and legal representatives and successors in interest.

16. Cancellation for Other than Default or Misrepresentation

If Seller shall be unable to transfer the Lease and the Shares in accordance with this Contract for any reason not due to Seller's willful acts or omissions, then the sole obligation of Seller shall be to refund to Purchaser the Contract Deposit and reimburse Purchaser for the actual costs incurred for Purchaser's title or abstract search, except such reimbursement shall not be required if a cancellation is pursuant to Par. 6 or 19. Upon making such refund, this Contract shall be canceled and neither Party shall have any further claims against the other hereunder.

17. Notices

17.1 Any notice or demand ("Notice") shall be in writing and either delivered by hand or overnight delivery or sent by certified or registered mail to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at the address set forth in Par. 1, or to such other address as shall hereafter be designated by Notice given pursuant to this Par. 17.

17.2 Each Notice shall be deemed given on the same day if delivered by hand or on the following business day if sent by overnight delivery, or the second business day following the date of mailing.

17.3 The Attorneys are authorized to give any Notice specified in this Contract on behalf of their respective clients.

17.4 Failure to accept a Notice does not invalidate the Notice.

18. Margin Headings

The margin headings do not constitute part of the text of this Contract.

19. Financing Contingency (delete if inapplicable)

19.1 Purchaser may cancel this Contract and recover the Contract Deposit by following the procedure in Par. 19.4 if after complying with Purchaser's "Financing Obligations" in Par. 19.2 below and Purchaser's other obligations under this Contract:

19.1.1 Purchaser fails through no fault of Purchaser to obtain from an "Institutional Lender" (defined in Par. 19.5.1) a "Loan Commitment Letter" (defined in Par. 19.5.2) for financing on the Loan Terms and within the time period stated in Par. 1.16 (the "Loan"); or

19.1.2 the Institutional Lender and the Corporation cannot agree on the terms of an agreement for the protection of the Institutional lender (commonly called a recognition agreement), if required by the Institutional Lender.

19.2 Purchaser's right to cancel under Par. 19.1 and recover the Contract Deposit is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations":

19.2.1 Purchaser must apply in good faith for the Loan from an Institutional Lender within 7 business days after a fully executed counterpart of this Contract is given to Purchaser;

19.2.2 the Loan application must contain truthful, accurate and complete information as required by the Institutional Lender; and

19.2.3 Purchaser must comply with all requirements of the Institutional Lender to obtain the Loan Commitment Letter and to close the Loan.

19.3 Purchaser may also cancel this Contract and recover the Contract Deposit in accordance with the procedure in Par. 19.4 if:

19.3.1 the Closing is adjourned by Seller or the Corporation for more than 30 business days from the date set for Closing in Par. 1.11; and

19.3.2 the Loan Commitment Letter expires on a date more than 30 business days after the date set for Closing in Par. 1.11 and before the new date set for Closing pursuant to Par. 19.3.1; and

19.3.3 Purchaser is unable in good faith to obtain from the Institutional Lender an extension or a new Loan Commitment Letter for the Amount Financed stated in Par. 1.16 or the same principal amount stated in the expired Loan Commitment Letter, whichever is lower, without paying any additional fees to the Institutional Lender (unless Seller, within 5 business days after receipt of Notice of such fees, gives Notice that Seller will pay such fees and pays them when due). All other substantive Loan terms may be materially no less favorable than in the expired Loan Commitment Letter.

19.4 In order to cancel pursuant to Par. 19.1 or 19.3, Purchaser shall give Notice of cancellation to Seller within 7 business days after the right to cancel arises. Purchaser's failure to timely give such Notice of cancellation will be deemed a conclusive waiver of such right to cancel. In case of cancellation pursuant to Par. 19.1, a copy of any loan refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the Institutional Lender shall accompany the Notice of cancellation, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Par. 19.3, a copy of all written communications between the Institutional Lender and Purchaser concerning the extension or new loan commitment shall accompany the Notice of cancellation (or a copy of any letter refusing to extend the loan commitment or make a new loan commitment received by Purchaser after sending the cancellation Notice shall be sent to Seller promptly after receipt). Purchaser's obligation under this Par. 19.4 shall survive the cancellation of this Contract.

19.5 The definitions for certain terms used in this Par. 19 are:

19.5.1 an "Institutional Lender" is any bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, insurance company or governmental entity which is duly authorized to issue a loan secured by the Shares and Lease in the state where the Unit is located and is then currently extending similarly secured loan commitments; and

19.5.2 a "Loan Commitment Letter" is a written offer to make the Loan with or without recourse and whether or not conditional upon any factor other than an appraisal satisfactory to the Institutional Lender. An offer to make the Loan which is conditional on obtaining a satisfactory appraisal shall only become a Loan Commitment Letter upon such condition being met.

20. Singular/Plural and Joint/Several

The use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires. If more than one entity is selling or purchasing the Unit, their obligations shall be joint and several.

21. No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Computation errors shall survive and be corrected after Closing.

22. Inspections

Purchaser shall have the right to inspect the Unit at reasonable times upon reasonable request to Seller, and within 48 hours prior to Closing.

23. Governing Law

This Contract shall be governed by the laws of the State of New York. Any action or proceeding arising out of this Contract shall be brought in the county where the Unit is located and the Parties hereby consent to said venue.

24. Removal of Liens

24.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to Closing, a list of Liens, if any, which may violate Par. 4.1.

24.2 Seller shall have a reasonable period of time to remove any such Lien.

25. Cooperation of Parties

25.1 The Parties shall each cooperate with the other, the Corporation, Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to close.

25.2 The Parties shall timely file or pre-file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings will be true and complete. This Par. 25.2 shall survive the Closing.

26. FIRPTA and Gains Tax

26.1 The Parties shall comply with IRC §§ 897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Purchaser at or prior to Closing a Certification of Nonforeign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by Closing, the Purchaser shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the IRS. In the event of such withholding by Purchaser, Seller's obligations hereunder, including (but not limited to) the transfer of ownership of the Shares and Lease, shall not be excused or otherwise affected. In the event of any claimed over-withholding, Seller shall be limited solely to an action against the IRS for a refund. Seller hereby waives any right of action against Purchaser on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-filing is required by law, Purchaser shall simultaneously herewith deliver to Seller a completed and executed Transferee Questionnaire or the equivalent thereof.

27. Additional Conditions

27.1 Purchaser shall not be obligated to close unless at the time of the Closing:

27.1.1 the Corporation is duly incorporated and in good standing; and

27.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and

27.1.3 there is no pending *in rem* action or foreclosure action of any underlying mortgage affecting the Premises.

27.2 Purchaser shall give Seller Notice of any failure of any of the conditions in Par. 27.1. If any condition in Par. 27.1 is not true and is not cured within a reasonable period of time after giving said Notice, then either Seller or Purchaser shall have the option to cancel this Contract pursuant to Par. 16.

28. Escrow Terms **THE ESCROW IS SUBJECT TO THE TERMS OF THE OFFERING PLAN**

28.1 Escrowee acknowledges receipt of the check for the Contract Deposit, subject to collection.

28.2 The check for the Contract Deposit shall be deposited by Escrowee in an escrow account as described in Par. 1.18 and the proceeds held and disbursed in accordance with the terms of this Contract. Upon Closing, Escrowee shall deliver the Contract Deposit to Seller. In all other cases, if either Party makes a demand upon Escrowee for delivery of the Contract Deposit, Escrowee shall give Notice to the other Party of such demand. If a Notice of objection to the proposed payment is not received from the other Party within 10 business days after giving notice by Escrowee, time being of the essence, Escrowee is hereby authorized to deliver the Contract Deposit to the Party who made the demand. If Escrowee receives a Notice of objection within said period, or if for any other reason, Escrowee in good faith elects not to deliver the Contract Deposit, then Escrowee shall continue to hold the Contract Deposit and thereafter pay it to the Party entitled when Escrowee receives ~~(a) a Notice from the objecting Party withdrawing the objection, or (b) a Notice signed by both Parties directing disposition of the Contract Deposit or (c) a judgment or order of a court of competent jurisdiction~~ **OR (D) A DETERMINATION OF THE DEPARTMENT OF LAW.**

28.3 In the event of any dispute or doubt as to the genuineness of any document or signature, or uncertainty as to Escrowee's duties, then Escrowee shall have the right either to continue to hold the Contract Deposit in escrow or to pay the Contract Deposit into court pursuant to relevant statute.

28.4 The **SELLER** agrees to defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee against and from any claim, judgment, loss, liability, cost or expense resulting from any dispute or litigation arising out of or concerning Escrowee's duties or services hereunder. This indemnity includes, without limitation, disbursements and reasonable attorneys' fees

either paid to retain attorneys or representing fair value of legal services rendered by Escrowee to itself.

28.5 Escrowee shall not be liable **TO SELLER** for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrowee's own gross negligence or willful misconduct.

28.6 The parties acknowledged that Escrowee is merely a stakeholder. Upon payment of the Contract Deposit pursuant to Par. 28.2 of 28.3, Escrowee shall be fully released from all liability and obligations with respect to the Contract Deposit.

28.7 In the event Escrowee is the attorney for either Party, Escrowee shall be entitled to represent such Party in any lawsuit.

28.8 Escrowee shall serve without compensation.

28.9 The signing of this Contract by Escrowee is only to evidence Escrowee's acceptance of the terms and conditions of this Par. 28.

29. Binding Effect

This Contract shall not be binding unless a fully executed counterpart thereof has been delivered to each of the Parties.

See Rider annexed hereto for additional terms.

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written.

ESCROW TERMS AGREED TO:

SELLER:

PURCHASER:

GROSS AND GROSS LLP

GARDEN TOWERS LLC

Escrowee

BY: _____

RIDER TO CONTRACT DATED: _____, 200__

SELLER: GARDEN TOWERS LLC

PURCHASER:

APARTMENT: Apt. ___, 1-5 SADORE LANE, YONKERS, NEW YORK 10710

THIS RIDER IS INTENDED TO BE AFFIXED TO AND BECOME A PART OF THE ABOVE DESCRIBED CONTRACT; IF ANY PROVISION IN THIS RIDER CONFLICTS WITH OR IS INCONSISTENT WITH ANY PRINTED PROVISION OF THE CONTRACT, THEN THE PROVISION OF THIS RIDER SHALL CONTROL.

30. The terms of this Contract are expressly subject to the terms of that certain cooperative offering plan for the Corporation, dated as of September 24, 1982, as the same has been amended to date (the "Plan"). Purchaser acknowledges receipt of a copy of the Plan at least three (3) business days prior to execution of this Contract and represents that Purchaser has examined and is satisfied with same. In the event of conflict between the terms of the Plan and the terms of this Contract, the terms of the Plan shall control.

31. Supplementing Paragraphs 3 and 31, it is agreed that:

A. Seller is not obligated to install any equipment or appliances in the Unit or otherwise make any repairs, improvements or decorations to the Unit or its equipment, appliances and fixtures except as set forth in paragraph 45 of this Contract of Sale;

B. The Seller is a Holder of Unsold Shares as such term is defined in the Plan;

C. Purchaser acknowledges having entered into this Contract without relying upon any promises, statements, estimates, representations, warranties, conditions or other inducements, expressed or implied, oral or written, not set forth herein or in the Plan as amended.

32. Supplementing and modifying Paragraphs 2.2.2 and 10.2.1:

A. Purchaser hereby guarantees payment of all checks delivered at closing on account of Purchaser's obligations under this Contract. This subparagraph 32.A. shall survive the Closing.

B. Purchaser acknowledges that the balance of the Purchase Price must be paid by checks strictly in accordance with paragraph 2.2.2. Certified personal checks or official cashier's or bank checks payable to the order of Purchaser and endorsed to Seller will not be accepted at closing.

33. With respect to all proceeds received by or on behalf of Seller under this Agreement, the Seller shall comply with the trust fund and escrow provisions of General Business Law Section 352-h and Section 352-e(2-b).

34. The acceptance of the Shares and the assumption of the Lease by the Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Seller to be performed pursuant to the provisions of this Contract except (a) those expressly provided to survive the closing and (b) those obligations which Seller, as the Sponsor, is required to perform either under (i) the terms of the Plan, as amended to date, or (ii) applicable provisions of the General Business Law.

35. A. If through no fault of Seller, Purchaser, for any reason, fails to close within 15 days after the

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the date scheduled for closing in Paragraph 1.11 (the "Scheduled Closing Date"), the apportionments for the maintenance charges due the Corporation shall be as of midnight of the day preceding the fifteenth day after the scheduled closing date and not as of midnight on the day preceding the actual closing date. **Time is of the essence for Purchaser to pay and perform Purchaser's obligations hereunder within 30 days of the Scheduled Closing Date.**

B. Supplementing paragraphs 1.11, all closings must be scheduled on at least five (5) business days notice to Seller. Purchaser acknowledges that Seller and/or transfer agent may not be able accommodate Purchaser if Purchaser requests a closing on less than (5) business days notice. If, however, Seller and Transfer Agent can accommodate Purchaser's request to schedule closing on less than five (5) business days notice, Purchaser agrees to pay a **\$200.00 service fee to GROSS AND GROSS LLP** for "rush" service.

36. Supplementing Paragraph 10.2, Purchaser shall pay any application fee, recognition agreement review fee, move-in fee or other fee the Corporation may require.

37. Supplementing and Modifying Paragraph 28:

A. The Escrowee shall deposit and handle the Contract Deposit in accordance with the terms and provisions of Paragraph 1 of the 16th Amendment, Paragraph 7 of the 18th Amendment and Paragraph 7 of the 23rd Amendment to the Plan converting the Premises to cooperative ownership. Purchaser acknowledges having read the terms of such 16th, 18th and 23rd Amendments and the escrow provisions contained therein and agrees to be bound by same.

B. The Escrowee shall not be bound by any modification of this Contract or its escrow provisions unless there is delivered to the Escrowee a written modification signed by the parties. No such modification shall, without the written consent of the Escrowee, modify the provisions relating to the duties, obligations or rights of the Escrowee.

38. The execution and delivery of this Contract of Sale by Purchaser and the delivery thereof to Seller shall have no binding force and effect on Seller unless and until Seller shall have executed this Contract of Sale and a counterpart thereof shall have been delivered to Purchaser or Purchaser's attorney as set forth herein.

39. Purchaser understands that the Corporation is not a party to this Contract or the sale contemplated hereby and that no representations, warranties or promises of any kind have been made to Purchaser by the Corporation. Purchaser agrees that no claim will be made against the Corporation by Purchaser in respect of, or arising out of, the purchase of the shares and appurtenant Lease.

40. Purchaser represents to Seller and to the Corporation that Purchaser is not less than 18 years of age. The provisions of this Paragraph shall inure to the benefit of both Seller and the Corporation and shall survive the Closing.

41. Supplementing Paragraph 12, Seller and Purchaser agree to indemnify and hold the other harmless from and against any claim, judgment, liability, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from any breach of the representation set forth in Paragraph 12. The provisions of Paragraph 12 and this Paragraph shall survive the Closing.

42. If this Contract is terminated or canceled for any reason, the Purchaser agrees to return to the Seller or to Seller's attorney any and all documentation, including the offering plan, amendments to the offering plan and financial statements relative to this transaction; if Purchaser fails to return the documentation within ten (10) days of

the cancellation or termination of the Contract, Purchaser hereby authorizes the Escrow Agent to deduct the cost of replacing such documentation, up to \$150.00, from the Contract Deposit, if the same is to be refunded.

43. LEAD BASED PAINT HAZARDS

- A. Seller has no knowledge of any lead based paint and/or lead based paint hazards in the housing.
- B. Seller has no reports or records pertaining to lead based paint and/or lead based paint hazards in the housing.

C. ~~This Contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the date which is ten (10) days after this Contract is delivered to you. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet Protect Your Family From Lead in Your Home for more information.) This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written request, listing specific existing deficiencies and annexing a copy of the risk assessment, to terminate this contract. Upon receipt of such a request, Seller shall promptly return the down payment and this Contract shall be of no further force and effect. The Purchaser may remove this contingency at any time without cause.~~

D. Purchaser acknowledges receipt of a copy of the EPA pamphlet "Protect Your Family From Lead in Your Home."

44. FINANCING PROVISIONS

A. Supplementing Paragraph 1.16, and 19.1, any extension of the date set forth in paragraph 1.16, will be granted at the discretion of the Seller, and such extension must be agreed upon through the attorneys for the parties on or before the date set forth in paragraph 1.16.2, and must be confirmed in writing by the attorneys for the parties. Purchaser acknowledges that extensions of the date set forth in paragraph 1.16.2 agreed to by anyone other than the attorneys are not binding and will not be honored. For purposes of extending the date set forth in paragraph 1.16.2 only, notices may be sent by facsimile (with a copy simultaneously by regular mail) to the attorney without need to serve the Seller or the Purchaser.

B. The parties acknowledge that the Purchaser has an option either (i) to obtain financing through BNY MORTGAGE COMPANY LLC (the "Lender") for up to 95% of the Purchase Price on such terms as the Lender may then offer, in which case the Seller shall give Purchaser a credit at Closing of up to 3% of the Purchase Price but not more than \$2,100.00, equal to the Purchaser's actual closing costs imposed by the Lender for the following: points, Lender's attorneys fee, judgment and lien search fee (up to \$200.00), UCC filing fee, flood certification fee; or (ii) apply for financing through the lender of Purchaser's choice, in which event Seller shall not grant a closing cost credit.

C. Purchaser gives permission for any Lender or any other lending institution to discuss any and all details of Purchaser's application and financing process with the Seller or the Selling Agent.

D. Seller shall not be obligated to grant the credit referred to in Clause 44. B. (i) unless Purchaser complies strictly with the following: the Purchaser must diligently pursue the application with the Lender, must promptly provide the Lender with all documentation requested by the Lender, and must comply with all requirements of the Lender.

45. UNIT IMPROVEMENTS

- A. Seller will make the following improvements to the Unit within 60 days after closing:

- (i) install new kitchen cabinets;
- (ii) purchase and install new 15 cubic foot refrigerator;
- (iii) purchase and install range;
- (iv) purchase and install dishwasher;
- (v) purchase and install stainless steel sink;
- (vi) purchase and install new kitchen floor; and
- (vii) purchase and install bathroom vanity/sink (where heating register precludes vanity, wall hung sink will be installed).

B. Purchaser acknowledges that the Corporation requires that 80% of the floors in the Unit be carpeted, and that Seller will not cure cosmetic problems with existing flooring or, if applicable, caused or revealed by removal of existing carpeting.

C. Purchaser acknowledges that absolutely no repairs or improvements will be made by the Seller other than those specified herein. Purchaser further acknowledges that insertion of indefinite terms such as "rental ready" shall be deemed void.

SELLER: GARDEN TOWERS LLC PURCHASER:

BY: _____

THIRTY SECOND AMENDMENT

TO

OFFERING PLAN OF

COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS

1, 2, 3, 4 AND 5 SADORE LANE

YONKERS, NEW YORK 10710

Dated: February 10, 2006

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; AND THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005 AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

(1) The Sponsor currently holds Unsold Shares allocated to 220 of the 778 Apartments at the Premises, representing 28.278% of all Apartments, as set forth in Exhibit A annexed.

(2) The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

(3) The Sponsor, as Holder of Unsold Shares, holds the Shares allocated to those Apartments indicated on Exhibit "A" annexed hereto. As of January 1, 2006 the aggregate monthly maintenance charges due in connection with the Unsold Shares are \$112,588.08. The aggregate monthly rents received from tenants of Apartments to which Unsold Shares are allocated are \$133,222.40. The Sponsor owns the Shares allocated to one additional Apartment which has been previously sold. The monthly maintenance charge due in connection with these Shares is \$246.84. The monthly rent received from the tenant of the Apartment to which these Shares are allocated is \$862.69. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected.

The Sponsor plans to market the vacant Apartments to which Unsold Shares are allocated immediately. As those Apartments are sold the monthly maintenance charges due to the Apartment Corporation will decrease.

(4) As disclosed in the 25th Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases.

(5) Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 28, 2005, and February 29, 2004.

(6) Some of the principals of the Sponsor, as individual holders of unsold shares or units or as general partners or principals of the sponsor, or holder of unsold shares, own more than 10% of the shares or units in other cooperative or condominium conversion projects. The offering plans for these buildings are on file with the Department of Law and are available for public inspection. The principals of the Sponsor, as individual holders of unsold shares, are current on all financial obligations in respect of these other cooperatives in which they owns shares or units as individuals, general partners or principals.

Annexed hereto as Exhibit "C" is a list of the identity of each principal of the Sponsor who owns more than 10% of the shares of other buildings, and the address of said building.

(7) The current maintenance charges are \$3.63 per share per month. Maintenance charges were increased as of March 1, 2005; the increase was 9%. As of the date of this amendment, the board has not adopted a budget for the March 1, 2006 to February 28, 2007 fiscal year.

(8) The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on October 21, 2004. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Scheinberg, treasurer, Mike Abelson, James Schoen, and Abraham Roller. Of the foregoing, James Schoen and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984. An annual meeting was called for September 29, 2005 but there was no quorum and hence there were no elections.

(9) As disclosed in the Twenty Ninth Amendment, the Corporation has been named as a defendant in a lawsuit entitled Sadore Estates v. Sadore Lane Gardens, Inc., DJP Management, Inc. and John Doe No. 1 to 45. (Westchester County Supreme Court, index number 03-20348). Sadore Estates is a partnership with a composition similar to that of the Sponsor; Sadore Estates is the record owner of a parcel of land, known as 70 Salisbury Road, Yonkers, New York, which is located behind 5 Sadore Lane. The suit seeks a determination that Sadore Estates is the sole owner of this parcel, that Sadore Estates may exclude others from parking on the lot, and that Sadore Estates is entitled to utilize an easement over the driveway between Sadore Lane and the 70 Salisbury Road lot over the existing driveway. The 70 Salisbury Road lot is currently used for additional parking by residents of Sadore Lane Gardens, Inc. pursuant to an oral license granted by Sadore Estates many

years ago; Sadore Estates advised the Corporation in June 2003 that it was revoking this license; Sadore Estates has also similarly advised DJP Management, Inc., the vendor which administers all parking at Sadore Lane, and letters have been distributed to the vehicles parked on the 70 Salisbury Road lot informing the drivers/owners of such vehicles that their parking is without the consent of the owner of the lot and must stop immediately. The Corporation answered and asserted various counterclaims; additionally, the Corporation filed a complaint with the Department of Law in which it alleged that the Sponsor's original disclosure was inadequate as regards the parcel in question in the lawsuit. Since the filing of the lawsuit and the Department of Law complaint, the parties have been attempting to negotiate a settlement, and no action had been taken in either the suit or on the complaint. Unfortunately, negotiations have recently broken down, and the lawsuit will proceed.

(10) Mildred Roller, a principal of the Sponsor, passed away on August 15, 2005. Cheryl Bassin Hurwitz, Philip Rosen and Steven D. Freesman have been appointed executors of her estate by the Bergen County Surrogate's Court. Her executors indicate that estate will be administered over the next one to two years.

(11) As disclosed in the Thirtieth Amendment, the most recent price for the unsold shares is \$1,250.00 per share

(12) The Offering Plan may be used for twelve (12) months from the date of this Amendment.

(13) The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

(14) Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.

Apartment Corporation

GARDEN TOWERS LLC

Sponsor

Exhibit A

BUILDING NO. 1

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1E	130	3B	205	5A	106	7B	213
		3F	163	5E	140	7C	110
1L	162	3G	132	5G	136	7D	78
		3N	102	5L	172	7G	140
2A	100	3T	168	5N	106	7H	140
2K	159	3V	136	5S	140	7J	124
		3X	168	5Y	172	7S	144
2P	100	3Z	102			7T	176
2T	166			6B	211	7V	144
2U	134	4B	207	6E	142	7X	176
2X	166	4G	134	6L	174		
		4K	165	6V	142		
		4L	170				
		4M	104				
		4V	138				
		4Y	170				
							6,467

Building Totals:

Apartments: 44

Shares: 6,467

BUILDING NO. 2

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1A	96	3C	97	5B	209	7G	144
1O	60	3J	120	5T	161	7H	144
1T	151	3L	168	5Y	172	7J	128
1V	126					7P	105
1W	110	3T	157	6A	108	7R	74
		3X	163	6E	136	7Z	110
2C	95			6F	167		
2G	134	4D	68	6H	142		
2H	134	4F	163	6K	174		
2M	100			6U	138		

UNSOLED APARTMENTS

Exhibit A

		4H	138	6V	138		
2R	64	4K	170	6W	122		
2S	128	4L	170	6Y	174		
2U	130	4M	104				
2W	114	4O	207				
2Y	166	4T	159				
		4X	165				
		4Z	104				
							6,307

Building Totals:

Apartments: 47

Shares: 6,307

BUILDING NO. 3

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1B	96	2E	134			6E	142
		2H	134	4K	170	6F	174
1E	130	2J	118	4R	72	6J	126
1J	114	2L	166	4S	138	6K	174
1K	162	2S	134	4U	137	6U	142
1L	162	2V	134	4W	122	6V	142
1M	96						
		3C	102			7C	110
1S	130	3D	70	5G	140	7D	78
1T	162	3G	136			7G	144
1U	130	3K	168	5K	172	7O	213
1Y	162	3S	136	5N	106	7X	176
1Z	96			5S	140		
				5V	140		
				5X	172		
							6,002

Building Totals:

Apartments: 44

Shares: 6,002

Exhibit A

BUILDING NO. 4

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1C	91	3C	97	5A	106	7B	213
1E	124	3H	136	5B	209	7H	144
1J	112	3J	118	5D	70	7K	174
1N	96	3K	166	5F	165	7S	138
1T	157	3S	130	5J	122	7T	171
1X	162	3U	136			7U	144
1Y	162	3W	120	5O	209	7X	176
				5T	167	7Y	176
2B	203	4E	132				
2C	95	4F	163				
2E	128	4K	168	6C	103		
2G	132	4V	138	6F	167		
2K	164	4X	170	6G	142		
2O	203			6L	174		
2S	128			6M	108		
2U	134			6S	136		
2W	118			6X	174		
				6Y	174		
							7,445

Building Totals:

Apartments: 51Shares 7,445

BUILDING NO. 5

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
LG	128	3B	136	5M	169	7B	144
LM	94	3C	136	5N	169	7E	213
		3E	205			7F	144
1E	128	3J	118	6C	142	7G	144
1H	114			6E	211	7K	144
1L	132			6K	142	7M	173
				6L	142	7N	173

Exhibit A

2K	134	4C	138	6R	142	7P	144
2P	132	4G	138				
2R	132	4H	120				
		4L	138				
		4P	138				
		4R	138				
							4,795

Building Totals:

Apartments: 33

Shares: 4,795

Project Unsold Share Totals:

Apartments: 219

Shares: 31,016

Building 1

2R 68** Toribio

(foreclosed - stock certificate & proprietary
 lease- in file no. 93-355)

**NOT AN UNSOLD SHARE UNIT BUT OWNED BY SPONSOR

220 apartments unsold out of 778 = 28.278%

31,084 shares out of 103,985 = 29.893%

Total for project:

Apartments: 220

Shares: 31,084

SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 28, 2005
AND FEBRUARY 29, 2004

SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 28, 2005 AND FEBRUARY 29, 2004

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REC'D FEB 16 2006

EXHIBIT "C"

PERCENTAGE INTEREST IN OTHER CO-OPS

BY HOLDERS OF UNSOLD SHARES

Individual's Name	Percentage Interest	Building Address	Dept. of Law File No.
PHILIP ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022
	71.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
ESTATE OF MILDRED ROLLER	21.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
MICHAEL ROSEN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
WENDY LANDIS	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
PHYLLIS RASKIN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
RITA ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005 AND FEBRUARY 29, 2004NOTE 10 : COMMITMENTS AND CONTINGENCIES (CONTINUED)Litigation

The Corporation is involved in litigation with an affiliate of the Sponsor (the "claimant") in which the claimant seeks a declaratory judgment that it owns the parking lot located adjacent to one of the Corporation's buildings (5 Sadore Lane), which has been used by the Corporation as parking for its shareholders since the Corporation's inception. The claimant also seeks an order ejecting the Corporation from the disputed parcel so that the parcel may be sold to a developer who intends to build a residential building on the site. The Corporation is vigorously defending the lawsuit and has asserted counterclaims seeking to either establish its ownership of the parcel or its right to the continued use thereof. The parties are involved in discussions, but the outcome of the discussions is presently uncertain. The outcome of the claims and counterclaims is also uncertain. Accordingly, management is not able to estimate the loss, or range of loss, if any, that might result from this matter. However, management believes that an adverse finding in the case will not materially affect the Corporation's financial position or results of operations.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

Effective January 1, 2001, the managing agent agreement with Prime Locations, Inc. ("Prime") was extended for five years. Pursuant to the agreement, Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to board approval in certain instances. The management agreement provides that Prime shall receive \$175,000 annually.

Agreement for Parking Garage Services

Effective February 1, 2002, the Corporation exercised a five-year renewal of their current agreement with a managing agent to manage the garages and outside parking. The agreement provides that the Corporation shall retain \$281,460 annually. For the years ended February 28, 2005 and February 29, 2004, parking income was \$277,664 and \$268,311, respectively. As a result of the fire damage discussed in Note 9, parking garage services receipts were reduced by \$3,510 during the year ended February 28, 2005 and \$13,149 during the year ended February 29, 2004.

Agreement for Maintenance of Laundry Facilities

Effective October 1, 1999, the Corporation exercised a ten-year renewal of its agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement provides that the Corporation shall receive \$50,400 per year. For the years ended February 28, 2005 and February 29, 2004, laundry income was \$48,552 and \$48,720, respectively. As a result of the fire damage discussed in Note 9, laundry facilities receipts were reduced by \$2,300 during the year ended February 28, 2005 and \$1,680 during the year ended February 29, 2004.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). The agreement is for an initial term of five years and can be automatically renewed for two additional five-year terms.

The projected license fees for the year ended February 28, 2006, are \$23,397.

Agreement for Maintenance of Elevators

Effective November 1, 2001, the Corporation renewed its agreement with an elevator contractor to assume maintenance of the elevators for five years. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005 AND FEBRUARY 29, 2004

NOTE 7 LINE OF CREDIT

In February 2004, the Corporation refinanced its prior line of credit with a new line of credit agreement from the Bank, which allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014 and is secured by a second mortgage on the land and building owned by the Corporation. Interest only is payable monthly on the outstanding balance at the lender bank's prime rate plus 1.25% (7.0% at February 28, 2005) through March 1, 2009. Thereafter, monthly payments of principal, in the minimum amount of \$100, and interest shall be made on the outstanding balance until maturity.

Concurrent with the establishment of this credit line, the Corporation was required to purchase 87.50 shares of Class B capital stock in the Bank totaling \$8,750. The Corporation must hold this stock until the maturity date of the mortgage note (Note 6).

At February 28, 2005, there was no outstanding balance on this line of credit.

NOTE 8 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents do not require the accumulation of funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future, nor has it developed a plan to fund those needs. When funds required for future major repairs and replacements exceed the balances maintained in the reserve fund, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 9 FIRE LOSS

In February 2003, there was an electrical fire that caused substantial damages to one of the buildings. The Corporation repaired all damages at a cost of approximately \$760,000. The Corporation was fully insured for the loss and received approximately \$760,000 in insurance proceeds during the year ended February 29, 2004. The cost of the damages, net of insurance proceeds, is included in administrative costs. The net amount was not material.

In February 2004, there was another electrical fire that caused substantial damages to one of the buildings. The Corporation repaired all damages at a cost of approximately \$607,000. The Corporation was fully insured for the loss and received approximately \$607,000 in insurance proceeds during the year ended February 28, 2005. The cost of the damages, net of insurance proceeds, is included in administrative costs. The net amount was not material.

NOTE 6 MORTGAGE PAYABLE

In February 2004, the Corporation refinanced its prior mortgage with a new mortgage from National Cooperative Bank, FSB (the "Bank") in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,600,000 due at maturity. The mortgage note is collateralized by the land and building owned by the Corporation, which has a net book value of \$7,457,349.

As required by the new mortgage agreement, the Corporation deposited \$1,000,000 from the proceeds to fund the Corporation's capital improvement reserve fund. In addition, these funds represent collateral security to the bank to ensure payment and performance by the Corporation of its obligations under the terms of the mortgage. If at any time the Corporation defaults under the terms of the mortgage, the bank has no obligation to disburse the collateral security to fund future capital improvements; the bank has the right to hold the remainder of the collateral security to be disbursed in accordance with the terms of the mortgage.

In addition, in lieu of paying mortgage tax at closing, the Corporation was required to purchase 1,600 shares of Class B capital stock of the Bank totaling \$160,000. The Corporation must hold this stock until the loan matures.

In connection with the refinancing, the Corporation was required to pay a mortgage prepayment fee of \$1,209,733 to the former bank.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2006	\$ 121,422
2007	128,161
2008	135,275
2009	140,364
2010	150,574
Thereafter	<u>15,224,243</u>
	<u>\$ 15,900,039</u>

SADORE LANE GARDENS, INC.
 NOTES TO FINANCIAL STATEMENTS
 FEBRUARY 28, 2005 AND FEBRUARY 29, 2004

NOTE 3 CONCENTRATION OF CREDIT RISK

At February 28, 2005 and February 29, 2004, and routinely throughout each year, the Corporation maintained cash deposits with financial institutions in excess of the Federal Deposit Insurance Corporation's insurable limits. The Corporation has not experienced any losses in these accounts and feels it is not exposed to any significant credit risk with respect to cash. Additionally, the Corporation maintains cash balances at a brokerage firm in excess of the Securities Investor Protection Corporation's insurable limits. However, the brokerage firm carries supplemental insurance to protect the balance of their depositors' funds in excess of the federal coverage. Therefore, the Corporation has no significant credit risk with respect to these deposits.

NOTE 4 RECEIVABLE FROM SPONSOR

Pursuant to the offering plan, as amended, the Corporation is to receive \$1,000,000 from the Sponsor in specified installments out of proceeds from the sale of the Corporation's shares of common stock ("shares"). As of February 28, 2005, the Corporation has received a total of \$750,096, of which \$17,061 and \$15,728 was received during the years ended February 28, 2005 and February 29, 2004, respectively. The remaining balance of \$249,904 is due in installments subject to future sales of shares by the Sponsor.

NOTE 5 LAND, PROPERTY AND EQUIPMENT

The estimated useful lives of depreciable property and equipment for the purpose of computing depreciation for financial reporting purposes are as follows:

	<u>Years</u>
Buildings	27.5
Building improvements	5 - 39
Equipment	5
Vehicles	5

Land, property and equipment consist of the following:

	<u>2005</u>	<u>2004</u>
Land	\$ 1,568,638	\$ 1,568,638
Buildings	8,888,950	8,888,950
Building improvements	5,986,330	5,475,641
Equipment	39,179	30,482
Vehicles	14,911	14,911
	<u>16,498,008</u>	<u>15,978,622</u>
Less: accumulated depreciation	<u>(9,040,659)</u>	<u>(8,508,165)</u>
	<u>\$ 7,457,349</u>	<u>\$ 7,470,457</u>

Depreciation expense of \$532,494 and \$527,574 was recorded for the years ended February 28, 2005 and February 29, 2004, respectively.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2005 AND FEBRUARY 29, 2004

NOTE 1 ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units; as of February 28, 2005, there were 545 units owned by tenant-shareholders and 233 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist principally of money market funds.

Certificates of Deposit

Certificates of deposit consist of all certificates purchased with an original maturity date in excess of three months. The certificates are recorded at cost, which approximates market value. All certificates of deposit mature during the year ended February 28, 2006.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted average life of the deferred finance costs at February 28, 2005, is nine years. Amortization expense for each of the next five years is estimated to be \$23,330.

Land, Property and Equipment

Land, property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

	<u>2005</u>	<u>2004</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 798,022	\$ 967,540
Income taxes paid	\$ 10,104	\$ 9,733

Non-cash investing and financing activities:

During February 2004, a mortgage payable amounting to \$16,000,000 was incurred to:

Repay a mortgage payable held by HSBC	\$ 10,760,214
Repay a line of credit with HSBC	1,240,000
Pay deferred finance costs	<u>233,298</u>
	12,233,512
Plus: cash received	<u>3,766,488</u>
Mortgage payable incurred	\$ <u>16,000,000</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.

SADORE LANE GARDENS, INC.

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

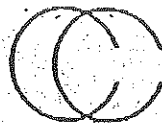
FOR THE YEARS ENDED FEBRUARY 28, 2005 AND FEBRUARY 29, 2004

	<u>2005</u>	<u>2004</u>
Revenues:		
Maintenance assessments	\$ 4,147,802	\$ 4,107,940
Parking	277,664	268,311
Investment income, net	29,516	5,926
Laundry	48,552	48,720
Storage	23,554	22,810
License fee	34,196	32,881
Other	<u>34,764</u>	<u>22,171</u>
Total revenues	4,506,048	4,508,759

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 28, 2005 AND FEBRUARY 29, 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 406,821	\$ 1,478,419
Certificates of deposit	865,000	-
Restricted cash - reserve fund	1,018,452	1,000,000
Investment in National Cooperative Bank, FSB	168,750	168,750
Real estate tax escrow deposits	183,486	-
Assessments and other receivables	28,620	36,988
Prepaid real estate taxes and other prepaid expenses	269,883	414,525
Deferred finance costs, net	209,968	233,298
Land, property and equipment, net	<u>7,457,349</u>	<u>7,470,457</u>
TOTAL ASSETS	\$ <u>10,608,329</u>	\$ <u>10,802,437</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 467,404	\$ 113,029
Mortgage note payable	<u>15,900,039</u>	<u>16,000,000</u>
Total liabilities	<u>16,367,443</u>	<u>16,113,029</u>
Commitments and contingencies (Notes 6, 8 and 10)		
Shareholders' deficit:		
Common stock, \$1 par value; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(8,303,237)</u>	<u>(7,837,654)</u>
	(5,509,210)	(5,043,627)
Less: receivable from sponsor	<u>(249,904)</u>	<u>(266,965)</u>
Total shareholders' deficit	<u>(5,759,114)</u>	<u>(5,310,592)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ <u>10,608,329</u>	\$ <u>10,802,437</u>

See accompanying notes to financial statements.



Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 28, 2005 and February 29, 2004, and the related statements of operations and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sadore Lane Gardens, Inc. as of February 28, 2005 and February 29, 2004, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Corporation has not estimated the remaining lives and replacement costs of its building and building improvements and, therefore, has not presented the supplementary information on future major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.

CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 12, 2005

May 14, 2005

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SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 28, 2005
AND FEBRUARY 29, 2004

Abstract

Building Totals:

Shares: 4,795

11954

Shares: 31,016

(foreclosed - stock certificate & proprietary
lease- in file no. 93-355)

**NO

500

21.08

T-4-3

Shares: 31,084

Exhibit A

BUILDING NO. 4

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1C	91	3C	97	5A	106	7B	213
1E	124	3H	136	5B	209	7H	144
1J	112	3J	118	5D	70	7K	174
1N	96	3K	166	5F	165	7S	138
1T	157	3S	130	5J	122	7T	171
1X	162	3U	136			7U	144
1Y	162	3W	120	5O	209	7X	176
				5T	167	7Y	176
2B	203	4E	132				
2C	95	4F	163				
2E	128	4K	168	6C	103		
2G	132	4V	138	6F	167		
2K	164	4X	170	6G	142		
2O	203			6L	174		
2S	128			6M	108		
2U	134			6S	136		
2W	118			6X	174		
				6Y	174		
							7,445

Building Totals:

Apartments: 51Shares 7,445

BUILDING NO. 5

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
LG	128	3B	136	5M	169	7B	144
LM	94	3C	136	5N	169	7E	213
		3E	205			7F	144
1E	128	3J	118	6C	142	7G	144
1H	114			6E	211	7K	144
1L	132			6K	142	7M	173
				6L	142	7N	173

Exhibit A

		4H	138	6V	138		
2R	64	4K	170	6W	122		
2S	128	4L	170	6Y	174		
2U	130	4M	104				
2W	114	4O	207				
2Y	166	4T	159				
		4X	165				
		4Z	104				
							6,307

Building Totals:

Apartments: 47

Shares: 6,307

BUILDING NO. 3

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1B	96	2E	134			6E	142
		2H	134	4K	170	6F	174
1E	130	2J	118	4R	72	6J	126
1J	114	2L	166	4S	138	6K	174
1K	162	2S	134	4U	137	6U	142
1L	162	2V	134	4W	122	6V	142
1M	96						
		3C	102			7C	110
1S	130	3D	70	5G	140	7D	78
1T	162	3G	136			7G	144
1U	130	3K	168	5K	172	7O	213
1Y	162	3S	136	5N	106	7X	176
1Z	96			5S	140		
				5V	140		
				5X	172		
							6,002

Building Totals:

Apartments: 44

Shares: 6,002

Exhibit A

BUILDING NO. 1

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1E	130	3B	205	5A	106	7B	213
		3F	163	5E	140	7C	110
1L	162	3G	132	5G	136	7D	78
		3N	102	5L	172	7G	140
2A	100	3T	168	5N	106	7H	140
2K	159	3V	136	5S	140	7J	124
		3X	168	5Y	172	7S	144
2P	100	3Z	102			7T	176
2T	166			6B	211	7V	144
2U	134	4B	207	6E	142	7X	176
2X	166	4G	134	6L	174		
		4K	165	6V	142		
		4L	170				
		4M	104				
		4V	138				
		4Y	170				
							6,467

Building Totals:

Apartments: 44

Shares: 6,467

BUILDING NO. 2

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1A	96	3C	97	5B	209	7G	144
1O	60	3J	120	5T	161	7H	144
1T	151	3L	168	5Y	172	7J	128
1V	126					7P	105
1W	110	3T	157	6A	108	7R	74
		3X	163	6E	136	7Z	110
2C	95			6F	167		
2G	134	4D	68	6H	142		
2H	134	4F	163	6K	174		
2M	100			6U	138		

years ago; Sadore Estates advised the Corporation in June 2003 that it was revoking this license; Sadore Estates has also similarly advised DJP Management, Inc., the vendor which administers all parking at Sadore Lane, and letters have been distributed to the vehicles parked on the 70 Salisbury Road lot informing the drivers/owners of such vehicles that their parking is without the consent of the owner of the lot and must stop immediately. The Corporation answered and asserted various counterclaims; additionally, the Corporation filed a complaint with the Department of Law in which it alleged that the Sponsor's original disclosure was inadequate as regards the parcel in question in the lawsuit. Since the filing of the lawsuit and the Department of Law complaint, the parties have been attempting to negotiate a settlement, and no action had been taken in either the suit or on the complaint. Unfortunately, negotiations have recently broken down, and the lawsuit will proceed.

(10) Mildred Roller, a principal of the Sponsor, passed away on August 15, 2005. Cheryl Bassin Hurwitz, Philip Rosen and Steven D. Freesman have been appointed executors of her estate by the Bergen County Surrogate's Court. Her executors indicate that estate will be administered over the next one to two years.

(11) As disclosed in the Thirtieth Amendment, the most recent price for the unsold shares is \$1,250.00 per share

(12) The Offering Plan may be used for twelve (12) months from the date of this Amendment.

(13) The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

(14) Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.

Apartment Corporation

GARDEN TOWERS LLC

Sponsor

(6) Some of the principals of the Sponsor, as individual holders of unsold shares or units or as general partners or principals of the sponsor or holder of unsold shares, own more than 10% of the shares or units in other cooperative or condominium conversion projects. The offering plans for these buildings are on file with the Department of Law and are available for public inspection. The principals of the Sponsor, as individual holders of unsold shares, are current on all financial obligations in respect of these other cooperatives in which they owns shares or units as individuals, general partners or principals.

Annexed hereto as Exhibit "C" is a list of the identity of each principal of the Sponsor who owns more than 10% of the shares of other buildings, and the address of said building.

(7) The current maintenance charges are \$3.63 per share per month. Maintenance charges were increased as of March 1, 2005; the increase was 9%. As of the date of this amendment, the board has not adopted a budget for the March 1, 2006 to February 28, 2007 fiscal year.

(8) The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on October 21, 2004. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Scheinberg, treasurer, Mike Abelson, James Schoen, and Abraham Roller. Of the foregoing, James Schoen and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984. An annual meeting was called for September 29, 2005 but there was no quorum and hence there were no elections.

(9) As disclosed in the Twenty Ninth Amendment, the Corporation has been named as a defendant in a lawsuit entitled Sadore Estates v. Sadore Lane Gardens, Inc., DJP Management, Inc. and John Doe No. 1 to 45. (Westchester County Supreme Court, index number 03-20348). Sadore Estates is a partnership with a composition similar to that of the Sponsor; Sadore Estates is the record owner of a parcel of land, known as 70 Salisbury Road, Yonkers, New York, which is located behind 5 Sadore Lane. The suit seeks a determination that Sadore Estates is the sole owner of this parcel, that Sadore Estates may exclude others from parking on the lot, and that Sadore Estates is entitled to utilize an easement over the driveway between Sadore Lane and the 70-Salisbury Road lot over the existing driveway. The 70 Salisbury Road lot is currently used for additional parking by residents of Sadore Lane Gardens, Inc. pursuant to an oral license granted by Sadore Estates many

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

(1) The Sponsor currently holds Unsold Shares allocated to 220 of the 778 Apartments at the Premises, representing 28.278% of all Apartments, as set forth in Exhibit A annexed.

(2) The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

(3) The Sponsor, as Holder of Unsold Shares, holds the Shares allocated to those Apartments indicated on Exhibit "A" annexed hereto. As of January 1, 2006 the aggregate monthly maintenance charges due in connection with the Unsold Shares are \$112,588.08. The aggregate monthly rents received from tenants of Apartments to which Unsold Shares are allocated are \$133,222.40. The Sponsor owns the Shares allocated to one additional Apartment which has been previously sold. The monthly maintenance charge due in connection with these Shares is \$246.84. The monthly rent received from the tenant of the Apartment to which these Shares are allocated is \$862.69. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected.

The Sponsor plans to market the vacant Apartments to which Unsold Shares are allocated immediately. As those Apartments are sold the monthly maintenance charges due to the Apartment Corporation will decrease.

(4) As disclosed in the 25th Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases.

(5) Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 28, 2005, and February 29, 2004.

THIRTY THIRD AMENDMENT

TO

OFFERING PLAN OF
COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS
1, 2, 3, 4 AND 5 SADORE LANE
YONKERS, NEW YORK 10710

Dated: March 19, 2007

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005, AND THE THIRTY SECOND AMENDMENT DATED FEBRUARY 10, 2006 AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

(1) The Sponsor currently holds Unsold Shares allocated to 204 of the 778 Apartments at the Premises, representing 26.22% of all Apartments, as set forth in Exhibit A annexed.

(2) The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

(3) The Sponsor, as Holder of Unsold Shares, holds the Shares allocated to those Apartments indicated on Exhibit "A" annexed hereto. As of January 1, 2007 the aggregate monthly maintenance charges due in connection with the Unsold Shares are \$115,802.28. The aggregate monthly rents received from tenants of Apartments to which Unsold Shares are allocated are \$123,987.27. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected.

The Sponsor plans to market the vacant Apartments to which Unsold Shares are allocated immediately. As those Apartments are sold the monthly maintenance charges due to the Apartment Corporation will decrease.

(4) The loan disclosed in the 25th Amendment to the Offering Plan has been replaced with a new loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases. On December 18, 2006, the Sponsor obtained a loan secured by the pledge of the Sponsor's Unsold Shares and the proprietary leases appurtenant thereto. The material terms of this loan include the following:

Identity of lender:	Webster Bank, National Association
Address of lender:	Two Stamford Plaza 281 Tresser Blvd., 4 th Floor Stamford, CT 06901
Loan Amount:	\$5,000,000.00

Maturity Date: January 1, 2012; if extended, January 1, 2015
 Interest Rate: 7.18.% as to \$2,500,000.00 (the "fixed rate portion") and a series of adjustable rates based on the various London Interbank Offered Rates, on a reserve adjusted basis, plus 200 basis points (currently 5.29%) as to \$2,500,000.00 (the "alternate base rate portion"), but never more than 7.75%.
 Approximate
 Monthly Payments: \$31,525.00 (actual amount will vary due to (a) daily interest accrual, (b) prepayments due to sales and (c) rate fluctuation)
 Other Payments: Release payment of 150% of the allocated loan principal then outstanding, on a per Share basis, is due whenever Unsold Shares are sold.

(5) Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 28, 2006, and February 28, 2005.

(6) Some of the principals of the Sponsor, as individual holders of unsold shares or units or as general partners or principals of the sponsor or holder of unsold shares, owned more than 10% of the shares or units in other cooperative or condominium conversion projects; such unsold shares were sold and transferred to third parties on February 23, 2007. The offering plans for these buildings are on file with the Department of Law and are available for public inspection. The principals of the Sponsor, as individual holders of unsold shares, are current on all financial obligations in respect of these other cooperatives in which they owns shares or units as individuals, general partners or principals.

Annexed hereto as Exhibit "C" is a list of the identity of each principal of the Sponsor who owned more than 10% of the shares of other buildings prior to February 23, 2007, and the address of said building.

(7) The current maintenance charges are \$3.96 per share per month. Maintenance charges were increased as of August 1, 2006; the increase was 9%. Copies of the budgets for March 1, 2006 to February 28, 2007 and March 1, 2007 to February 28, 2007 are annexed as Exhibit "D."

(8) The current board of directors of the Corporation was elected at the annual

stockholders' meeting which was held on October 19, 2007. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Schienberg, treasurer, Mike Abelson, James Schoen, and Abraham Roller. Of the foregoing, James Schoen and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

(9) As disclosed in the Twenty Ninth Amendment, the Corporation has been named as a defendant in a lawsuit entitled Sadore Estates and Sador Tower LLC v. Sadore Lane Gardens, Inc., DJP Management, Inc. and John Doe No. 1 to 45. (Westchester County Supreme Court, index number 03-20348). Sadore Estates is a partnership with a composition similar to that of the Sponsor; Sadore Estates was the record owner of a parcel of land, known as 70 Salisbury Road, Yonkers, New York, which is located behind 5 Sadore Lane; Sador Tower LLC is the current owner of the parcel. The suit seeks a determination that Sadore Estates was the sole owner of this parcel with the right to transfer title to Sador Tower LLC, that Sadore Estates in the past and now Sador Tower LLC may exclude others from parking on the lot, and that the owner of the parcel is entitled to utilize an easement for access and egress between Sadore Lane and the 70 Salisbury Road lot over the existing driveway. The 70 Salisbury Road lot is currently used for additional parking by residents of Sadore Lane Gardens, Inc. pursuant to an oral license granted by Sadore Estates many years ago; Sadore Estates advised the Corporation in June 2003 that it was revoking this license; Sadore Estates has also similarly advised DJP Management, Inc., the vendor which administers all parking at Sadore Lane, and letters have been distributed to the vehicles parked on the 70 Salisbury Road lot informing the drivers/owners of such vehicles that their parking is without the consent of the owner of the lot and must stop immediately. The Corporation answered and asserted various counterclaims; additionally, the Corporation filed a complaint with the Department of Law in which it alleged that

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 28, 2006 and 2005, and the related statements of revenues, expenses, and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sadore Lane Gardens, Inc. as of February 28, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Corporation has not estimated the remaining lives and replacement costs of its building and building improvements and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.


CERTIFIED PUBLIC ACCOUNTANTS

May 4, 2006

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 28, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 132,675	\$ 406,821
Certificates of deposit	1,090,000	865,000
Restricted cash - reserve fund	618,013	1,018,452
Investment in National Cooperative Bank, FSB	168,750	168,750
Real estate tax escrow deposits	329,297	183,486
Assessments and other receivables	43,047	28,620
Prepaid real estate taxes and other prepaid expenses	259,746	269,883
Deferred finance costs, net	186,638	209,968
Land, property and equipment, net	<u>7,088,494</u>	<u>7,457,349</u>
TOTAL ASSETS	\$ <u>9,916,660</u>	\$ <u>10,608,329</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
<u>Liabilities:</u>		
Accounts payable, accrued expenses and other liabilities	\$ 257,739	\$ 467,404
Mortgage note payable	<u>15,778,617</u>	<u>15,900,039</u>
Total liabilities	<u>16,036,356</u>	<u>16,367,443</u>
Commitments and contingencies (Notes 6, 8 and 10)		
<u>Shareholders' deficit:</u>		
Common stock - \$1 par value; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(8,675,972)</u>	<u>(8,303,237)</u>
Less: receivable from sponsor	(5,881,945)	(5,509,210)
	<u>(237,751)</u>	<u>(249,904)</u>
Total shareholders' deficit	<u>(6,112,696)</u>	<u>(5,759,114)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ <u>9,916,660</u>	\$ <u>10,608,329</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 28, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Maintenance assessments	\$ 4,517,183	\$ 4,147,802
Parking fees	281,095	277,664
Investment income, net	154,726	29,516
Laundry receipts	50,400	48,552
Storage fees	22,564	23,554
License fee	35,357	34,196
Other	<u>24,542</u>	<u>34,764</u>
Total revenues	<u>5,085,867</u>	<u>4,596,048</u>
Expenses:		
Administrative	701,437	722,301
Utilities	832,304	627,939
Building operations	112,134	106,334
Payroll and related costs	823,796	716,511
Interest	857,252	798,022
Real estate taxes	1,229,056	1,312,273
Major repairs and replacements	<u>335,065</u>	<u>222,427</u>
Total expenses	<u>4,891,044</u>	<u>4,505,807</u>
Excess of revenues over expenses before depreciation and amortization	194,823	90,241
Depreciation	544,228	532,494
Amortization of deferred finance costs	<u>23,330</u>	<u>23,330</u>
Deficit of revenues over expenses	(372,735)	(465,583)
Accumulated deficit - beginning	<u>(8,303,237)</u>	<u>(7,837,654)</u>
ACCUMULATED DEFICIT - ENDING	\$ <u>(8,675,972)</u>	\$ <u>(8,303,237)</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Operating activities:		
Deficit of revenues over expenses	\$ (372,735)	\$ (465,583)
Adjustments to reconcile deficit of revenues over expenses to net cash provided by (used in) operating activities:		
Maintenance charges allocated to financing activities	(121,422)	(99,961)
Depreciation and amortization	567,558	555,824
Earnings on restricted assets	(19,561)	(18,452)
Changes in assets and liabilities:		
Real estate tax escrow deposits	(145,810)	(183,486)
Assessments and other receivables	(14,427)	8,368
Prepaid real estate taxes and other prepaid expenses	10,137	144,642
Accounts payable, accrued expenses and other liabilities	(209,666)	354,375
Net cash provided by (used in) operating activities	<u>(305,926)</u>	<u>295,727</u>
Investing activities:		
Utilization of restricted cash - reserve fund	420,000	-
Purchases of certificates of deposits	(1,969,000)	(1,895,000)
Proceeds from redemptions of certificates of deposits	1,744,000	1,030,000
Purchases of property and equipment	(175,373)	(519,386)
Net cash provided by (used in) investing activities	<u>19,627</u>	<u>(1,384,386)</u>
Financing activities:		
Repayment of mortgage payable - National Cooperative Bank	(121,422)	(99,961)
Maintenance charges allocated to mortgage repayment	121,422	99,961
Decrease in reserve fund receivable	12,153	17,061
Net cash provided by financing activities	<u>12,153</u>	<u>17,061</u>
Net decrease in cash and cash equivalents	(274,146)	(1,071,598)
Cash and cash equivalents - beginning	406,821	1,478,419
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 132,675</u>	<u>\$ 406,821</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 857,252	\$ 798,022
Income taxes paid	\$ 19,110	\$ 10,104

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006 AND 2005

NOTE 1 ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units; as of February 28, 2006, there were 557 units owned by tenant-shareholders and 221 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist principally of money market funds.

Certificates of Deposit

Certificates of deposit consist of all certificates purchased with an original maturity date in excess of three months. The certificates are recorded at cost, which approximates market value. All certificates of deposit mature during the years ending February 28, 2007 and February 29, 2008.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted average life of the deferred finance costs at February 28, 2006, is eight years. Amortization expense for each of the next five years is estimated to be \$23,330.

Land, Property and Equipment

Land, property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006 AND 2005

NOTE 3 CONCENTRATION OF CREDIT RISK

At February 28, 2006 and 2005, and routinely throughout each year, the Corporation maintained cash deposits with financial institutions in excess of the Federal Deposit Insurance Corporation's insurable limits. The Corporation has not experienced any losses in these accounts and feels it is not exposed to any significant credit risk with respect to cash. Additionally, the Corporation maintains cash balances at a brokerage firm in excess of the Securities Investor Protection Corporation's insurable limits. However, the brokerage firm carries supplemental insurance to protect the balances of their depositors' funds in excess of the federal coverage. Management believes that the Corporation has no significant credit risk with respect to these deposits.

NOTE 4 RECEIVABLE FROM SPONSOR

Pursuant to the offering plan, as amended, the Corporation is to receive \$1,000,000 from the Sponsor in specified installments out of proceeds from the sale of the Corporation's shares of common stock ("shares"). As of February 28, 2006, the Corporation has received a total of \$762,249, of which \$12,153 and \$15,728 was received during the years ended February 28, 2006 and 2005, respectively. The remaining balance of \$237,751 is due in installments subject to future sales of shares by the Sponsor.

NOTE 5 LAND, PROPERTY AND EQUIPMENT

The estimated useful lives of depreciable property and equipment for the purpose of computing depreciation for financial reporting purposes are as follows:

	<u>Years</u>
Buildings	27.5
Building improvements	5 - 39
Equipment	5
Vehicles	5

Land, property and equipment consist of the following:

	<u>2006</u>	<u>2005</u>
Land	\$ 1,568,638	\$ 1,568,638
Buildings	8,888,950	8,888,950
Building improvements	6,149,628	5,986,330
Equipment	51,254	39,179
Vehicles	<u>14,911</u>	<u>14,911</u>
	16,673,381	16,498,008
Less: accumulated depreciation	<u>(9,584,887)</u>	<u>(9,040,659)</u>
	<u>\$ 7,088,494</u>	<u>\$ 7,457,349</u>

Depreciation expense of \$544,228 and \$532,494 was recorded for the years ended February 28, 2006 and 2005, respectively.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006 AND 2005

NOTE 6 MORTGAGE PAYABLE

The Corporation has a mortgage with National Cooperative Bank, FSB (the "Bank") in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,600,000 due at maturity. The mortgage note is collateralized by the land and building owned by the Corporation, which has a net book value of \$7,088,494.

As required by the mortgage agreement, the Corporation deposited \$1,000,000 from the proceeds into an interest-bearing account reserved for future capital improvements. In addition, these funds are utilized as collateral under the terms of the mortgage. If at any time the Corporation defaults under the terms of the mortgage, the Bank has no obligation to disburse these funds for future capital improvements; the Bank has the right to hold the remainder of these funds to be disbursed in accordance with the terms of the mortgage.

In addition, in lieu of paying mortgage tax at closing, the Corporation was required to purchase 1,600 shares of Class B capital stock of the Bank totaling \$160,000. The Corporation must hold this stock until the loan matures.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2007	\$ 128,161
2008	135,275
2009	140,364
2010	150,574
2011	158,932
Thereafter	<u>15,065,311</u>
	<u>\$ 15,778,617</u>

NOTE 7 LINE OF CREDIT

In February 2004, the Corporation entered into a line of credit agreement with the Bank that allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014 and is secured by a second mortgage on the land and building owned by the Corporation. Interest only is payable monthly on the outstanding balance at the Bank's prime rate plus 1.25% (7.5% at February 28, 2006) through March 1, 2009. Thereafter, monthly payments of principal, in the minimum amount of \$100, and interest shall be made on the outstanding balance until maturity.

Concurrent with the establishment of this credit line, the Corporation was required to purchase 87.50 shares of the Bank's Class B capital stock for \$8,750. The Corporation must hold this stock until the maturity date of the mortgage note (Note 6).

At February 28, 2006, there was no outstanding balance on this line of credit.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006 AND 2005

NOTE 8

FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents do not require the accumulation of funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future, nor has it developed a plan to fund those needs. When funds required for future major repairs and replacements exceed the balances maintained in the reserve fund, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 9

FIRE LOSS

In February 2004, there was an electrical fire that caused substantial damages to one of the buildings. The Corporation repaired all damages at a cost of approximately \$607,000. The Corporation was fully insured for the loss and received approximately \$607,000 in insurance proceeds during the year ended February 28, 2005. The cost of the damages, net of insurance proceeds, is included in administrative costs. The net amount was not material.

NOTE 10

COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

Effective January 1, 2006, the managing agent agreement with Prime Locations, Inc. ("Prime") was extended for five years. Pursuant to the agreement, Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to board approval in certain instances. The management agreement provides that Prime shall receive an annual fee of \$198,000 (increased annually by 3%). Pursuant to the previous agreement, Prime was compensated at the rate of \$175,000 per annum for the years ended February 28, 2006 and 2005.

Agreement for Parking Garage Services

Effective October 31, 2005, the Corporation exercised a five-year renewal of their current agreement with a managing agent to manage the garages and outside parking. The agreement provides that the Corporation shall retain \$281,460 annually. For the years ended February 28, 2006 and 2005, parking income was \$281,095 and \$277,664, respectively. As a result of the fire damage discussed in Note 9, parking garage services receipts were reduced by \$3,510 during the year ended February 28, 2005.

Agreement for Maintenance of Laundry Facilities

Effective October 1, 1999, the Corporation exercised a ten-year renewal of its agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement provides that the Corporation shall receive \$50,400 per year. For the years ended February 28, 2006 and 2005, laundry income was \$50,400 and \$48,552, respectively. As a result of the fire damage discussed in Note 9, laundry facilities receipts were reduced by \$2,300 during the year ended February 28, 2005.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2006 AND 2005

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). In 2005, this agreement was automatically renewed for one of the two additional five-year terms.

Following are the projected license fees for each of the next five years:

<u>Years ending February 28:</u>	<u>Amount</u>
2007	\$ 36,986
2008	38,466
2009	40,003
2010	41,603
2011	28,466
	<u>\$ 185,524</u>

Agreement for Maintenance of Elevators

Effective November 1, 2001, the Corporation renewed its agreement with an elevator contractor to assume maintenance of the elevators for five years. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement.

Litigation

The Corporation is involved in litigation with an affiliate of the Sponsor (the "claimant") in which the claimant seeks a declaratory judgment stating that it (the claimant) owns the parking lot located adjacent to one of the Corporation's buildings (5 Sadore Lane), which is used by the Corporation as parking for its shareholders. The claimant also seeks an order ejecting the Corporation from the disputed parcel. The Corporation is vigorously defending the lawsuit and has asserted counterclaims seeking to either establish its ownership of the parcel or its right to the continued use thereof. The parties are involved in discussions, but the outcome of the discussions is presently uncertain. The outcome of the claims and counterclaims is also uncertain. Accordingly, management is not able to estimate the loss, or range of loss, if any, that might result from this matter and no amounts for any potential loss have been accrued in the accompanying financial statements. However, management believes that an adverse finding in the case will not materially affect the Corporation's financial position or results of operations.

EXHIBIT "C"

PERCENTAGE INTEREST IN OTHER CO-OPS
BY HOLDERS OF UNSOLD SHARES

Individual's Name	Percentage Interest	Building Address	Dept. of Law File No.
PHILIP ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022
	71.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
ESTATE OF MILDRED ROLLER	21.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
MICHAEL ROSEN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
WENDY LANDIS	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
PHYLLIS RASKIN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
RITA ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022

Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
MAINTENANCE	377,320	377,320	377,320	377,320	377,320	411,622	411,622	411,622	411,622	411,622	411,622	411,622	4,767,957
REPAIRS	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	2,925	35,564
REPAIRS	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	26,800
REPAIRS	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	23,455	281,690
REPAIRS	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400
REPAIRS	833	833	833	833	833	833	833	833	833	833	833	833	10,001
REPAIRS	875	875	875	875	875	875	875	875	875	875	875	875	10,500
REPAIRS	200	200	200	200	200	200	200	200	200	200	200	200	2,400
REPAIRS	411,558	411,558	411,558	411,558	411,558	446,260	446,260	446,260	446,377	446,377	446,377	446,377	5,184,081
REPAIRS	122,825	68,236	34,118	27,294	27,294	13,647	13,647	27,294	34,118	68,236	122,825	122,825	682,339
REPAIRS	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
REPAIRS	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
REPAIRS	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	170,000
REPAIRS	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	160,000
REPAIRS	1,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	1,082	1,082	4,330
REPAIRS	2,883	833	833	833	833	833	833	833	833	833	2,083	2,083	25,000
REPAIRS	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	55,000
REPAIRS	625	625	625	625	625	625	625	625	625	625	625	625	7,504
REPAIRS	665	665	665	665	665	665	665	665	665	665	665	665	7,990
REPAIRS	651	347	347	780	780	280	387	280	370	370	1,018	285	1,018
REPAIRS	347	417	417	417	417	417	417	417	417	417	417	417	5,000
REPAIRS	383	383	383	383	383	383	383	383	383	383	383	383	4,600
REPAIRS	300	300	300	300	300	300	300	300	300	300	300	300	3,600
REPAIRS	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	198,000
REPAIRS	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
REPAIRS	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	585,585
REPAIRS	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	46,098
REPAIRS	840	341	341	341	341	341	341	341	341	341	341	341	840
REPAIRS	303	303	303	303	303	303	303	303	303	303	303	303	4,089
REPAIRS	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	7,313	87,907
REPAIRS	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	26,880
REPAIRS	140	140	140	140	140	140	140	140	140	140	140	140	1,750
REPAIRS	182	182	182	182	182	182	182	182	182	182	182	182	2,254
REPAIRS	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	23,000
REPAIRS	71	71	71	71	71	71	71	71	71	71	71	71	850
REPAIRS	125	125	125	125	125	125	125	125	125	125	125	125	1,500
REPAIRS	29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	350,000
REPAIRS	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	20,600
REPAIRS	517	517	517	517	517	517	517	517	517	517	517	517	6,200
REPAIRS	350	350	350	350	350	350	350	350	350	350	350	350	4,200
REPAIRS	50	50	50	50	50	50	50	50	50	50	50	50	600
REPAIRS	83	83	83	83	83	83	83	83	83	83	83	83	1,000
REPAIRS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
REPAIRS	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	979,081
REPAIRS	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	101,182	1,214,150
REPAIRS	248	248	248	248	248	248	248	248	248	248	248	248	248

EXHIBIT 'D'

SAUVIN LANE GARMENTS INC. - (U29)
March 2006 - February 2007

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Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
USE OTHER	245	245	245	245	245	245	245	245	245	245	245	245	2,943
AL EXPENSES	482,246	424,735	411,859	484,080	385,456	373,529	371,416	385,021	385,085	542,150	482,374	489,822	5,228,784
(INCOME/(LOSS))	-70,288	-12,778	50	-72,122	26,502	72,731	74,844	80,239	51,292	-95,773	-35,987	-43,444	-41,703

[illegible]

March 2007 - February 2008

Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
AL EXPENSES	502,230	467,980	414,842	465,804	407,788	384,371	382,273	408,042	415,595	522,675	504,384	512,692	5,408,506
INCOME/(LOSS)	-90,630	-56,360	-3,242	-54,204	40,761	54,178	56,275	3,558	-3,936	-110,961	-92,590	-100,907	-359,278

EXHIBIT "C"

PERCENTAGE INTEREST IN OTHER CO-OPS

BY HOLDERS OF UNSOLD SHARES

Individual's Name	Percentage Interest	Building Address	Dept. of Law File No.
PHILIP ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022
	71.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
ESTATE OF MILDRED ROLLER	21.25%	480 Riverdale Ave. Yonkers, New York	C83-0205
MICHAEL ROSEN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
WENDY LANDIS	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
PHYLLIS RASKIN	15%	2035 Central Park Ave. Yonkers, New York	C82-0022
RITA ROSEN	27.50%	2035 Central Park Ave. Yonkers, New York	C82-0022

THIRTY FOURTH AMENDMENT

TO

OFFERING PLAN OF

COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS

1, 2, 3, 4 AND 5 SADORE LANE

YONKERS, NEW YORK 10710

Dated: May 29, 2008

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005, THE THIRTY SECOND AMENDMENT DATED FEBRUARY 10, 2006, AND THE THIRTY THIRD AMENDMENT DATED MARCH 19, 2007, AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

(1) The Sponsor currently holds Unsold Shares allocated to 195 of the 778 Apartments at the Premises, representing 25% of all Apartments, as set forth in Exhibit A annexed.

(2) The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

(3) The Sponsor, as Holder of Unsold Shares, holds the Shares allocated to those Apartments indicated on Exhibit "A" annexed hereto. As of April 1, 2008 the aggregate monthly maintenance charges due in connection with the Unsold Shares are \$119,484.10. The aggregate monthly rents received from tenants of Apartments to which Unsold Shares are allocated are \$124,676.28. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected.

The Sponsor plans to market the vacant Apartments to which Unsold Shares are allocated immediately. As those Apartments are sold the monthly maintenance charges due to the Apartment Corporation will decrease.

(4) As disclosed in the Thirty Third Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases. The monthly payments on this loan vary due to actual amount will vary due to (a) daily interest accrual, (b) prepayments due to sales and (c) rate fluctuation. The most recent two month's payments were as follows: April 1, 2008: \$21,680; May 1, 2008: \$20,633. The Sponsor has been current in its payments to its lender during the past twelve (12) months.

(5) Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial

statements for the years ended February 28, 2007, and February 28, 2006.

(6) None of the principals of the Sponsor, as individual holders of unsold shares or units or as general partners or principals of the sponsor or holder of unsold shares, own more than 10% of the shares or units in other cooperative or condominium conversion projects.

(7) The current maintenance charges are \$4.30 per share per month. Maintenance charges were increased as of April 1, 2008; the increase was 8.586%. Copies of the Apartment Corporation's budgets for March 1, 2007 to February 29, 2008 and March 1, 2008 to February 28, 2009 are annexed as Exhibit "C."

(8) The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on October 22, 2007. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Schienberg, treasurer, Mike Abelson, James Schoen, and Abraham Roller. Of the foregoing, James Schoen and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

(9) In 2007, the Apartment Corporation completed the following capital improvements: installation of a Keri key fob system. installation of phone directories in each building, installation of cameras covering all entries to the buildings, resurfacing of one parking lot and adjacent sidewalks; and installation of heat sensors throughout the complex. All boilers are also updated to improve efficiency and reduce fuel consumption.

(10) As disclosed in the Twenty Ninth Amendment, the Corporation has been named as a defendant in a lawsuit entitled Sadore Estates and Sador Tower LLC v. Sadore Lane Gardens, Inc., DJP Management, Inc. and John Doe No. 1 to 45. (Westchester County Supreme Court, index

number 03-20348). Sadore Estates is a partnership with a composition similar to that of the Sponsor; Sadore Estates was the record owner of a parcel of land, known as 70 Salisbury Road, Yonkers, New York, which is located behind 5 Sadore Lane; Sador Tower LLC is the current owner of the parcel. The suit seeks a determination that Sadore Estates was the sole owner of this parcel with the right to transfer title to Sador Tower LLC, that Sadore Estates in the past and now Sador Tower LLC may exclude others from parking on the lot, and that the owner of the parcel is entitled to utilize an easement for access and egress between Sadore Lane and the 70 Salisbury Road lot over the existing driveway. The 70 Salisbury Road lot is currently used for additional parking by residents of Sadore Lane Gardens, Inc. pursuant to an oral license granted by Sadore Estates many years ago; Sadore Estates advised the Corporation in June 2003 that it was revoking this license; Sadore Estates has also similarly advised DJP Management, Inc., the vendor which administers all parking at Sadore Lane, and letters have been distributed to the vehicles parked on the 70 Salisbury Road lot informing the drivers/owners of such vehicles that their parking is without the consent of the owner of the lot and must stop immediately. The Corporation answered and asserted various counterclaims; additionally, the Corporation filed a complaint with the Department of Law in which it alleged that the Sponsor's original disclosure was inadequate as regards the parcel in question in the lawsuit. Since the filing of the lawsuit and the Department of Law complaint, the parties attempted to negotiate a settlement, and no action was taken in either the suit or on the complaint for quite some time. Unfortunately, negotiations were unsuccessful; the 70 Salisbury Road parcel has been transferred to Sador Towers LLC, a limited liability company which is unaffiliated with the Sponsor. Sador Tower LLC has been granted permission to intervene in the lawsuit, discovery has been completed and the trial of this matter is expected to commence shortly.

(11) As disclosed in the Thirtieth Amendment, the most recent price for the unsold shares

is \$1,250.00 per share

(12) The Offering Plan may be used for twelve (12) months from the date of this Amendment.

(13) The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

(14) Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.

Apartment Corporation

GARDEN TOWERS LLC

Sponsor

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
 As of: April 22, 2008
 Exhibit A

BUILDING NO. 1

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1E	130	3T	168	5A	106	7B	213
1L	162	3V	136	5E	140	7C	110
2A	100	3X	168	5G	136	7D	78
2T	166	3Z	102	5L	172	7G	140
2U	134	4B	207	5N	106	7S	144
2X	166	4G	134	5S	140	7T	176
3B	205	4K	165	5Y	172	7X	176
3F	163	4L	170	6B	211		
3G	132	4M	104	6E	142		
3N	102	4V	138	6L	174		
		4Y	170	6V	142		
							5,800

Building Totals:

Apartments: 39

Shares: 5,800

BUILDING NO. 2

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1A	96	3C	97	5B	209	7G	144
1T	151	3J	120	5T	161	7H	144
1V	126	3L	168	5Y	172	7J	128
1W	110	3T	157	6A	108	7P	105
2C	95	3X	163	6E	136	7R	74
2G	134	4F	163	6H	142	7Z	110
2H	134	4H	138	6K	174		
2M	100	4K	170	6U	138		
2S	128	4M	104	6W	122		
2U	130	4O	207	6Y	174		
2Y	166	4T	159				
		4X	165				
							5,422

Building Totals:

Apartments: 39

Shares: 5,422

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
 As of: April 22, 2008
 Exhibit A

BUILDING NO. 3

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1B	96	2E	134	4K	170	6E	142
1E	130	2H	134	4S	138	6F	174
1K	162	2J	118	4U	138	6J	126
1M	96	2L	166	4W	122	6K	174
1S	130	2S	134	5G	140	6U	142
1T	162	2V	134	5S	140	6V	142
1U	130	3C	102	5V	140	7C	110
1Y	162	3D	70	5X	172	7D	78
1Z	96	3G	136			7G	144
		3S	136			7X	176
							4,996

Building Totals:

Apartments: 38

Shares: 4,996

BUILDING NO. 4

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1C	91	3C	97	5A	106	7B	213
1J	112	3H	136	5B	209	7H	144
1N	96	3J	118	5D	70	7K	174
1T	157	3K	166	5F	165	7S	138
1X	162	3S	130	5J	122	7T	171
1Y	162	3U	136	5O	209	7X	176
2B	203	3W	120	5T	167	7Y	176
2E	128	4E	132	6C	103		
2G	132	4F	163	6F	167		
2K	164	4K	168	6G	142		
2O	203	4V	138	6L	174		
2S	128	4X	170	6M	108		
2W	118			6S	136		
				6Y	174		6,774

Building Totals:

Apartments: 46

Shares 6,774

BUILDING NO. 5

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS

As of: April 22, 2008

Exhibit A

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
LG	128	3B	136	5M	169	7B	144
LM	94	3C	136	5N	169	7E	213
1E	128	3E	205	6C	142	7F	144
1H	114	3J	118	6E	211	7G	144
1L	132	4C	138	6K	142	7K	144
2K	134	4G	138	6L	142	7M	173
2P	132	4H	120	6R	142	7N	173
2R	132	4L	138			7P	144
		4P	138				
		4R	138				4,795

Building Totals:

Apartments: 33

Shares: 4,795

Project Unsold Share Totals:

Apartments: 195

Shares: 27,787

195 apartments unsold out of 778 = 25.0643%

27,787 shares out of 103,985 = 26.7221%

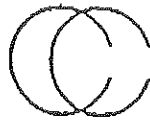
SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 28, 2007 AND 2006

Exhibit "B"

SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 28, 2007 AND 2006

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 28, 2007 and 2006, and the related statements of revenues, expenses, and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sadore Lane Gardens, Inc. as of February 28, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Corporation has not estimated the remaining lives and replacement costs of its building and building improvements and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.

CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 16, 2007

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 28, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 416,936	\$ 132,675
Certificates of deposit	190,000	1,090,000
Restricted cash - reserve fund	643,073	618,013
Investment in capital stock of National Cooperative Bank, FSB	168,750	168,750
Real estate tax escrow deposits	363,563	329,297
Assessments and other receivables	42,359	43,047
Prepaid real estate taxes and other current assets	231,029	259,746
Deferred finance costs, net	163,308	186,638
Property and equipment, net	<u>7,325,060</u>	<u>7,088,494</u>
TOTAL ASSETS	\$ <u>9,544,078</u>	\$ <u>9,916,660</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 400,217	\$ 257,739
Mortgage note payable	<u>15,650,456</u>	<u>15,778,617</u>
Total liabilities	<u>16,050,673</u>	<u>16,036,356</u>
Commitments and contingencies (Notes 7, 8 and 10)		
Shareholders' deficit:		
Common stock - \$1 par value; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(9,076,932)</u>	<u>(8,675,972)</u>
Less: receivable from Sponsor	<u>(6,282,905)</u>	<u>(5,881,945)</u>
Total shareholders' deficit	<u>(6,506,595)</u>	<u>(6,119,696)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ <u>9,544,078</u>	\$ <u>9,916,660</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 28, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Maintenance assessments	\$ 4,766,001	\$ 4,517,183
Parking fees	280,757	281,095
Investment income, net	89,801	154,726
Laundry receipts	50,400	50,400
Storage fees	27,505	22,564
License fee	36,877	35,357
Other	<u>32,639</u>	<u>24,542</u>
Total revenues	<u>5,283,980</u>	<u>5,085,867</u>
Expenses:		
Administrative	738,740	701,437
Utilities	798,009	832,304
Building operations	92,059	112,134
Payroll and related costs	868,555	823,796
Interest	850,930	857,252
Real estate taxes	1,290,755	1,229,056
Major repairs and replacements	<u>350,604</u>	<u>335,065</u>
Total expenses	<u>4,989,652</u>	<u>4,891,044</u>
Excess of revenues over expenses before depreciation and amortization	294,328	194,823
Depreciation	671,958	544,228
Amortization of deferred finance costs	<u>23,330</u>	<u>23,330</u>
Deficit of revenues over expenses	(400,960)	(372,735)
Accumulated deficit - beginning	<u>(8,675,972)</u>	<u>(8,303,237)</u>
ACCUMULATED DEFICIT - ENDING	<u>\$ (9,076,932)</u>	<u>\$ (8,675,972)</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Operating activities:		
Deficit of revenues over expenses	\$ (400,960)	\$ (372,735)
Adjustments to reconcile deficit of revenues over expenses to net cash provided by (used in) operating activities:		
Maintenance charges allocated to financing activities	(128,161)	(121,422)
Depreciation and amortization	695,288	567,558
Earnings on restricted assets	(25,060)	(19,561)
Changes in assets and liabilities:		
Real estate tax escrow deposits	(34,260)	(145,810)
Assessments and other receivables	688	(14,427)
Prepaid real estate taxes and other current assets	28,717	10,137
Accounts payable, accrued expenses and other liabilities	<u>142,478</u>	<u>(209,666)</u>
Net cash provided by (used in) operating activities	<u>278,724</u>	<u>(305,926)</u>
Investing activities:		
Utilization of restricted cash - reserve fund	-	420,000
Purchases of certificates of deposits	(570,000)	(1,969,000)
Proceeds from redemptions of certificates of deposits	1,470,000	1,744,000
Purchases of property and equipment	<u>(908,524)</u>	<u>(175,373)</u>
Net cash provided by (used in) investing activities	<u>(8,524)</u>	<u>19,627</u>
Financing activities:		
Repayment of mortgage payable - National Cooperative Bank	(128,161)	(121,422)
Maintenance charges allocated to mortgage repayment	128,161	121,422
Collection of amount due from Sponsor	<u>14,061</u>	<u>12,153</u>
Net cash provided by financing activities	<u>14,061</u>	<u>12,153</u>
Net increase (decrease) in cash and cash equivalents	284,261	(274,146)
Cash and cash equivalents - beginning	<u>132,675</u>	<u>406,821</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 416,936</u>	<u>\$ 132,675</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 850,930	\$ 857,252
Income taxes paid	<u>\$ 17,605</u>	<u>\$ 19,110</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 1. ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units; as of February 28, 2007, there were 583 units owned by tenant-shareholders and 195 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist principally of money market funds.

Certificates of Deposit

Certificates of deposit consist of all certificates purchased with an original maturity date in excess of three months. The certificates are recorded at cost, which approximates market value. All certificates of deposit mature during the year ending February 29, 2008.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted average life of the deferred finance costs at February 28, 2007 is seven years. Amortization expense for each of the next five years is estimated to be \$23,330.

Property and Equipment

Property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 3. NET OPERATING LOSSES

The Corporation has federal and state tax loss carryforwards of approximately \$6,782,000, which if not utilized will expire as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2008	\$ 280,000
2009	231,000
2010	157,000
2011	399,000
2012-2027	<u>5,715,000</u>
	<u>\$ 6,782,000</u>

The net operating loss carryforwards give rise to deferred tax assets of approximately \$2,306,000 and \$2,380,000 at February 28, 2007 and 2006, respectively, which are reduced by valuation allowances of \$2,306,000 and \$2,380,000 at February 28, 2007 and 2006, respectively.

NOTE 4. CONCENTRATION OF CREDIT RISK

At February 28, 2007 and 2006, and routinely throughout each year, the Corporation maintained cash deposits with financial institutions in excess of the Federal Deposit Insurance Corporation's insurable limits. The Corporation has not experienced any losses in these accounts and feels it is not exposed to any significant credit risk with respect to cash. Additionally, the Corporation maintains cash balances at a brokerage firm in excess of the Securities Investor Protection Corporation's insurable limits. However, the brokerage firm carries supplemental insurance to protect the balances of their depositors' funds in excess of the federal coverage. Management believes that the Corporation has no significant credit risk with respect to these deposits.

NOTE 5. RECEIVABLE FROM SPONSOR

Pursuant to the offering plan, as amended, the Corporation was to receive \$1,000,000 from the Sponsor from the proceeds of the sale of the Corporation's shares of common stock held by the Sponsor ("Sponsor Shares"). As of February 28, 2007, the Corporation has received a total of \$776,310 from inception of this arrangement, of which \$14,061 and \$12,153 was received during the years ended February 28, 2007 and 2006, respectively. Collection of the remaining balance of \$223,690 is subject to the Sponsor's sale of the Sponsor Shares. Amounts due from the Sponsor are noninterest bearing.

NOTE 6. PROPERTY AND EQUIPMENT

The estimated useful lives of depreciable property and equipment for the purpose of computing depreciation for financial reporting purposes are as follows:

	<u>Years</u>
Buildings	27.5
Building improvements	5 - 39
Equipment	5
Vehicles	5

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 6. PROPERTY AND EQUIPMENT (CONTINUED)

Land, property and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Land	\$ 1,568,638	\$ 1,568,638
Buildings	8,888,950	8,888,950
Building improvements	6,695,601	6,149,628
Equipment	413,805	51,254
Vehicles	<u>14,911</u>	<u>14,911</u>
	17,581,905	16,673,381
Less: accumulated depreciation	<u>(10,256,845)</u>	<u>(9,584,887)</u>
	<u>\$ 7,325,060</u>	<u>\$ 7,088,494</u>

Depreciation expense of \$671,958 and \$544,228 was recorded for the years ended February 28, 2007 and 2006, respectively.

NOTE 7. MORTGAGE PAYABLE

The Corporation has a mortgage with National Cooperative Bank, FSB (the "Bank") in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,600,000 due at maturity. The mortgage note is collateralized by the land, building and improvements owned by the Corporation, which has a net book value of approximately \$7,325,000 at February 28, 2007.

As required by the mortgage agreement, the Corporation deposited \$1,000,000 from the proceeds into an interest-bearing account reserved for future capital improvements. In addition, these funds are utilized as collateral under the terms of the mortgage. If at any time the Corporation defaults under the terms of the mortgage, the Bank has no obligation to disburse these funds for future capital improvements; the Bank has the right to hold the remainder of these funds to be disbursed in accordance with the terms of the mortgage.

In addition, in lieu of paying mortgage tax at closing, the Corporation was required to purchase 1,600 shares of Class B capital stock of the Bank totaling \$160,000. The Corporation must hold this stock until the loan matures.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2008	\$ 135,275
2009	140,364
2010	150,574
2011	158,932
2012	167,753
Thereafter	<u>14,897,558</u>
	<u>\$ 15,650,456</u>

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 8. LINE OF CREDIT

In February 2004, the Corporation entered into a line of credit agreement with the Bank that allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014 and is secured by a second mortgage on the land, building and improvements owned by the Corporation. Interest only is payable monthly on the outstanding balance at the Bank's prime rate plus 1.25% (8.25% at February 28, 2007) through March 1, 2009. Thereafter, monthly payments of principal, in the minimum amount of \$100, and interest shall be made on the outstanding balance until maturity.

Concurrent with the establishment of this credit line, the Corporation was required to purchase 87.50 shares of the Bank's Class B capital stock for \$8,750. The Corporation must hold this stock until the maturity date of the mortgage note (Note 6).

At February 28, 2007, there was no outstanding balance on this line of credit.

NOTE 9. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents do not require the accumulation of funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future, nor has it developed a plan to fund those needs. When funds required for future major repairs and replacements exceed the balances maintained in the reserve fund, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

The Corporation entered into a managing agent agreement with Prime Locations, Inc. ("Prime"), whereby Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to board approval in certain instances. The agreement, which expired on December 31, 2005, was renewed for an additional five years. The management agreement provides that Prime shall receive an annual fee of \$198,000 (increased annually by 3%). Pursuant to the previous agreement, Prime was compensated at the rate of \$175,000 per annum for the year ended February 28, 2006.

Agreement for Parking Garage Services

On October 31, 2005, the Corporation exercised a five-year renewal of their agreement with a managing agent to manage the garages and outside parking. The agreement authorizes the agent to offer these services to the tenant-shareholders for rates specified in the agreement. In consideration, the agent shall remit a monthly fee of \$23,455, subject to certain adjustments contained in the agreement, to the Corporation. For the years ended February 28, 2007 and 2006, parking fees received from the agent amounted to \$280,757 and \$281,095, respectively.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007 AND 2006

NOTE 10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreement for Maintenance of Laundry Facilities

The Corporation entered into an agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement expires on September 30, 2009. In accordance with the agreement, the Corporation received \$50,400 from the contractor for each of the years ended February 28, 2007 and 2006.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). In 2005, this agreement was automatically renewed for one of the two additional five-year terms.

Following are the projected license fees for each of the next five years:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2008	\$ 38,466
2009	40,003
2010	41,603
2011	43,269
2012	<u>29,605</u>
	<u>\$ 192,946</u>

Agreement for Maintenance of Elevators

Effective November 1, 2006, the Corporation exercised a five-year renewal of their current agreement with an elevator contractor to assume maintenance of the elevators. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement.

Litigation

The Corporation is involved in litigation with an affiliate of the Sponsor (the "claimant") in which the claimant seeks a declaratory judgment stating that it (the claimant) owns the parking lot located adjacent to one of the Corporation's buildings (5 Sadore Lane), which is used by the Corporation as parking for its shareholders. The claimant also seeks an order ejecting the Corporation from the disputed parcel. The Corporation is vigorously defending the lawsuit and has asserted counterclaims seeking to either establish its ownership of the parcel or its right to the continued use thereof. The parties are involved in discussions, but the outcome of the discussions is presently uncertain. The outcome of the claims and counterclaims is also uncertain. Accordingly, management is not able to estimate the loss, or range of loss, if any, that might result from this matter and no amounts for any potential loss have been accrued in the accompanying financial statements.

Budget Detail (Cash)
SADORE LANE GARDENS INC. - (029)
March 2007 - February 2008

Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
INCOME:													
MAINTENANCE	411,622	411,622	411,622	411,622	411,622	411,622	411,622	411,622	411,622	411,622	411,622	411,622	4,938,468
STAR CREDITS	-29,097	-38,796	-38,796	-38,796	-38,796	-38,796	-38,796	-38,796	-38,796	-38,796	-38,796	-38,796	-339,467
RENT	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163	38,241
STORAGE	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	38,400
LAUNDRY	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	293,460
LATE CHARGES & NSF	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400
INTEREST INCOME	833	833	833	833	833	833	833	833	833	833	833	833	10,000
MISCELLANEOUS INCO	875	875	875	875	875	875	875	875	875	875	875	875	10,500
TOTAL INCOME	419,451	409,752	409,752	409,752	448,549	448,549	448,549	409,752	409,752	409,847	409,847	409,847	5,043,401
EXPENSES:													
FUEL OIL	122,825	88,236	34,118	27,294	27,294	13,847	13,847	27,294	34,118	88,236	122,825	122,825	682,359
UTILITIES - ELECTRIC	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
UTILITIES - GAS	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
SUPPLIES	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	170,000
REPAIRS & MAINTENAN	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	160,000
CONTRACT SNOW REM	1,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	4,330
CONTRACT LANDSCAP	2,083	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000
CONTRACT ELEVATOR	417	417	417	417	417	417	417	417	417	417	417	417	5,000
CONTRACT EXTERMINA	665	665	665	665	665	665	665	665	665	665	665	665	8,000
CONTRACT SANITATIO													
CONTRACT SPRINKLER													
CONTRACT ALARM SY													
CONTRACT WATER TRE													
CONTRACT TOWING	651												780
CONTRACT FIRE SAFET	347												
CONTRACT TERMITE	417	417	417	417	417	417	417	417	417	417	417	417	5,000
CONTRACT UNIFORM	383	383	383	383	383	383	383	383	383	383	383	383	4,600
LICENSE/PERMITS/FEE	300	300	300	300	300	300	300	300	300	300	300	300	3,600
MANAGEMENT	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	203,940
LEGAL	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	35,000
ACCOUNTING	20,000	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	48,840	602,585
PAYROLL & RELATED C	48,840	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	3,736	45,068
EMPLOYER FICA	3,736	341	341	341	341	341	341	341	341	341	341	341	4,089
EMPLOYER NY SUI	341	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	6,000
EMPLOYER IRA CONTRI	1,500	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	114,300
UNION WELFARE	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	25,805
UNION LEGAL SERVICE	60	60	60	60	60	60	60	60	60	60	60	60	720
UNION TRAINING	72	72	72	72	72	72	72	72	72	72	72	72	864
WORKERS COMPENSAT	2,295	2,295	2,295	2,295	2,295	2,295	2,295	2,295	2,295	2,295	2,295	2,295	27,544
DISABILITY INSURANCE	108	108	108	108	108	108	108	108	108	108	108	108	1,300
PAYROLL PREPARATIO	183	183	183	183	183	183	183	183	183	183	183	183	2,200
WATER & SEWER													120,000

Budget Detail (Cash)
SADORE LANE GARDENS INC. - (029)
March 2007 - February 2008

Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
NY STATE ESTIMATED			2,500										
INSURANCE	31,457	31,457	31,457	31,457	31,457	31,457	31,457	31,457	31,457	31,457	31,457	31,457	10,000
ADMINISTRATIVE EXPE								20,600					377,487
PHONE CELLULAR	862	862	862	862	862	862	862	862	862	862	862	862	20,600
PHONE PAGERS	500	500	500	500	500	500	500	500	500	500	500	500	10,344
POSTAGE	42	42	42	42	42	42	42	42	42	42	42	42	6,000
MISCELLANEOUS	83	83	83	83	83	83	83	83	83	83	83	83	500
MTG NCB	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TAX/STAR ESCROW	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	12,000
LEASE POSTAGE METE	74,667	74,667	74,667	74,667	74,667	74,667	74,667	74,667	74,667	74,667	74,667	74,667	979,091
LEASE COPIER	245	245	245	245	245	245	245	245	245	245	245	245	1,012,390
TOTAL EXPENSES	458,516	424,247	371,129	422,081	402,891	389,454	387,356	384,928	371,892	478,952	450,671	468,919	2,543
NET INCOME/(LOSS)	-39,065	-14,494	38,824	-12,339	45,686	59,095	61,192	24,824	37,870	-59,115	-50,824	-58,071	22,365

Budget Detail (Cash)
SADORE LANE GARDENS INC. - (029)
March 2008 - February 2009

Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
INCOME:													
MAINTENANCE	411,622	445,984	446,984	448,984	446,984	448,984	448,984	446,984	448,984	448,984	448,984	448,984	5,328,221
STAR CREDITS	-39,261	-39,261	-39,261	-39,261	-39,261	-39,261	-39,261	-39,261	-39,261	-39,261	-39,261	-39,261	-353,345
RENT	3,373	3,373	3,373	3,373	3,373	3,373	3,373	3,373	3,373	3,373	3,373	3,373	40,478
STORAGE	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	44,160
PARKING	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	24,455	293,460
LAUNDRY	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400
LATE CHARGES & NSF	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	17,079
LEGAL FEE RECOVERY	873	873	873	873	873	873	873	873	873	873	873	873	10,477
KEY FEES	930	930	930	930	930	930	930	930	930	930	930	930	11,160
POOL FEES	19,080	18,080											4,222
TOTAL INCOME	430,376	465,717	446,638	446,638	446,638	446,638	446,638	446,638	446,638	446,638	446,638	446,638	5,473,310
EXPENSES:													
FUEL OIL	195,223	75,920	54,229	21,691	21,691	21,691	21,691	21,691	21,691	21,691	21,691	21,691	1,084,570
UTILITIES - ELECTRIC	14,785	14,785	14,785	14,785	14,785	14,785	14,785	14,785	14,785	14,785	14,785	14,785	177,423
UTILITIES - GAS	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	44,423
SUPPLIES	7,324	7,324	7,324	7,324	7,324	7,324	7,324	7,324	7,324	7,324	7,324	7,324	87,883
SUPPLIES POOL	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	19,556
SUPPLIES PLUMBING	2,524	2,524	2,524	2,524	2,524	2,524	2,524	2,524	2,524	2,524	2,524	2,524	30,291
SUPPLIES OFFICE	191	191	191	191	191	191	191	191	191	191	191	191	2,293
SUPPLIES LANDSCAPIN	362	362	362	362	362	362	362	362	362	362	362	362	4,338
REPAIRS & MAINTENAN	28,917	28,917	28,917	28,917	28,917	28,917	28,917	28,917	28,917	28,917	28,917	28,917	346,998
CONTRACT SNOW REM													
MANAGEMENT	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	16,995	203,940
LEGAL	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	73,296
ACCOUNTING	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000
PAYROLL & RELATED C	49,533	49,533	49,533	49,533	49,533	49,533	49,533	49,533	49,533	49,533	49,533	49,533	610,780
EMPLOYER FICA	3,789	3,789	3,789	3,789	3,789	3,789	3,789	3,789	3,789	3,789	3,789	3,789	46,725
EMPLOYER FUTA	917	917	917	917	917	917	917	917	917	917	917	917	11,000
EMPLOYER NY SUI	225	225	225	225	225	225	225	225	225	225	225	225	2,700
PAYROLL BONUSES													
UNION PENSION	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	25,862
UNION LEGAL SERVICE	60	60	60	60	60	60	60	60	60	60	60	60	720
UNION TRAINING	72	72	72	72	72	72	72	72	72	72	72	72	864
UNION HEALTH	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	117,120
WORKERS COMPENSAT	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	14,660
DISABILITY INSURANCE	124	124	124	124	124	124	124	124	124	124	124	124	1,488
PAYROLL PREPARATIO	229	229	229	229	229	229	229	229	229	229	229	229	2,747
WATER & SEWER	7,985	7,985	7,985	7,985	7,985	7,985	7,985	7,985	7,985	7,985	7,985	7,985	95,815
NY STATE CORP TAX	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	18,013
INSURANCE	27,073	27,073	27,073	27,073	27,073	27,073	27,073	27,073	27,073	27,073	27,073	27,073	324,871
PHONE	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	13,396
PHONE CELLULAR	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	17,979
MISCELLANEOUS	885	885	885	885	885	885	885	885	885	885	885	885	10,623
MTG NC8	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	979,092

Budget Detail (Cash)
SADORE LANE GARDENS INC. - (029)
March 2008 - February 2009

Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
TAX/STAR ESCROW	72,028	72,028	72,028	72,028	111,288	111,288	111,288	72,028	72,028	72,028	72,028	72,028	982,117
MORTG & CONTINGENCY	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	58,873
TOTAL EXPENSES	547,418	428,115	406,423	573,886	413,147	413,147	413,147	421,403	460,786	494,817	552,511	548,511	5,473,310
NET INCOME/(LOSS)	-117,042	37,600	40,214	72,752	72,071	72,071	71,821	24,305	-15,078	-49,109	-106,804	-102,804	0

THIRTY FIFTH AMENDMENT

TO

OFFERING PLAN OF

COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS

1, 2, 3, 4 AND 5 SADORE LANE

YONKERS, NEW YORK 10710

Dated: April 2, 2009

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005, THE THIRTY SECOND AMENDMENT DATED FEBRUARY 10, 2006, THE THIRTY THIRD AMENDMENT DATED MARCH 19, 2007, AND THE THIRTY FOURTH AMENDMENT DATED MAY 29, 2008, AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

(1) The Sponsor currently holds Unsold Shares allocated to 190 of the 778 Apartments at the Premises, representing 24% of all Apartments, as set forth in Exhibit A annexed.

(2) The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

(3) The Sponsor, as Holder of Unsold Shares, holds the Shares allocated to those Apartments indicated on Exhibit "A" annexed hereto. As of March 1, 2009 the aggregate monthly maintenance charges due in connection with the Unsold Shares are \$116,558.80. The aggregate monthly rents received from tenants of Apartments to which Unsold Shares are allocated are \$120,558.58. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected.

The Sponsor plans to market the vacant Apartments to which Unsold Shares are allocated immediately. As those Apartments are sold the monthly maintenance charges due to the Apartment Corporation will decrease.

(4) As disclosed in the Thirty Third Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases. The monthly payments on this loan vary due to actual amount will vary due to (a) daily interest accrual, (b) prepayments due to sales and (c) rate fluctuation. The most recent two month's payments were as follows: February 9, 2009: \$15,823.26; March 1, 2009: \$14,862.86. The Sponsor has been current in its payments to its lender during the past twelve (12) months.

(5) Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial

statements for the years ended February 29, 2008, and February 28, 2007.

(6) None of the principals of the Sponsor, as individual holders of unsold shares or units or as general partners or principals of the sponsor or holder of unsold shares, own more than 10% of the shares or units in other cooperative or condominium conversion projects.

(7) The current maintenance charges are \$4.30 per share per month. Maintenance charges were last increased as of April 1, 2008; that increase was 8.586% and no additional increase is currently planned. A copy of the Apartment Corporation's budget for March 1, 2009 to February 28, 2010 is annexed as Exhibit "C."

(8) The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on October 22, 2007; an annual meeting was called for October 16, 2008, but a quorum was not present. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Schienberg, treasurer, Mike Abelson, James Schoen, and Abraham Roller. Of the foregoing, James Schoen and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

(9) The Sponsor's law firm has changed its name to "Gross, Scully & Stabile LLP"; the partners of the firm are Hannah S. Gross, Joanne Stabile and Karl A. Scully.

(10) The Sponsor has selected DeLaurentis Management Corp. as its new Selling Agent, replacing the Phoenix Realty Group. DeLaurentis Management Corp. is a licensed real estate broker with its offices at 43A Greenridge Avenue, White Plains, New York 10605; the Selling Agent's telephone number is 914-946-1321.

(11) The Sponsor has adopted a revised form of contract to be used for sale of unsold shares; a copy of the revised form of contract is annexed as Exhibit "D."

(12) As disclosed in the Twenty Ninth Amendment, the Corporation was named as a defendant in a lawsuit entitled Sadore Estates and Sador Tower LLC v. Sadore Lane Gardens, Inc., DJP Management, Inc. and John Doe No. 1 to 45. (Westchester County Supreme Court, index number 03-20348). The suit was settled in August 2008. Sadore Estates is a partnership with a composition similar to that of the Sponsor; Sadore Estates was the record owner of a parcel of land, known as 70 Salisbury Road, Yonkers, New York, which is located behind 5 Sadore Lane; Sador Tower LLC is the current owner of the parcel. Pursuant to the settlement, the Sponsor will transfer title to the parcel currently used as a guest parking lot to the Apartment Corporation, and the Apartment Corporation has dropped its claims to ownership of the parcel or to a right to exclude Sador Tower LLC from the access easement that runs over a part of the Apartment Corporation's land to the parcel; Sador Tower LLC agreed to revisions in the current easement and to a new easement which will result in parking behind 5 Sadore Lane for 34 cars belonging to Sadore Lane residents, some of which will be on Sador Tower LLC's parcel. Sadore Tower LLC also agreed to create a new ADA compliant access ramp to the pool.

(13) The Apartment Corporation has undertaken the modernization of the ten (10) passenger elevators at the Premises at a cost of approximately \$900,000.00; as part of the modernization, the elevators shall be made ADA compliant. Work should commence shortly on this project; the Apartment Corporation expects the project to be completed within 14 months, and the project shall be paid for by funds drawn from the Apartment Corporation's line of credit; the cost of debt service for the line of credit was taken into account in preparing the Apartment Corporation's 2009-2010 budget.

(13) As disclosed in the Thirtieth Amendment, the most recent price for the unsold shares is \$1,250.00 per share

(14) The Offering Plan may be used for twelve (12) months from the date of this Amendment.

(15) The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

(16) Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.

Apartment Corporation

GARDEN TOWERS LLC

Sponsor

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

As of: March 10, 2009

BUILDING NO. 1

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1E	130	3T	168	5A	106	7B	213
1L	162	3V	136	5E	140	7C	110
2A	100	3X	168	5G	136	7D	78
2T	166	3Z	102	5L	172	7G	140
2U	134	4B	207	5N	106	7S	144
2X	166	4G	134	5S	140	7T	176
3B	205	4K	165	5Y	172	7X	176
3F	163	4L	170	6B	211		
3G	132	4M	104	6E	142		
3N	102	4V	138	6L	174		
		4Y	170	6V	142		
							5,800

Building Totals:

Apartments: 39

Shares: 5,800

BUILDING NO. 2

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1A	96	3J	120	5B	209	7G	144
1V	126	3L	168	5T	161	7H	144
1W	110	3T	157	5Y	172	7J	128
2C	95	3X	163	6A	108	7P	105
2G	134	4F	163	6E	136	7R	74
2H	134	4H	138	6H	142	7Z	110
2M	100	4K	170	6K	174		
2S	128	4M	104	6U	138		
2U	130	4O	207	6W	122		
2Y	166	4T	159	6Y	174		
		4X	165				
							5,174

Building Totals:

Apartments: 37

Shares: 5,174

BUILDING NO. 3

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1B	96	2E	134	4K	170	6E	142
1E	130	2H	134	4S	138	6F	174
1K	162	2J	118	4U	138	6J	126
1M	96	2L	166	4W	122	6K	174
1S	130	2S	134	5G	140	6V	142
1T	162	2V	134	5S	140	7C	110

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

As of: March 10, 2009

1U	130	3C	102	5V	140	7D	78
1Y	162	3D	70	5X	172	7G	144
1Z	96	3G	136			7X	176
		3S	136				
							4,854

Building Totals:

Apartments: 37

Shares: 4,854

BUILDING NO. 4

APT.# SHARES APT.# SHARES APT.# SHARES APT.# SHARES

1C	91	2W	118	5A	106	6S	136
1J	112	3C	97	5B	209	6Y	174
1N	96	3H	136	5D	70	7B	213
1T	157	3K	166	5F	165	7H	144
1X	162	3S	130	5J	122	7K	174
1Y	162	3U	136	5O	209	7S	138
2B	203	3W	120	5T	167	7T	171
2E	128	4E	132	6C	103	7X	176
2G	132	4F	163	6F	167	7Y	176
2K	164	4K	168	6G	142		
2O	203	4V	138	6L	174		
2S	128	4X	170	6M	108		
							6,656

Building Totals:

Apartments: 45

Shares 6,656

BUILDING NO. 5

APT.# SHARES APT.# SHARES APT.# SHARES APT.# SHARES

LG	128	3C	136	4P	138	7B	144
LM	94	3E	205	4R	138	7E	213
1E	128	3J	118	5M	169	7F	144
1H	114	4C	138	5N	169	7G	144
1L	132	4G	138	6C	142	7K	144
2K	134			6E	211		
2P	132	4H	120	6K	142	7N	173
2R	132	4L	138	6L	142	7P	144
3B	136			6R	142		
							4,622

Building Totals:

Apartments: 33

Shares: 4,622

Project Unsold Share Totals:

Apartments: 190

Shares: 27,106

190 apartments unsold out of 778 = 24.4216%

27,106 shares out of 103,985 = 26.0672%

unsoldt.sad March 20, 2009

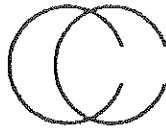
SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 29, 2008
AND FEBRUARY 28, 2007

Exhibit "B"

SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 29, 2008 and February 28, 2007, and the related statements of revenues, expenses, and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sadore Lane Gardens, Inc. as of February 29, 2008 and February 28, 2007, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Corporation has not estimated the remaining lives and replacement costs of its building and building improvements and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.

CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2008

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 348,859	\$ 416,936
Certificates of deposit	-	190,000
Restricted cash - reserve fund	668,448	643,073
Investment in capital stock of National Cooperative Bank, FSB	-	168,750
Real estate tax escrow deposits	466,519	363,563
Assessments and other receivables	166,774	42,359
Prepaid real estate taxes and other assets	237,438	231,029
Deferred finance costs, net	139,979	163,308
Property and equipment, net	<u>6,854,701</u>	<u>7,325,060</u>
TOTAL ASSETS	<u>\$ 8,882,718</u>	<u>\$ 9,544,078</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 563,220	\$ 400,217
Mortgage note payable	<u>15,515,181</u>	<u>15,650,456</u>
Total liabilities	<u>16,078,401</u>	<u>16,050,673</u>
Commitments and contingencies (Notes 7, 8, 9 and 10)		
Shareholders' deficit:		
Common stock - \$1 par value; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(9,778,808)</u>	<u>(9,076,932)</u>
	(6,984,781)	(6,282,905)
Less: receivable from Sponsor	<u>(210,902)</u>	<u>(223,690)</u>
Total shareholders' deficit	<u>(7,195,683)</u>	<u>(6,506,595)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	<u>\$ 8,882,718</u>	<u>\$ 9,544,078</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Maintenance assessments	\$ 4,930,666	\$ 4,766,001
Parking fees	293,842	280,757
Investment income, net	60,148	89,801
Laundry receipts	50,400	50,400
Storage fees	31,310	27,505
License fee	38,466	36,877
Other	<u>141,212</u>	<u>32,639</u>
Total revenues	<u>5,546,044</u>	<u>5,283,980</u>
Expenses:		
Administrative	756,928	738,740
Utilities	1,036,750	798,009
Building operations	76,876	92,059
Payroll and related costs	879,282	868,555
Interest	843,816	850,930
Real estate taxes	1,403,643	1,290,755
Major repairs and replacements	<u>495,031</u>	<u>350,604</u>
Total expenses	<u>5,492,326</u>	<u>4,989,652</u>
Excess of revenues over expenses before depreciation and amortization	53,718	294,328
Depreciation	732,264	671,958
Amortization of deferred finance costs	<u>23,330</u>	<u>23,330</u>
Deficit of revenues over expenses	(701,876)	(400,960)
Accumulated deficit - beginning	<u>(9,076,932)</u>	<u>(8,675,972)</u>
ACCUMULATED DEFICIT - ENDING	<u>\$ (9,778,808)</u>	<u>\$ (9,076,932)</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

	<u>2008</u>	<u>2007</u>
Operating activities:		
Deficit of revenues over expenses	\$ (701,876)	\$ (400,960)
Adjustments to reconcile deficit of revenues over expenses to net cash provided by (used in) operating activities:		
Maintenance charges allocated to financing activities	(135,275)	(128,161)
Depreciation and amortization	755,594	695,288
Earnings on restricted assets	(25,375)	(25,060)
Changes in assets and liabilities:		
Real estate tax escrow deposits	(102,956)	(34,266)
Assessments and other receivables	(124,415)	688
Prepaid real estate taxes and other current assets	(6,409)	28,717
Accounts payable, accrued expenses and other liabilities	<u>163,001</u>	<u>142,478</u>
Net cash provided by (used in) operating activities	<u>(177,711)</u>	<u>278,724</u>
Investing activities:		
Return of investment in capital stock of National Cooperative Bank, FSB	168,750	-
Purchases of certificates of deposits	(100,000)	(570,000)
Proceeds from redemptions of certificates of deposits	290,000	1,470,000
Purchases of property and equipment	<u>(261,904)</u>	<u>(908,524)</u>
Net cash provided by (used in) investing activities	<u>96,846</u>	<u>(8,524)</u>
Financing activities:		
Repayment of mortgage payable - National Cooperative Bank	(135,275)	(128,161)
Maintenance charges allocated to mortgage repayment	135,275	128,161
Collection of amount due from Sponsor	<u>12,788</u>	<u>14,061</u>
Net cash provided by financing activities	<u>12,788</u>	<u>14,061</u>
Net increase (decrease) in cash and cash equivalents	(68,077)	284,261
Cash and cash equivalents - beginning	<u>416,936</u>	<u>132,675</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 348,859</u>	<u>\$ 416,936</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ <u>843,816</u>	\$ <u>850,930</u>
Income taxes paid	\$ <u>22,660</u>	\$ <u>17,605</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

NOTE 1. ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units; as of February 29, 2008, there were 589 units owned by tenant-shareholders and 189 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Revenue recognition

Tenant-shareholders are subject to monthly maintenance assessments to provide funds for the Corporation's operating expenses. Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist principally of money market funds.

Certificates of Deposit

Certificates of deposit consist of all certificates purchased with an original maturity date in excess of three months. The certificates are recorded at cost, which approximates market value. All certificates of deposit matured during the year ending February 29, 2008.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted average life of the deferred finance costs at February 29, 2008, is six years. Amortization expense for each of the next five years is estimated to be \$23,330.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

Future major repairs and replacements

The Corporation's governing documents do not require the accumulation of funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future, nor has it developed a plan to fund those needs. When funds required for future major repairs and replacements exceed the balances maintained in the reserve fund, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 3. NET OPERATING LOSSES

The Corporation is qualified to prepare its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the years ended February 29, 2008 and February 28, 2007 is patronage income within the meaning of Subchapter T.

The Corporation has federal and state tax loss carryforwards of approximately \$7,145,000, which if not utilized will expire as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2009	\$ 231,000
2010	157,000
2011	399,000
2012	504,000
2013-2028	<u>5,854,000</u>
	<u>\$ 7,145,000</u>

The net operating loss carryforwards give rise to deferred tax assets of approximately \$2,429,000 and \$2,306,000 at February 29, 2008 and February 28, 2007, respectively, which are reduced by valuation allowances of \$2,429,000 and \$2,306,000 at February 29, 2008 and February 28, 2007, respectively.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

NOTE 4. CONCENTRATION OF CREDIT RISK

At February 29, 2008 and February 28, 2007, and routinely throughout each year, the Corporation maintained cash deposits with financial institutions in excess of the Federal Deposit Insurance Corporation's insurable limits. The Corporation has not experienced any losses in these accounts and feels it is not exposed to any significant credit risk with respect to cash. Additionally, the Corporation maintains cash balances at a brokerage firm in excess of the Securities Investor Protection Corporation's insurable limits. However, the brokerage firm carries supplemental insurance to protect the balances of their depositors' funds in excess of the federal coverage. Management believes that the Corporation has no significant credit risk with respect to these deposits.

NOTE 5. RECEIVABLE FROM SPONSOR

Pursuant to the offering plan, as amended, the Corporation was to receive \$1,000,000 from the Sponsor from the proceeds of the sale of the Corporation's shares of common stock held by the Sponsor ("Sponsor Shares"). As of February 29, 2008, the Corporation has received a total of \$789,098 from inception of this arrangement, of which \$12,788 and \$12,153 was received during the years ended February 29, 2008 and February 28, 2007, respectively. Collection of the remaining balance of \$210,902 is subject to the Sponsor's sale of the Sponsor Shares. Amounts due from the Sponsor are noninterest bearing.

NOTE 6. PROPERTY AND EQUIPMENT

The estimated useful lives of depreciable property and equipment for the purpose of computing depreciation for financial reporting purposes are as follows:

	<u>Years</u>
Buildings	27.5
Building improvements	5 - 39
Equipment	5
Vehicles	5

Land, property and equipment consist of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 1,568,638	\$ 1,568,638
Buildings	8,888,950	8,888,950
Building improvements	6,937,084	6,695,601
Equipment	433,535	413,805
Vehicles	<u>14,911</u>	<u>14,911</u>
	17,843,118	17,581,905
Less: accumulated depreciation	<u>(10,988,417)</u>	<u>(10,256,845)</u>
	<u>\$ 6,854,701</u>	<u>\$ 7,325,060</u>

Depreciation expense of \$732,264 and \$671,958 was recorded for the years ended February 29, 2008 and February 28, 2007, respectively.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

NOTE 7. MORTGAGE PAYABLE

The Corporation has a mortgage with National Cooperative Bank, FSB (the "Bank") in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,600,000 due at maturity. The mortgage note is collateralized by the land, building and improvements owned by the Corporation, which has a net book value of \$6,854,701 at February 29, 2008.

As required by the mortgage agreement, the Corporation deposited \$1,000,000 from the proceeds into an interest-bearing account reserved for future capital improvements. In addition, these funds are utilized as collateral under the terms of the mortgage. If at any time the Corporation defaults under the terms of the mortgage, the Bank has no obligation to disburse these funds for future capital improvements; the Bank has the right to hold the remainder of these funds to be disbursed in accordance with the terms of the mortgage.

In addition, in lieu of paying mortgage tax at closing, the Corporation was required to purchase 1,600 shares of Class B capital stock of the Bank totaling \$160,000. The Corporation must hold this stock until the loan matures. During the year ended February 29, 2008, the Corporation received a payment of \$160,000 from the Bank which represents a return of the investment.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2009	\$ 140,364
2010	150,574
2011	158,932
2012	167,753
2013	174,742
Thereafter	<u>14,722,816</u>
	<u>\$ 15,515,181</u>

NOTE 8. LINE OF CREDIT

In February 2004, the Corporation entered into a line of credit agreement with the Bank that allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014 and is secured by a second mortgage on the land, building and improvements owned by the Corporation. Interest only is payable monthly on the outstanding balance at the Bank's prime rate plus 1.25% (6.00% at February 29, 2008) through March 1, 2009. Thereafter, monthly payments of principal, in the minimum amount of \$100, and interest shall be made on the outstanding balance until maturity.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

NOTE 8. LINE OF CREDIT (CONTINUED)

Concurrent with the establishment of this credit line, the Corporation was required to purchase 87.50 shares of the Bank's Class B capital stock for \$8,750. The Corporation must hold this stock until the maturity date of the mortgage note (Note 6). During the year ended February 29, 2008, the Corporation received a payment of \$8,750 from the Bank which represents a return of the investment.

At February 29, 2008, there was no outstanding balance on this line of credit.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

The Corporation entered into a managing agent agreement with Prime Locations, Inc. ("Prime"), whereby Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to board approval in certain instances. The agreement, which expired on December 31, 2005, was renewed for an additional five years. The management agreement provides that Prime shall receive an annual fee of \$198,000 (increased annually by 3%).

Agreement for Parking Garage Services

On September 17, 2007, the Corporation entered into a modification to their parking management agreement with a managing agent to manage the garages and outside parking. The agreement authorizes the agent to offer these services to the tenant-shareholders for rates specified in the agreement. In consideration, the agent shall remit a monthly fee of \$24,455, subject to certain adjustments contained in the agreement, to the Corporation. For the years ended February 29, 2008 and February 28, 2007, parking fees received from the agent amounted to \$293,842 and \$280,757, respectively. Pursuant to the previous agreement, the agent remitted a monthly fee of \$23,455 to the Corporation, subject to certain adjustments contained in the agreement.

Agreement for Maintenance of Laundry Facilities

The Corporation entered into an agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement expires on December 31, 2019. In accordance with the agreement, the Corporation received \$50,400 from the contractor for each of the years ended February 29, 2008 and February 28, 2007.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). In 2005, this agreement was automatically renewed for one of the two additional five-year terms.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

License Fee Agreement (continued)

Following are the projected license fees for each of the next five years:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2009	\$ 38,466
2010	40,003
2011	41,603
2012	43,269
2013	<u>29,605</u>
	<u>\$ 192,946</u>

Agreement for Maintenance of Elevators

Effective November 1, 2006, the Corporation exercised a five-year renewal of their current agreement with an elevator contractor to assume maintenance of the elevators. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement.

NOTE 10. SUBSEQUENT EVENT

Litigation

The Corporation was involved in litigation with an affiliate of the Sponsor (the "claimant") in which the claimant was seeking a declaratory judgment stating that it (the claimant) owned the parking lot located adjacent to one of the Corporation's buildings (5 Sadore Lane), which is used by the Corporation as parking for its shareholders. The claimant was also seeking an order ejecting the Corporation from the disputed parcel. The Corporation defended the lawsuit and had asserted counterclaims seeking to either establish its ownership of the parcel or its right to the continued use thereof.

In August 2008, this litigation was settled pursuant to a stipulation under which: (a) the claimant agreed to convey to the Corporation a separate parcel of land on which the Corporation's guest parking lot is situated; (b) the Corporation agreed to relinquish its claim to the disputed parking lot; and (c) the claimant agreed to give the Corporation easements allowing up to 34 cars to park on the disputed parcel and for continued access to the Corporation's pool for disabled persons.

Budget Detail (Cash)
SADORE LANE GARDENS INC. - (029)
 March 2009 - February 2010

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 3/17/2009
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Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
INCOME:													
MAINTENANCE	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	5,353,562
STAR CREDITS	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-366,244
RENT	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	42,605
STORAGE	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	41,603
PARKING	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	294,660
LAUNDRY	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
LATE CHARGES & NSF	958	958	958	958	958	958	958	958	958	958	958	958	11,498
LEGAL FEE RECOVERY	679	679	679	679	679	679	679	679	679	679	679	679	8,150
POOL FEES	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	228,960
TOTAL INCOME	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	5,475,993
EXPENSES:													
FUEL OIL	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	850,643
UTILITIES - ELECTRIC	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	214,111
UTILITIES - GAS	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	54,168
SUPPLIES	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	81,163
SUPPLIES POOL	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	18,366
SUPPLIES PLUMBING	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	20,477
SUPPLIES OFFICE	185	185	185	185	185	185	185	185	185	185	185	185	2,223
SUPPLIES LANDSCAPING	355	355	355	355	355	355	355	355	355	355	355	355	4,265
REPAIRS & MAINTENANCE	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	450,000
CONTRACT SNOW REMOVAL													8,400
CONTRACT ELEVATOR	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	48,924
CONTRACT SPRINKLER	60	60	60	60	60	60	60	60	60	60	60	60	723
CONTRACT ALARM SYSTEM	24	24	24	24	24	24	24	24	24	24	24	24	286
MANAGEMENT	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	210,058
LEGAL	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000
ACCOUTING	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	30,500
PAYROLL & RELATED COSTS	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	619,689
EMPLOYER FICA	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	41,323
EMPLOYER FTUI	110	110	110	110	110	110	110	110	110	110	110	110	1,320
EMPLOYER CT SUI	666	666	666	666	666	666	666	666	666	666	666	666	7,995
UNION PENSION	179	179	179	179	179	179	179	179	179	179	179	179	2,150
UNION LEGAL SERVICES	137	137	137	137	137	137	137	137	137	137	137	137	1,647
UNION TRAINING	146	146	146	146	146	146	146	146	146	146	146	146	1,747
UNION HEALTH	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	128,779
WORKERS COMPENSATION	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	31,528
DISABILITY INSURANCE	141	141	141	141	141	141	141	141	141	141	141	141	1,695
PAYROLL PREPARATION	245	245	245	245	245	245	245	245	245	245	245	245	2,937
WATER & SEWER	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	109,662
NY STATE CORP TAX	879	879	879	879	879	879	879	879	879	879	879	879	10,547
INSURANCE	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	263,163
PHONE CELLULAR	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	14,244
MISCELLANEOUS	664	664	664	664	664	664	664	664	664	664	664	664	7,965
MTG NCB	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	12,678
MTG CREDIT LINE FSB	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	979,081
TAX/STAR ESCROW	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
MAJOR & CONTINGENCY	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	924,088
TOTAL EXPENSES	442,905	443,685	443,685	443,685	443,685	443,685	443,685	443,685	443,685	443,685	443,685	443,685	5,475,993
NET INCOME (LOSS)	19,025	18,245	-835	-835	-10,945	-10,945	-835	-835	-3,868	-2,544	-4,898	-698	0

Contract of Sale - Cooperative Apartment

This contract is made as of _____, 20____, between the "Seller" and the "Purchaser" identified below.

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: **Garden Towers LLC**
Address: 550 MAMARONECK AVENUE, HARRISON, NEW YORK 10528
Prior names used by Seller:
Soc. Sec. No. 13-2578521

Purchaser:
Address:
Soc. Sec. No.

1.2 The "Attorneys" are (name, address and telephone):

For Seller: GROSS, SCULLY & STABILE LLP
 9 WEST PROSPECT AVENUE, SUITE 406
 MOUNT VERNON, NEW YORK 10550
 (914) 699-1919

For Purchaser:

1.3 The "Escrowee" is (name, address, and telephone)

GROSS, SCULLY & STABILE LLP
9 WEST PROSPECT AVENUE, SUITE 406
MOUNT VERNON, NEW YORK 10550
(914) 699-1919

1.4 The "Managing Agent" is (name, address, and telephone)

PRIME LOCATIONS
5 SADORE LANE
YONKERS, NEW YORK 10710
(914) 963-7400

1.5 The name of the cooperative housing corporation ("Corporation") is SADORE LANE GARDENS, INC.

1.6 The "Unit" number is _____.

1.7 The Unit is located in "Premises" known as 1-5 SADORE LANE, YONKERS, NEW YORK 10710.

1.8 The "Shares" are the _____ shares of the Corporation allocated to the Unit.

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

**1.10 The "Broker" (see Par. 12) is DELAURENTIS MANAGEMENT CORP. ,
43A GREENRIDGE AVENUE, WHITE PLAINS, NY 10605**

1.11 The "Closing" is the transfer of ownership of the Shares and Lease, which is scheduled to occur on _____ at 10:00 A.M. (see Pars. 9 and 10)

1.12 The "Purchase Price" is \$ _____.

1.12.1 the "Contract Deposit" is \$ _____.

1.12.2 the "Balance" of the Purchase Price due at Closing is \$ _____ . (see Par. 2)

1.13 The "Maintenance" charge is the rent payable under the Lease which at the date this Contract is in the monthly amount of \$ _____ (see Par. 4). This maintenance is subject to change.

Exhibit "D"

1.14 The "Assessment" is the additional rent payable under the Lease which at the date of this Contract is \$ _____ payable as follows: _____

1.15 The Party upon whom the Corporation imposes a "Flip Tax" or similar transfer fee, if any, is NONE (see Par. 11.3)

1.16 If Par. 19 (Financing Contingency) applies:

1.16.1 the "Loan Terms" are:

Amount Financed: \$ _____ or any lower amount applied for or acceptable to Purchaser.

Payment Terms and Charges: The customary payment terms (including prevailing fixed or adjustable interest rate, prepayment provisions and maturity) and charges (including points, origination and other fees) then currently being offered to purchasers of cooperative apartments by the Institutional Lender (defined in Par. 19.5.1) to which Purchaser applies.

Security: Pledge of the Shares and Lease.

1.16.2 the period for Purchaser to obtain a Loan Commitment Letter is 30 days after a fully executed counterpart of this Contract is given to Purchaser.

1.17 The "Proposed Occupants" of the Unit are the following:

1.17.1 persons and relationship to Purchaser:

1.17.2 pets: NONE

1.18 The Contract Deposit shall be held in a non-interest bearing escrow account. ~~Interest shall be payable to the party entitled to the Contract Deposit.~~ The escrow account shall be an IOLA type account held at HUDSON VALLEY BANK, 403 EAST SANFORD BLVD., MOUNT VERNON, NY (see Par. 28)

2. Agreement to Sell and Purchase; Purchase Price; Escrow

2.1 Seller agrees to sell and assign to Purchaser, and Purchaser agrees to purchase and assume from Seller, the Seller's Shares and Lease for the Purchase Price and upon the other terms and conditions stated in this Contract.

2.2 The Purchase Price is payable to Seller by Purchaser as follows:

2.2.1 the Contract Deposit at the time of signing this Contract, by Purchaser's collectible check to the order of Escrowee.

2.2.2 the Balance at Closing, only by cashier's, official bank or certified check of Purchaser made payable to the direct order of Seller. These checks shall be drawn on and payable by a branch of a commercial or savings bank, savings and loan association or trust company located in the same City or County as the Unit. Seller may direct, on not less than 3 business days' Notice (defined in Par. 17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller.

3. Personal Property

3.1 Subject to any rights of the Corporation or any holder of a mortgage to which the Lease is subordinate, this sale includes all of Seller's ownership, if any, of the following "Property" to the extent existing in the Unit on the date hereof: the refrigerator, freezer, range, oven, microwave oven, dishwasher, cabinets and counters, light fixtures, central air-conditioning and/or window or sleeve units, washing machine, dryer, screens and storm windows, window treatments, switch plates, door hardware, built-ins not excluded in Par. 3.2 and **SEE RIDER**

3.2 Specifically excluded from this sale is all personalty not included in Par. 3.1 and

3.3 The Property shall not be purchased if Closing does not occur.

3.4 No consideration is being paid for the Property. Seller makes no representation as to the condition of the Property. Purchaser shall take the Property "as is" on the date of this Contract, except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing.

3.5 At or prior to the time of Closing, Seller shall remove from the Unit all the furniture, furnishings and other personalty not included in this sale, and repair any damage caused by such removal.

4. Representations and Covenants

4.1 Subject to any matter affecting title to the Premises (as to which Seller makes no representations or covenants), Seller represents and covenants that:

4.1.1 Seller is and shall at Closing be the sole owner of the Shares and Lease with the full right and power to sell and assign them;

4.1.2 the Shares and Lease will at Closing be free and clear of liens (other than the Corporation's general lien on the Shares, for which no monies shall be owed), encumbrances and adverse interests ("Liens"); or Seller will deliver to Purchaser at Closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove of record, at Seller's expense, any such Liens;

4.1.3 the Shares were duly issued, fully paid for and are non-assessable;

4.1.4 the Lease is, and will at Closing be, in full force and effect and no notice of default under the Lease will be in effect at Closing;

4.1.5 the Maintenance and Assessments payable as of the date hereof are as specified in Pars. 1.13 and 1.14. All sums due to the Corporation will be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.6 as of this date, Seller neither has actual knowledge nor has received any written notice of (a) any increase in Maintenance or (b) any proposed Assessment which has been either adopted or is under consideration by the Board of Directors of the Corporation and not reflected in the amounts set forth in Pars. 1.13 and 1.14;

4.1.7 Seller will not at Closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Unit or the Premises;

4.1.8 there are and at closing will be no violations of record which the owner of the Shares and Lease would be obligated to remedy under the terms of the Lease;

~~4.1.9 Seller has not made any alterations or additions to the Unit, without any required consent of the Corporation;~~

4.1.10 Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and/or occupancy of the Unit which would be binding on or adversely affect Purchaser; and

4.1.11 Seller has been known by no other name for the past 10 years except as set forth in Par. 1.1.

4.2 Purchaser represents and covenants that Purchaser is acquiring the Shares and Lease solely for residential occupancy of the Unit by the Proposed Occupants only and will so represent to the Corporation in connection with Purchaser's application to the Corporation for approval of this transaction by the Corporation.

4.3 The representations and covenants contained in Par. 4.1 shall survive Closing, but any action based thereon must be instituted within 1 year from Closing.

5. Corporate Documents

Purchaser has examined and is satisfied with or has waived the examination of the Lease, and the Corporation's certificate of incorporation, bylaws, house rules, most recent audited financial statement and most recent statement of tax deductions available to the Corporation's shareholders under Internal Revenue Code ("IRC") § 216 (or any successor statute).

6. Required Approval and References

6.1 This sale is **NOT** subject to the approval of the Corporation.

6.2 INTENTIONALLY OMITTED

6.3 INTENTIONALLY OMITTED

7. Condition of Unit and Possession

7.1 Seller makes no representation as to the condition of the Unit. Purchaser has inspected the Unit and shall take the same "AS IS", on the date of this Contract, reasonable wear and tear excepted.

7.2 Seller shall deliver possession of the Unit at Closing, vacant, broom-clean and free of all occupants and rights of possession, **OTHER THAN OCCUPANCY RIGHTS OF THE PURCHASER, IF ANY.**

8. Risk of Loss

8.1 While Seller has legal title and is in possession of the Unit, Seller assumes all risk of loss or damage ("Loss") to the Unit and Property from fire or other cause not due to the fault of Purchaser or Purchaser's contractors, agents or servants. In the event of a Loss, Seller shall have the option (but not the obligation) to restore the Unit and Property to as near as reasonably possible to the condition immediately prior to the Loss.

8.2 Within 10 calendar days after the Loss occurs, Seller shall give Notice to Purchaser of the Loss and whether or not Seller elects to restore ("Election Notice").

8.3 If Seller elects to restore, Seller must do so within 60 calendar days after sending the Election Notice or by the Closing, whichever is later ("Restoration Period").

8.4 If the Closing is before such 60 calendar day period expires, then the Closing shall be adjourned to a date and time fixed by

the Seller on not less than 10 calendar days' prior Notice to Purchaser, but in no event shall the Closing be adjourned for more than 70 calendar days after giving of the Election Notice.

8.5 If Seller elects not to restore or fails, in a timely manner, to send the Election Notice or, having sent the Notice, Seller fails to complete the restoration within the Restoration Period, then Purchaser's sole remedy is either to:

8.5.1 cancel this Contract in accordance with Par. 16 and recover all sums theretofore paid on account of the Purchase Price; or

8.5.2 complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller, but with the right to receive any "Net Insurance Proceeds" as defined in Par. 8.6 together with an assignment to Purchaser, without recourse to Seller, of any uncollected proceeds, which assignment shall be delivered by Seller at Closing.

8.6 "Net Insurance Proceeds" are proceeds of Seller's insurance covering the Loss which is attributable to the Unit and Property after deducting legal and other collection expenses incurred by Seller and any sums paid or incurred by Seller for restoration.

8.7 If Purchaser fails to exercise one of Purchaser's options pursuant to Par. 8.5 by Notice to Seller within 7 business days after Seller gives the Election Notice or within 7 business days after the Restoration Period expires (in the event Seller fails to complete the restoration within the Restoration Period), then Purchaser will be deemed to have conclusively elected the option to complete the purchase pursuant to Par. 8.5.2.

8.8 If Purchaser is given possession of the Unit prior to Closing:

8.8.1 Purchaser assumes all risk of Loss to the Unit and Property prior to Closing from fire or other cause not the fault of Seller or Seller's contractors, agents, employees or servants; and

8.8.2 Purchaser shall be obligated to complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller and without delay.

8.9 Notwithstanding anything to the contrary in Par 8.1, Purchaser shall have the right to cancel this Contract in accordance with Par. 16 if, prior to Closing and while Seller is in possession, through no fault of Purchaser or Purchaser's contractors, agents, employees and servants, either:

8.9.1 a Loss occurs to the Unit would cost more than 10% of the Purchase Price to restore; or

8.9.2 more than 10% of the units in the Premises are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Unit is damaged.

8.10 Purchaser shall be deemed to have waived Purchaser's right to cancel under Par. 8.9 if Purchaser fails to elect to cancel by Notice to Seller given within 7 business days after Seller gives Notice to Purchaser of the event which gives rise to Purchaser's right to cancel. In the event Purchaser waives or is deemed to have waived this right to cancel, the provisions of Par. 8.5.2 shall apply.

9. Closing Location

THE CLOSING SHALL BE HELD AT THE OFFICE OF SELLER'S ATTORNEY.

10. Closing

10.1 At Closing, Seller shall deliver:

10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;

10.1.2 Seller's counterpart original of the Lease and duly executed assignment thereof to Purchaser in the form required by the Corporation;

10.1.3 a written statement by an officer of the Corporation or its authorized agent ~~consenting to the transfer of the Shares and Lease to Purchaser~~ and setting forth the amounts and payments status of the Maintenance and any Assessments;

10.1.4 executed FIRPTA document(s) (defined in Par. 26);

10.1.5 keys to the Unit, building entrances, garage, mailbox and any locks in the Unit;

10.1.6 if requested, an assignment to Purchaser of Seller's interest in the Property;

10.1.7 Net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable; and

10.1.8 instruments or other documents required under Par. 4.1.2, if any.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with Par. 2.2.2;

10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in form required by the Corporation; and

10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be cancelled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall provide, the information necessary for Internal Revenue Service ("IRS) Form 1099-S or other similar form required.

10.4 At Closing, Seller shall provide and the parties shall execute, all documents necessary to comply with any applicable transfer and/or gains tax filings.

11. Closing Fees, Taxes and Apportionments

11.1 At Closing, Seller shall pay, if applicable:

- ~~11.1.1 the processing fee(s) of the Corporation, its attorneys, and/or agents, except as set forth in Par. 11.2.3;~~
- 11.1.2 the cost of stock transfer stamps; and
- 11.1.3 the transfer tax ~~and transfer gains tax~~, except a transfer tax which by its terms imposes primary liability on the purchaser.

11.2 At Closing, Purchaser shall pay:

- 11.2.1 the sales taxes, if any, on this sale, other than the transfer stamps as provided for in Par. 11.1.2;
- 11.2.2 the cost of any title search;
- 11.2.3 any fee to the Corporation or its agents and/or attorneys relating to the transfer or the Purchaser's financing (currently \$400.00 TO SMITH, BUSS & JACOBS LLP); and
- 11.2.4 a transfer tax which by law is primarily imposed on the purchaser

11.3 At Closing, the Flip Tax, if any, shall be paid by the Party specified in Par. 1.15.

11.4 At Closing, the Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance and any other periodic charges due the Corporation (other than Assessments).

11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned but shall be paid by the party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right to and elected to pay the Assessment in installments.

11.6 Each party covenants to the other that it will timely pay any taxes for which it is primarily liable pursuant to law. This Par. 11.6 shall survive Closing.

12. Broker

12.1 Each Party represents to the other that such Party has not dealt with any other person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker named in Par. 1.10.

12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker shall not be deemed to be a third-party beneficiary of this provision.

12.3 This Par. 12 shall survive the Closing.

13. Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole remedy shall be to terminate this Contract and retain the Contract Deposit as liquidated damages, except there shall be no limitation on Seller's remedies for breach of Par. 12.1. In case of Purchaser's misrepresentation or default, Seller's damages would be impossible to ascertain and the Contract Deposit constitutes a fair and reasonable amount of compensation.

13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.

13.3 Each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of the representations or covenants stated to survive Closing. This indemnity includes, without limitation, reasonable attorney's fees and disbursements, court costs and litigation expenses. This Par. 13.3 shall survive the Closing.

13.4 Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the Lease obligations assumed by Purchaser. This indemnity includes, without limitation, reasonable attorney's fees and disbursements, court costs and litigations expenses. This indemnity does not include or excuse a breach of any representation or covenant by Seller in Par. 4.1. This Par. 13.4 shall survive the Closing.

13.5 In the event any instrument for the payment of the Contract Deposit fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Contract, provided Seller gives Purchaser notice of such failure of collection and, within 3 business days after Notice is given, Escrowee does not receive from Purchaser an unendorsed certified check, bank check or immediately available funds in the amount of the uncollected funds. Failure to cure such default shall entitle Seller to the remedy in Par. 13.1 and to retain all sums as may be collected and/or recovered.

14. Entire Agreement; Modification

14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to Par. 28, are merged in this Contract, which alone fully and completely expresses their agreement.

14.2 A provision of this Contract may be changed or waived only in writing signed by the Party (or Escrowee) to be charged.

14.3 The Attorneys may extend in writing any of the time limitations stated in this Contract.

15. No Assignment by Purchaser

15.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder and any purported assignment shall be null and void.

15.2 This Contract shall bind and inure to the benefit of the Parties hereto and their respective heirs, personal and legal representatives and successors in interest.

16. Cancellation for Other than Default or Misrepresentation

If Seller shall be unable to transfer the Lease and the Shares in accordance with this Contract for any reason not due to Seller's willful acts or omissions, then the sole obligation of Seller shall be to refund to Purchaser the Contract Deposit and reimburse Purchaser for the actual costs incurred for Purchaser's title or abstract search, except such reimbursement shall not be required if a cancellation is pursuant to Par. 6 or 19. Upon making such refund, this Contract shall be canceled and neither Party shall have any further claims against the other hereunder.

17. Notices

17.1 Any notice or demand ("Notice") shall be in writing and either delivered by hand or overnight delivery or sent by certified or registered mail to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at the address set forth in Par. 1, or to such other address as shall hereafter be designated by Notice given pursuant to this Par. 17.

17.2 Each Notice shall be deemed given on the same day if delivered by hand or on the following business day if sent by overnight delivery, or the second business day following the date of mailing.

17.3 The Attorneys are authorized to give any Notice specified in this Contract on behalf of their respective clients.

17.4 Failure to accept a Notice does not invalidate the Notice.

18. Margin Headings

The margin headings do not constitute part of the text of this Contract.

19. Financing Contingency (*delete if inapplicable*)

19.1 Purchaser may cancel this Contract and recover the Contract Deposit by following the procedure in Par. 19.4 if after complying with Purchaser's "Financing Obligations" in Par. 19.2 below and Purchaser's other obligations under this Contract:

19.1.1 Purchaser fails through no fault of Purchaser to obtain from an "Institutional Lender" (defined in Par. 19.5.1) a "Loan Commitment Letter" (defined in Par. 19.5.2) for financing on the Loan Terms and within the time period stated in Par. 1.16 (the "Loan"); or

19.1.2 the Institutional Lender and the Corporation cannot agree on the terms of an agreement for the protection of the Institutional lender (commonly called a recognition agreement), if required by the Institutional Lender.

19.2 Purchaser's right to cancel under Par. 19.1 and recover the Contract Deposit is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations":

19.2.1 Purchaser must apply in good faith for the Loan from an Institutional Lender within 7 business days after a fully executed counterpart of this Contract is given to Purchaser;

19.2.2 the Loan application must contain truthful, accurate and complete information as required by the Institutional Lender; and

19.2.3 Purchaser must promptly comply with all requirements of the Institutional Lender to obtain the Loan Commitment Letter and to close the Loan.

19.3 Purchaser may also cancel this Contract and recover the Contract Deposit in accordance with the procedure in Par. 19.4 if:

19.3.1 the Closing is adjourned by Seller or the Corporation for more than 30 business days from the date set for Closing in Par. 1.11; and

19.3.2 the Loan Commitment Letter expires on a date more than 30 business days after the date set for Closing in Par. 1.11 and before the new date set for Closing pursuant to Par. 19.3.1; and

19.3.3 Purchaser is unable in good faith to obtain from the Institutional Lender an extension or a new Loan Commitment Letter for the Amount Financed stated in Par. 1.16 or the same principal amount stated in the expired Loan Commitment Letter, whichever is lower, without paying any additional fees to the Institutional Lender (unless Seller, within 5 business days after receipt of Notice of such fees, gives Notice that Seller will pay such fees and pays them when due). All other substantive Loan terms may be materially no less favorable than in the expired Loan Commitment Letter.

19.4 In order to cancel pursuant to Par. 19.1 or 19.3, Purchaser shall give Notice of cancellation to Seller within 5 business days after the right to cancel arises. **Purchaser's failure to timely give such Notice of Cancellation will be deemed a conclusive waiver of such right to cancel.** In case of cancellation pursuant to Par. 19.1, a copy of any loan refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the Institutional Lender shall accompany the Notice of cancellation, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Par. 19.3, a copy of all written communications between the Institutional Lender and Purchaser concerning the extension or new loan commitment shall accompany the Notice of cancellation (or a copy of any letter refusing to extend the loan commitment or make a new loan commitment received by Purchaser after sending the cancellation Notice shall be sent to Seller promptly after receipt). Purchaser's obligation under this Par. 19.4 shall survive the cancellation of this Contract.

19.5 The definitions for certain terms used in this Par. 19 are:

19.5.1 an "Institutional Lender" is any bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, insurance company or governmental entity which is duly authorized to issue a loan secured by the Shares and Lease in the state where the Unit is located and is then currently extending similarly secured loan commitments; and

19.5.2 a "Loan Commitment Letter" is a written offer to make the Loan with or without recourse and whether or not conditional upon any factor other than an appraisal satisfactory to the Institutional Lender. An offer to make the Loan which is conditional on obtaining a satisfactory appraisal shall only become a Loan Commitment Letter upon such condition being met.

20. Singular/Plural and Joint/Several

The use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires. If more than one entity is selling or purchasing the Unit, their obligations shall be joint and several.

21. No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Computation errors shall survive and be corrected after Closing

22. Inspections

Purchaser shall have the right to inspect the Unit at reasonable times upon reasonable request to Seller, and within 48 hours prior to Closing.

23. Governing Law

This Contract shall be governed by the laws of the State of New York. Any action or proceeding arising out of this Contract shall be brought in the county where the Unit is located and the Parties hereby consent to said venue.

24. Removal of Liens

24.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to Closing, a list of Liens, if any, which may violate Par. 4.1.

24.2 Seller shall have a reasonable period of time to remove any such Lien.

25. Cooperation of Parties

25.1 The Parties shall each cooperate with the other, the Corporation, Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to close.

25.2 The Parties shall timely file or pre-file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings will be true and complete. This Par. 25.2 shall survive the Closing.

26. FIRPTA and Gains Tax

26.1 The Parties shall comply with IRC §§ 897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Purchaser at or prior to Closing a Certification of Nonforeign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by Closing, the Purchaser shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the IRS. In the event of such withholding by Purchaser, Seller's obligations hereunder, including (but not limited to) the transfer of ownership of the Shares and Lease, shall not be excused or otherwise affected. In the event of any claimed over-withholding, Seller shall be limited solely to an action against the IRS for a refund. Seller hereby waives any right of action against Purchaser on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-filing is required by law, Purchaser shall simultaneously herewith deliver to Seller a completed and executed Transferee Questionnaire or the equivalent thereof.

27. Additional Conditions

27.1 Purchaser shall not be obligated to close unless at the time of the Closing:

- 27.1.1 the Corporation is duly incorporated and in good standing; and
- 27.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and
- 27.1.3 there is no pending *in rem* action or foreclosure action of any underlying mortgage affecting the Premises.

27.2 Purchaser shall give Seller Notice of any failure of any of the conditions in Par. 27.1. If any condition in Par. 27.1 is not true and is not cured within a reasonable period of time after giving said Notice, then either Seller or Purchaser shall have the option to cancel this Contract pursuant to Par. 16.

28. Escrow Terms **THE ESCROW IS SUBJECT TO THE TERMS OF THE OFFERING PLAN**

28.1 Escrowee acknowledges receipt of the check for the Contract Deposit, subject to collection.

28.2 The check for the Contract Deposit shall be deposited by Escrowee in an escrow account as described in Par. 1.18 and the proceeds held and disbursed in accordance with the terms of this Contract. Upon Closing, Escrowee shall deliver the Contract Deposit to Seller. In all other cases, if either Party makes a demand upon Escrowee for delivery of the Contract Deposit, Escrowee shall give Notice to the other Party of such demand. If a Notice of objection to the proposed payment is not received from the other Party within 10 business days after giving notice by Escrowee, time being of the essence, Escrowee is hereby authorized to deliver the Contract Deposit to the Party who made the demand. If Escrowee receives a Notice of objection within said period, or if for any other reason, Escrowee in good faith elects not to deliver the Contract Deposit, then Escrowee shall continue to hold the Contract Deposit and thereafter pay it to the Party entitled when Escrowee receives ~~(a) a Notice from the objecting Party withdrawing the objection, or~~ (b) a Notice signed by both Parties directing disposition of the Contract Deposit or (c) a judgment or order of a court of competent jurisdiction **OR (D) A DETERMINATION OF THE DEPARTMENT OF LAW.**

28.3 In the event of any dispute or doubt as to the genuineness of any document or signature, or uncertainty as to Escrowee's duties, then Escrowee shall have the right either to continue to hold the Contract Deposit in escrow or to pay the Contract Deposit into court pursuant to relevant statute.

28.4 The **SELLER** agrees jointly to defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee against and from any claim, judgment, loss, liability, cost or expense resulting from any dispute or litigation arising out of or concerning Escrowee's duties or services hereunder. This indemnity includes, without limitation, disbursements and reasonable attorneys' fees either paid to retain attorneys or representing fair value of legal services rendered by Escrowee to itself.

28.5 Escrowee shall not be liable **TO SELLER** for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrowee's own gross negligence or willful misconduct.

28.6 The parties acknowledged that Escrowee is merely a stakeholder. Upon payment of the Contract Deposit pursuant to Par. 28.2 of 28.3, Escrowee shall be fully released from all liability and obligations with respect to the Contract Deposit.

28.7 In the event Escrowee is the attorney for either Party, Escrowee shall be entitled to represent such Party in any lawsuit.

28.8 Escrowee shall serve without compensation.

28.9 The signing of this Contract by Escrowee is only to evidence Escrowee's acceptance of the terms and conditions of this Par. 28.

29. Binding Effect

This Contract shall not be binding unless a fully executed counterpart thereof has been delivered to each of the Parties.

See Rider annexed hereto for additional terms.

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written.

ESCROW TERMS AGREED TO:

SELLER:

PURCHASER:

GROSS, SCULLY & STABILE LLP

Garden Towers LLC

Escrowee

BY: _____

RIDER TO CONTRACT DATED _____, 20____.

SELLER: Garden Towers LLC

PURCHASER:

APARTMENT: Apt. ____, Sadore Lane, Yonkers, New York 10710

THIS RIDER IS INTENDED TO BE AFFIXED TO AND BECOME A PART OF THE ABOVE DESCRIBED CONTRACT; IF ANY PROVISION IN THIS RIDER CONFLICTS WITH OR IS INCONSISTENT WITH ANY PRINTED PROVISION OF THE CONTRACT, THEN THE PROVISION OF THIS RIDER SHALL CONTROL.

30. The terms of this Contract are expressly subject to the terms of that certain cooperative offering plan for the Corporation, dated as of September 24, 1982, as the same has been amended to date (the "Plan"). Purchaser acknowledges receipt of a copy of the Plan at least three (3) business days prior to execution of this Contract and represents that Purchaser has examined and is satisfied with same. In the event of conflict between the terms of the Plan and the terms of this Contract, the terms of the Plan shall control.

31. Supplementing Paragraphs 3 and 31, it is agreed that:

A. Seller is not obligated to install any equipment or appliances in the Unit or otherwise make any repairs, improvements or decorations to the Unit or its equipment, appliances and fixtures except as set forth in paragraph 45 of this Contract of Sale;

B. The Seller is a Holder of Unsold Shares as such term is defined in the Plan;

C. Purchaser acknowledges having entered into this Contract without relying upon any promises, statements, estimates, representations, warranties, conditions or other inducements, expressed or implied, oral or written, not set forth herein or in the Plan as amended.

32. Supplementing and modifying Paragraphs 2.2.2 and 10.2.1:

A. Purchaser hereby guarantees payment of all checks delivered at closing on account of Purchaser's obligations under this Contract. This subparagraph 32.A. shall survive the Closing.

B. Purchaser acknowledges that the balance of the Purchase Price must be paid by checks strictly in accordance with paragraph 2.2.2. Certified personal checks or official cashier's or bank checks payable to the order of Purchaser and endorsed to Seller will not be accepted at closing.

33. With respect to all proceeds received by or on behalf of Seller under this Agreement, the Seller shall comply with the trust fund and escrow provisions of General Business Law Section 352-h and Section 352-e(2-b).

34. The acceptance of the Shares and the assumption of the Lease by the Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Seller to be performed pursuant to the provisions of this Contract except (a) those expressly provided to survive the

closing and (b) those obligations which Seller, as the Sponsor, is required to perform either under (i) the terms of the Plan, as amended to date, or (ii) applicable provisions of the General Business Law.

35. A. If through no fault of Seller, Purchaser, for any reason, fails to close within 15 days after the the date scheduled for closing in Paragraph 1.11 (the "Scheduled Closing Date"), the apportionments for the maintenance charges due the Corporation shall be as of midnight of the day preceding the fifteenth day after the scheduled closing date and not as of midnight on the day preceding the actual closing date. Time is of the essence for Purchaser to pay and perform Purchaser's obligations hereunder within 30 days of the Scheduled Closing Date.

B. Supplementing paragraphs 1.11, all closings must be scheduled on at least five (5) business days notice to Seller. Purchaser acknowledges that Seller and/or transfer agent may not be able accommodate Purchaser if Purchaser requests a closing on less than (5) business days notice. If, however, Seller and Transfer Agent can accommodate Purchaser's request to schedule closing on less than five (5) business days notice, Purchaser agrees to pay a **\$200.00 service fee to GROSS, SCULLY & STABILE LLP** for "rush" service.

36. Supplementing Paragraph 10.2, Purchaser shall pay any application fee, recognition agreement review fee, move-in fee, or other fee the Corporation may require.

37. Supplementing and Modifying Paragraph 28:

A. The Escrowee shall deposit and handle the Contract Deposit in accordance with the terms and provisions of Paragraph 1 of the 16th Amendment, Paragraph 7 of the 18th Amendment and Paragraph 7 of the 23rd Amendment to the Plan converting the Premises to cooperative ownership. Purchaser acknowledges having read the terms of such 16th, 18th and 23rd Amendments and the escrow provisions contained therein and agrees to be bound by same.

B. The Escrowee shall not be bound by any modification of this Contract or its escrow provisions unless there is delivered to the Escrowee a written modification signed by the parties. No such modification shall, without the written consent of the Escrowee, modify the provisions relating to the duties, obligations or rights of the Escrowee.

38. The execution and delivery of this Contract of Sale by Purchaser and the delivery thereof to Seller shall have no binding force and effect on Seller unless and until Seller shall have executed this Contract of Sale and a counterpart thereof shall have been delivered to Purchaser or Purchaser's attorney as set forth herein.

39. Purchaser understands that the Corporation is not a party to this Contract or the sale contemplated hereby and that no representations, warranties or promises of any kind have been made to Purchaser by the Corporation. Purchaser agrees that no claim will be made against the Corporation by Purchaser in respect of, or arising out of, the purchase of the shares and appurtenant Lease.

40. Purchaser represents to Seller and to the Corporation that Purchaser is not less than 18 years of age. The provisions of this Paragraph shall inure to the benefit of both Seller and the Corporation and shall survive the Closing.

41. Supplementing Paragraph 12, Seller and Purchaser agree to indemnify and hold the other harmless from and against any claim, judgment, liability, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from any breach of the representation set forth in Paragraph 12. The provisions of Paragraph 12 and this Paragraph shall survive the Closing.

42. If this Contract is terminated or canceled for any reason, the Purchaser agrees to return to the

Seller or to Seller's attorney any and all documentation, including the offering plan, amendments to the offering plan and financial statements relative to this transaction; if Purchaser fails to return the documentation within ten (10) days of the cancellation or termination of the Contract, Purchaser hereby authorizes the Escrow Agent to deduct the cost of replacing such documentation, up to \$150.00, from the Contract Deposit, if the same is to be refunded.

43. LEAD BASED PAINT HAZARDS

A. Seller has no knowledge of any lead based paint and/or lead based paint hazards in the housing.

B. Seller has no reports or records pertaining to lead based paint and/or lead based paint hazards in the housing.

C. This Contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the date which is ten (10) days after this Contract is delivered to you. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet Protect Your Family From Lead in Your Home for more information.) This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written request, listing specific existing deficiencies and annexing a copy of the risk assessment, to terminate this contract. Upon receipt of such a request, Seller shall promptly return the down payment and this Contract shall be of no further force and effect. The Purchaser may remove this contingency at any time without cause.

D. Purchaser acknowledges receipt of a copy of the EPA pamphlet "Protect Your Family From Lead in Your Home."

44. FINANCING PROVISIONS

A. Supplementing Paragraph 1.16, and 19.1, any extension of the date set forth in paragraph 1.16, will be granted at the discretion of the Seller, and such extension must be agreed upon through the attorneys for the parties on or before the date set forth in paragraph 1.16.2, and must be confirmed in writing by the attorneys for the parties. Purchaser acknowledges that extensions of the date set forth in paragraph 1.16.2 agreed to by anyone other than the attorneys are not binding and will not be honored. For purposes of extending the date set forth in paragraph 1.16.2 only, notices may be sent by facsimile (with a copy simultaneously by regular mail) to the attorney without need to serve the Seller or the Purchaser.

B. Purchaser gives permission for any Lender or mortgage broker to or through whom Purchaser has applied for financing to discuss any and all details of Purchaser's application and financing process with the Seller or the Selling Agent.

C. Seller shall give Purchaser a credit at Closing of up to 3% of the Purchase Price but not more than \$2,100.00, equal to the Purchaser's actual closing costs imposed by the Lender for the following: points, Lender's attorneys fee, judgment and lien search fee (up to \$200.00), UCC filing fee, flood certification fee.

D. Seller shall not be obligated to grant the credit referred to in Clause 44. C unless Purchaser complies strictly with the following: the Purchaser must diligently pursue the application with the Lender, must promptly provide the Lender with all documentation requested by the Lender, and must comply with all requirements of the Lender.

45. CONDITION OF THE UNIT

A. The Unit is being sold "as is" subject to only those items noted in this paragraph; Seller will not cure cosmetic problems with existing flooring.

B. Purchaser acknowledges that absolutely no repairs or improvements will be made by the Seller other than those specified herein. Purchaser further acknowledges that insertion of indefinite terms such as "rental ready" shall be deemed void.

46. PURCHASER'S ACKNOWLEDGMENTS RE CORPORATION'S HOUSE RULES

A. Purchaser acknowledges that the Corporation requires that 80% of the floors in the Unit be carpeted.

B. Purchaser acknowledges that Purchaser has been informed that the Corporation has a "no pets" policy; this policy applies to the Purchaser and the Unit even though other residents may have pets.

C. Purchaser understands that harboring a pet will result in legal action by the Corporation against the Purchaser.

D. Purchaser acknowledges that the Corporation prohibits weekend and holiday moving; all moves must take place on weekdays.

SELLER: Garden Towers LLC

PURCHASER:

BY: _____

THIRTY SIXTH AMENDMENT

TO

OFFERING PLAN OF

COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS

1, 2, 3, 4 AND 5 SADORE LANE

YONKERS, NEW YORK 10710

Dated: December __, 2009

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005; THE THIRTY SECOND AMENDMENT DATED FEBRUARY 10, 2006; THE THIRTY THIRD AMENDMENT DATED MARCH 19, 2007; THE THIRTY FOURTH AMENDMENT DATED MAY 29, 2008, AND THE THIRTY FIFTH AMENDMENT DATED APRIL 2, 2009, AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

1. **Sale of Unsold Shares.** On November 25, 2009, the Sponsor sold the unsold shares allocated to 20 of the apartments at 1-5 Sadore Lane (the "Apartments") listed on Exhibit A-1 annexed hereto, to Guardian Towers, LLC ("Guardian"). In connection with such transfer, the Sponsor designated Guardian as a holder of unsold shares with respect to the Apartments. The principal of Guardian Towers, LLC is Louis Monaco, its managing member, who has been active for many years in residential real estate sales and management in Yonkers, particularly at 1-5 Sadore Lane. The Sponsor is still the owner of the remaining unsold shares in the Apartment Corporation.

2. **Sponsor's Obligations and Obligations of Holder of Unsold Shares.** The Sponsor, and Guardian as a Holder of Unsold Shares, have no financial obligations to the Apartment Corporation other than for payment of maintenance charges and assessments, other than as follows: the Sponsor is responsible for the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

3. **Unsold Shares.** Guardian will be responsible for the monthly maintenance charges for the Unsold Shares allocated to the Apartments transferred; the aggregate monthly maintenance charges to be due in connection with the Unsold Shares allocated to the Apartments are \$11,825.00, and the aggregate monthly rents payable from tenants of Apartments which were transferred are \$16,056.00. Guardian intends to market or lease the Apartments, depending on market conditions, and shall pay its obligations to the Apartment Corporation from the proceeds of sales and rents as well as its reserves. The Sponsor, as Holder of the remaining Unsold Shares, will hold the Shares allocated to the remaining apartments (the "Remaining Apartments") indicated on Exhibit "A-2" annexed hereto. As of December 1, 2009 the aggregate monthly maintenance charges due in connection with the Unsold Shares allocated to the Remaining Apartments are \$104,730.80. The aggregate monthly rents received from tenants of the Remaining Apartments are \$115,592.40. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected. Subject to

the terms of its contract with Guardian which gives Guardian the option to purchase additional apartments from the Sponsor through June 30, 2010, the Sponsor plans to market the vacant Remaining Apartments to which Unsold Shares are allocated. As those Remaining Apartments are sold the monthly maintenance charges due to the Apartment Corporation from the Sponsor will decrease.

4. **Sponsor's and Guardian's Other Cooperative Projects.** The Sponsor or principals of the Sponsor do not own more than 10% of the shares or units in other cooperative or condominium conversion projects. Guardian or principals of Guardian do not own more than 10% of the shares or units in other cooperative or condominium conversion projects

5. **Financing of Unsold Shares.**

A. As disclosed in the Thirty Third Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases. The monthly payments on this loan vary due to actual amount will vary due to (a) daily interest accrual, (b) prepayments due to sales and (c) rate fluctuation. The most recent two month's payments were as follows: November, 2009: \$15,604.58; December, 2009: \$14,837.26; future payments will be reduced due to the release payment made in connection with the transfer of Unsold Shares to Guardian. The Sponsor has been current in its payments to its lender during the past twelve (12) months.

B. On November 25, 2009, Guardian obtained two loans secured by the pledge of the Guardian's Unsold Shares and the proprietary leases appurtenant thereto; one loan is secured by five (5) units and the other is secured by 15 units. The material terms of these loans include the following:

Identity of lender:	Hudson Valley Bank
Address of lender:	21 Scarsdale Road Yonkers, NY 10707
Loan Amount:	\$335,741.00 (5 units) \$1,129,247.00 (15 units)
Maturity Date:	December 1, 2010 (5 units); December 1, 2019 (15 units)
Interest Rate:	Prime Rate plus 1% (5 units); 6% fixed until November 29, 2014, thereafter fixed at the greater of 6% or 200 basis points above the Federal Home Loan Bank of New York Regular Fixed Five year Term Advance rate (15 units).
Approximate Monthly Payments:	\$1,189.08 (5 units) (actual amount will vary due to (a) daily interest accrual, (b) prepayments due to sales and (c) rate fluctuation) and \$8,147.01 (15 units) (first 60 months).
Other Payments:	Guardian must make a release payment whenever it wishes to sell a unit.
Other Terms:	At closing the lender established reserve accounts to cover a full

year's anticipated debt service for both loans.

6. **Financial Statements.** Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 28, 2009, and February 29, 2008.

7. **Current Maintenance Charges, Budget.** The current maintenance charges are \$4.30 per share per month. Maintenance charges were last increased as of April 1, 2008; that increase was 8.586% and no additional increase is currently planned. A copy of the Apartment Corporation's budget for March 1, 2009 to February 28, 2010 is annexed as Exhibit "C."

8. **Board of Directors.** The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on October 22, 2007; annual meetings were called for October 16, 2008 and September 23, 2009, but a quorum was not present at either meeting. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Schienberg, treasurer, Mike Abelson, James Schoen, and Abraham Roller. Of the foregoing, James Schoen and Abraham Roller are affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

9. **Maximum Price for Unsold Shares.** As disclosed in the Thirtieth Amendment, the most recent disclosed price for the Unsold Shares is \$1,250.00 per share.

10. **Guardian's Form of Contract.** Guardian has adopted a form of contract to be used for sale of its Unsold Shares; a copy of the form of contract is annexed as Exhibit "D."

11. **Escrow Agent for Guardian.** Guardian has retained Stephen C. Monaco to provide representation in connection with sales of Guardian's Unsold Shares; Mr. Monaco's office is located at 35 East Grassy Sprain Road, Suite 204, Yonkers, NY 10710, telephone 914-961-1448. Guardian has also selected Stephen C. Monaco to act as Escrow Agent in connection with sales of its Unsold Shares.

(a) All deposits, down payments, or advances made by purchasers prior to closing of each individual transaction, will be placed, within five business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Stephen C. Monaco, the Escrow Agent, whose address is 35 East Grassy Sprain Road, Suite 204, Yonkers, NY 10710 and whose telephone number is 914-961-1448. The signatory on this account authorized to withdraw funds is Stephen C. Monaco. The name of the account is Stephen C. Monaco Attorney Trust Account, located in Hudson Valley Bank, at 35 East Grassy Sprain Road, Yonkers, NY 10710. This bank is covered by federal bank deposit insurance to a maximum of \$250,000 per account (temporary limit).

(b) The account will not be interest-bearing and no interest will be credited to the purchaser at closing. The account is an IOLA established pursuant to Judiciary Law §497.

(c) All instruments shall be made payable to or endorsed to the order of Stephen C. Monaco as escrowee.

(d) Attached to this amendment as Exhibit "E" is a copy of the escrow agreement which incorporates the terms of the Attorney General's regulations.

12. The Offering Plan may be used for twelve (12) months from the date of this Amendment.

13. The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

14. Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.
Apartment Corporation
GARDEN TOWERS LLC
Sponsor
GUARDIAN TOWERS, LLC
Holder of Unsold Shares

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
GUARDIAN TOWERS, LLC
As of: December 13, 2009

Apartment no.	No. of shares
1-4K	165
1-4M	104
2-4M	104
2-5T	161
3-1K	162
3-1U	130
3-2J	118
3-2S	134
3-4K	170
4-1J	112
4-2W	118
4-5D	70
4-6M	108
4-7K	174
4-7X	176
5-4H	120
5-4P	138
5-5M	169
5-7K	144
5-7N	173
total shares	2750

20 Apartments

Exhibit A-1

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

GARDEN TOWERS LLC

As of: December 13, 2009

BUILDING NO. 1

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1E	130	3T	168	5E	140	7B	213
1L	162	3V	136	5G	136	7C	110
2A	100	3X	168	5L	172	7D	78
2T	166	3Z	102	5N	106	7G	140
2U	134	4B	207	5S	140	7S	144
2X	166	4G	134	5Y	172	7T	176
3B	205	4L	170	6B	211	7X	176
3F	163	4V	138	6E	142		
3G	132	4Y	170	6L	174		
3N	102	5A	106	6V	142		
							5,531

Building Totals:

Apartments: 37

Shares: 5,531

BUILDING NO. 2

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1A	96	3J	120	4X	165	7G	144
1V	126	3L	168	5B	209	7H	144
1W	110	3T	157	5Y	172	7J	128
2C	95	3X	163	6A	108	7P	105
2G	134	4F	163	6E	136	7R	74
2H	134	4H	138	6H	142	7Z	110
2M	100	4K	170	6K	174		
2S	128	4O	207	6U	138		
2U	130	4T	159	6W	122		
2Y	166			6Y	174		
							4,909

Building Totals:

Apartments: 35

Shares: 4,909

BUILDING NO. 3

APT.#	SHARES	APT.#	SHARES	APT.#	SHARES	APT.#	SHARES
1B	96	2E	134	4S	138	6F	174
1E	130	2H	134	4U	138	6J	126
1M	96	2L	166	4W	122	6K	174
1S	130	2V	134	5G	140	6V	142
1T	162	3C	102	5S	140	7C	110
1Y	162	3D	70	5V	140	7D	78
1Z	96	3G	136	5X	172	7G	144
		3S	136	6E	142	7X	176

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

GARDEN TOWERS LLC

As of: December 13, 2009

							4,140
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Building Totals:

Apartments: 32

Shares: 4,140

BUILDING NO. 4

APT.# SHARES APT.# SHARES APT.# SHARES APT.# SHARES

1C	91	2S	128	4V	138	6G	142
1N	96	3C	97	4X	170	6L	174
1T	157	3H	136	5A	106	6S	136
1X	162	3K	166	5B	209	6Y	174
1Y	162	3S	130	5F	165	7B	213
2B	203	3U	136	5J	122	7H	144
2E	128	3W	120	5O	209	7S	138
2G	132	4E	132	5T	167	7T	171
2K	164	4F	163	6C	103	7Y	176
2O	203	4K	168	6F	167		
							5,898

Building Totals:

Apartments: 39

Shares 5,898

BUILDING NO. 5

APT.# SHARES APT.# SHARES APT.# SHARES APT.# SHARES

LG	128	2R	132	4L	138	6R	142
LM	94	3B	136	4R	138	7B	144
1E	128	3C	136	5N	169	7E	213
1H	114	3E	205	6C	142	7F	144
1L	132	3J	118	6E	211	7G	144
2K	134	4C	138	6K	142	7P	144
2P	132	4G	138	6L	142		
							3,878

Building Totals:

Apartments: 27

Shares: 3,878

Project Unsold Share Totals:

Apartments: 170

Shares: 24,356

170 apartments unsold out of 778 = 23.4226%

24,356 shares out of 103,985 = 21.8509%

THIRTY SEVENTH AMENDMENT

TO

OFFERING PLAN OF

COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS

1, 2, 3, 4 AND 5 SADORE LANE

YONKERS, NEW YORK 10710

Dated: January 28, 2011

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005, THE THIRTY SECOND AMENDMENT DATED FEBRUARY 10, 2006, THE THIRTY THIRD AMENDMENT DATED MARCH 19, 2007, THE THIRTY FOURTH AMENDMENT DATED MAY 29, 2008, THE THIRTY FIFTH AMENDMENT DATED APRIL 2, 2009, THE THIRTY SIXTH AMENDMENT DATED JANUARY 5, 2010 AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

1. **Sale of Unsold Shares.** The Sponsor sold the unsold shares allocated to 9 of the apartments at 1-5 Sadore Lane (the "Apartments") listed on Exhibit A-1 annexed hereto, to Guardian Towers, LLC ("Guardian"). In connection with such transfer, the Sponsor designated Guardian as a holder of unsold shares with respect to the Apartments. The Sponsor is still the owner of the remaining unsold shares in the Apartment Corporation.

2. **Sponsor's Obligations.** The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and assessments, other than as follows: the Sponsor is responsible for the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

3. **Sponsor's Unsold Shares.** The Sponsor, as Holder of the remaining Unsold Shares, will hold the Shares allocated to the remaining apartments (the "Remaining Apartments") indicated on Exhibit "A-2" annexed hereto. As of December 1, 2010 the aggregate monthly maintenance charges due in connection with the Unsold Shares allocated to the Remaining Apartments are \$98,384.00. The aggregate monthly rents received from tenants of the Remaining Apartments are \$106,952.66. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected. The Sponsor plans to market the vacant Remaining Apartments to which Unsold Shares are allocated. As those Remaining Apartments are sold the monthly maintenance charges due to the Apartment Corporation from the Sponsor will decrease.

4. **Disclosure for Guardian Towers LLC.** Guardian, as a Holder of Unsold Shares, holds the Shares allocated to the Apartments indicated on Exhibit "A-3" annexed hereto. Guardian, as a Holder of Unsold Shares, has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and assessments. Guardian is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months Guardian has not been in default with respect to any such obligations beyond any applicable grace period. Guardian is responsible for the monthly maintenance charges for the Unsold Shares allocated to the

Apartments transferred to it; the aggregate monthly maintenance charges to be due in connection with the Unsold Shares allocated to those Apartments are \$9,197.70, and the aggregate monthly rents payable from tenants of Apartments which were transferred are \$22,181.00. Guardian intends to market or lease the Apartments, depending on market conditions, and shall pay its obligations to the Apartment Corporation from the proceeds of sales and rents as well as its reserves. Guardian or principals of Guardian do not own more than 10% of the shares or units in other cooperative or condominium conversion projects. As disclosed in the Thirty Sixth Amendment to the Offering Plan, Guardian had obtained two loans secured by the pledge of the Guardian's Unsold Shares and proprietary leases. Since then, Guardian has repaid one of the loans, leaving the second loan outstanding but reduced; effective January 1, 2011, the monthly payment on the outstanding loan will be \$5,421.99 per month; future payments may be reduced due to release payments made in connection with the sales of Unsold Shares. Guardian has been current in its payments to its lender during the past twelve (12) months.

5. **Sponsor's Other Cooperative Projects.** The Sponsor or principals of the Sponsor do not own more than 10% of the shares or units in other cooperative or condominium conversion projects.

6. **Sponsor's Financing of Unsold Shares.** As disclosed in the Thirty Third Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases. The monthly payments on this loan vary due to (a) daily interest accrual, (b) prepayments due to sales and (c) rate fluctuation. The most recent two month's payments were as follows: November 1, 2010: \$14,296.48; December 1, 2010: \$14,022.37; future payments will be reduced due to the release payment made in connection with the transfer of Unsold Shares. The Sponsor has been current in its payments to its lender during the past twelve (12) months.

7. **Financial Statements.** Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 28, 2010, and February 28, 2009.

8. **Current Maintenance Charges, Budget.** The current maintenance charges are \$4.30 per share per month. Maintenance charges were last increased as of April 1, 2008; that increase was 8.586% and no additional increase is currently planned. A copy of the Apartment Corporation's budget for March 1, 2009 to February 28, 2010 is annexed as Exhibit "C."

9. **Board of Directors.** The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on November 16, 2010. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Schienberg, treasurer, Mike Abelson, James Schoen, sponsor representative. Of the foregoing, James Schoen is affiliated with the Sponsor, and Louis Monaco is affiliated with Guardian. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.
10. **Sponsor's Attorney.** The Sponsor's law firm has changed its name to "Gross & Stabile LLP"; the partners of the firm are Hannah S. Gross and Joanne Stabile.
11. **Maximum Price for Unsold Shares.** As disclosed in the Thirtieth Amendment, the most recent disclosed price for the Unsold Shares is \$1,250.00 per share.
12. **Elevator Modernization.** The Apartment Corporation has begun repairing and remodeling the elevators in all of the buildings. One building has been completed and the others are expected to be completed over the next year to two years.
13. The Offering Plan may be used for twelve (12) months from the date of this Amendment.
14. The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.
15. Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.
Apartment Corporation
GARDEN TOWERS LLC
Sponsor
GUARDIAN TOWERS, LLC
Holder of Unsold Shares

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS TRANSFERRED TO GUARDIAN
GUARDIAN TOWERS, LLC
Through As of: December 9, 2010

Apartment no.	No. of shares
1-5A	106
1-6E	142
2-2S	128
2-3L	168
2-6A	108
2-6K	174
3-7D	78
4-3C	97
4-4F	163

9 Apartments

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 10. INCOME TAXES

Net Operating Loss Carryforwards

The Corporation has federal and state tax loss carryforwards of approximately \$6,596,000, which if not utilized will expire as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2011	\$ 399,000
2012	504,000
2013	353,000
2014	187,000
2015-2030	<u>5,153,000</u>
	<u>\$ 6,596,000</u>

The net operating loss carryforwards give rise to a deferred tax asset of approximately \$2,243,000 and \$2,533,000 at February 28, 2010 and 2009, respectively, which have been fully reserved for due to management's assessment that it is more likely than not that the loss carryforwards will expire before they are utilized.

Uncertain Tax Positions

In accordance with FASB ASC 740, *Income Taxes*, the Corporation has applied the "more likely than not" threshold to the recognition and derecognition of tax positions. Using that guidance, the Corporation had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements as of February 28, 2010.

Since the guidance related to accounting for uncertainty in income taxes discussed in "Recently adopted accounting pronouncements" above was not required for the February 28, 2009 financial statements, the Corporation continued to utilize its prior policy of accounting for contingencies with respect to accounting for uncertain tax positions in those financial statements. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of February 28, 2009, the Corporation had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements.

The Corporation files income tax returns in the U.S federal jurisdiction and in New York State. The Corporation is no longer subject to U.S. federal and state tax examinations by tax authorities for years before February 28, 2007.

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
GARDEN TOWERS LLC
As of: December 10, 2010

BUILDING NO. 4

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1C	91	2O	203	4V	138	6F	167
1N	96	2S	128	4X	170	6G	142
1T	157	3H	136	5A	106	6L	174
1X	162	3K	166	5B	209	6S	136
1Y	162	3S	130	5F	165	6Y	174
2B	203	3U	136	5J	122	7B	213
2E	128	3W	120	5O	209	7H	144
2G	132	4E	132	5T	167	7T	171
2K	164	4K	168	6C	103	7Y	176
						7S	138
							5,638

Building Totals: Apartments: 37 Shares 5,638

BUILDING NO. 5

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
LG	128	2R	132	4L	138	6L	142
LM	94	3B	136	4R	138	6R	142
1E	128	3C	136	5N	169	7B	144
1H	114	3E	205	5P	144	7E	213
1L	132	3J	118	6C	142	7F	144
2K	134	4C	138	6E	211	7G	144
2P	132	4G	138	6K	142		
							3,878

Building Totals: Apartments: 27 Shares: 3,878

Project Unsold Share Totals:

Apartments: 158 Shares: 22,880

158 apartments unsold out of 780 = 20.25%
22,880 shares out of 104,267 = 21.945%

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 7. MORTGAGE PAYABLE

The Corporation has a mortgage with National Cooperative Bank, FSB (the "Bank") in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,600,000 due at maturity. The mortgage note is collateralized by the land, building and improvements owned by the Corporation, which has a net book value of \$7,215,386 at February 28, 2010.

As required by the mortgage agreement, the Corporation deposited \$1,000,000 from the proceeds into an interest-bearing account reserved for future capital improvements. As of February 28, 2009, the Corporation utilized all of the funds in the reserve account for payment of capital improvements.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2011	\$ 158,932
2012	167,753
2013	174,742
2014	186,764
Thereafter	<u>14,536,052</u>
	<u>\$ 15,224,243</u>

NOTE 8. FAIR VALUE MEASUREMENTS

As of February 28, 2010 and 2009, the Corporation's investments in money market funds, amounting to \$217,257 and \$217,285, respectively, are considered Level 1 securities, which are valued based upon quoted prices available in active markets for identical investments. Money market funds are short-term instruments and are stated at cost, which approximates fair value.

The carrying values of assessments, accounts receivable and accounts payable approximate their estimated fair values due to the short-term nature of these instruments. The carrying values of the line of credit and mortgage payable approximate their fair values based on confirmation of the respective balances with the Bank.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

The Corporation entered into a managing agent agreement with Prime Locations, Inc. ("Prime"), whereby Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to board approval in certain instances. The agreement expires on December 31, 2010. The management agreement provides that Prime shall receive an annual fee of \$198,000 (increased annually by 3%). During the years ended February 28, 2010 and 2009, fees of \$217,442 and \$211,108 were paid to Prime under this agreement.

SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 28, 2010 AND 2009

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

Revenue Recognition

Tenant-shareholders are subject to monthly maintenance assessments to provide funds for the Corporation's operating expenses. Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders.

Future Major Repairs and Replacements

The Corporation's governing documents do not require the accumulation of funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future, nor has it developed a plan to fund those needs. When funds required for future major repairs and replacements exceed the balances maintained in the reserve fund, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

Income Taxes

The Corporation is qualified to prepare its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the years ended February 28, 2010 and 2009 is patronage income within the meaning of Subchapter T.

The Corporation accounts for current and deferred income taxes and, when appropriate, deferred tax assets and liabilities are recorded with respect to temporary differences in the accounting treatment of items for financial reporting purposes and for income tax purposes. Where, based on the weight of all available evidence, it is more likely than not that some amount of the recorded deferred tax assets will not be realized, a valuation allowance is established for that amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.



Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sadore Lane Gardens, Inc.

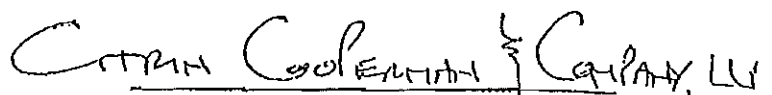
We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 28, 2010 and 2009, and the related statements of revenues, expenses, and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sadore Lane Gardens, Inc. as of February 28, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective March 1, 2009, the Corporation changed its method of accounting for uncertainty in income taxes and adopted new fair value measurement for nonfinancial assets and liabilities.

As discussed in Note 2, the Corporation has not estimated the remaining lives and replacement costs of its building and building improvements and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 24, 2010

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

On March 1, 2009, the Corporation adopted the new standard regarding accounting for uncertainty in income taxes. The Corporation is required to apply the "more likely than not" threshold to the recognition and derecognition of tax positions. The standard also provides guidance on the measurement of tax positions, balance sheet classification, interest and penalties, accounting in interim periods, disclosures, and transition. Adoption of the standard did not have a material impact on the Corporation's financial statements.

In May 2009, the FASB issued guidance related to subsequent events, which was primarily codified into FASB ASC 855, *Subsequent Events*. This guidance established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. In particular, the guidance sets forth: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

FASB ASC 855 is effective for interim or annual periods ending after June 15, 2009, and is to be applied prospectively. The Corporation adopted FASB ASC 855 as of February 28, 2010. The Corporation has evaluated all events or transactions that occurred after February 28, 2010, up through the date that the financial statements were available to be issued on August 24, 2010.

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

SADORE LANE GARDENS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 28, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Maintenance assessments	\$ 5,354,928	\$ 5,325,697
Parking fees	291,219	274,493
Investment income, net	15,673	19,049
Laundry receipts	50,400	50,400
Storage fees	34,130	32,795
License fee	41,560	39,772
Other	<u>81,090</u>	<u>144,326</u>
Total revenues	<u>5,869,000</u>	<u>5,886,532</u>
Expenses:		
Administrative	674,053	701,488
Utilities	1,007,621	1,144,111
Building operations	72,837	92,253
Payroll and related costs	911,966	901,174
Interest	851,308	842,779
Real estate taxes	626,950	1,445,822
Major repairs and replacements	<u>476,286</u>	<u>489,551</u>
Total expenses	<u>4,621,021</u>	<u>5,617,178</u>
Excess of revenues over expenses before depreciation and amortization of deferred finance costs	1,247,979	269,354
Depreciation	319,168	680,761
Amortization of deferred finance costs	<u>23,330</u>	<u>23,330</u>
Excess (deficiency) of revenues over expenses	905,481	(434,737)
Accumulated deficit - beginning	<u>(10,213,545)</u>	<u>(9,778,808)</u>
ACCUMULATED DEFICIT - ENDING	<u>\$ (9,308,064)</u>	<u>\$ (10,213,545)</u>

Exhibit B-6
See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 905,481	\$ (434,737)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:		
Maintenance charges allocated to financing activities	(150,574)	(140,364)
Depreciation and amortization	342,498	704,091
Earnings on restricted assets	-	(2,771)
Changes in assets and liabilities:		
Real estate tax escrow deposits	(191,561)	11,514
Assessments and other receivables	11,651	54,040
Prepaid real estate taxes and other assets	62,528	(30,167)
Accounts payable, accrued expenses and other liabilities	<u>114,568</u>	<u>(328,974)</u>
Net cash provided by (used in) operating activities	<u>1,094,591</u>	<u>(167,368)</u>
Investing activities:		
Utilization of restricted cash - reserve fund	-	671,219
Purchases of certificates of deposits	-	(100,000)
Proceeds from redemptions of certificates of deposits	-	100,000
Purchases of property and equipment	<u>(607,805)</u>	<u>(752,810)</u>
Net cash used investing activities	<u>(607,805)</u>	<u>(81,591)</u>
Financing activities:		
Net borrowings (repayments) under line of credit	(1,100)	500,000
Repayment of mortgage payable - National Cooperative Bank	(150,574)	(140,364)
Maintenance charges allocated to mortgage repayment	150,574	140,364
Collection of amount due from Sponsor	<u>28,313</u>	<u>1,976</u>
Net cash provided by financing activities	<u>27,213</u>	<u>501,976</u>
Net increase in cash and cash equivalents	513,999	253,017
Cash and cash equivalents - beginning	<u>601,876</u>	<u>348,859</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,115,875</u>	<u>\$ 601,876</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ <u>851,308</u>	\$ <u>842,779</u>
Income taxes paid	\$ <u>35,420</u>	\$ <u>27,041</u>

Exhibit B-7
See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 1. ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units; as of February 28, 2010, there were 622 units owned by tenant-shareholders and 156 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that established the FASB Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative generally accepted accounting principles ("GAAP") recognized by the FASB to be applied to all nongovernmental entities. The Codification supersedes all of the existing accounting and reporting standards applicable to privately held companies upon its effective date and, subsequently, the FASB will not issue new standards in the form of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. The guidance is not intended to change or alter existing GAAP. The guidance became effective for the Corporation for the year ended February 28, 2010. The guidance did not have an impact on the Corporation's financial position, results of operations or cash flows. All references to previous numbering of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts have been removed from the financial statements and accompanying notes.

In September 2006, the FASB issued authoritative guidance for fair value measurements, which has been codified in FASB ASC 820, *Fair Value Measurements and Disclosures*. The new guidance enhances existing guidance for measuring assets and liabilities at fair value. The guidance defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. The Corporation adopted the standard as amended by subsequent FASB standards beginning January 1, 2008, on a prospective basis, with respect to fair value measurements of assets and liabilities that are measured at fair value on a recurring basis (at least annually) in periods subsequent to initial recognition. In February 2008, the FASB issued authoritative guidance that permits companies to partially defer the guidance for one year for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. These remaining aspects of the fair value measurement standard were adopted prospectively beginning March 1, 2009 and did not have a material effect on the accompanying consolidated financial statements.

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 28, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,115,875	\$ 601,876
Real estate tax escrow deposits	646,566	455,004
Assessments and other receivables	101,083	112,734
Prepaid real estate taxes and other assets	205,077	267,605
Deferred finance costs, net	93,319	116,649
Property and equipment, net	<u>7,215,386</u>	<u>6,926,750</u>
TOTAL ASSETS	\$ <u>9,377,306</u>	\$ <u>8,480,618</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 348,813	\$ 234,245
Line of credit	498,900	500,000
Mortgage note payable	<u>15,224,243</u>	<u>15,374,817</u>
Total liabilities	<u>16,071,956</u>	<u>16,109,062</u>
Commitments and contingencies (Notes 6, 7, and 9)		
Shareholders' deficit:		
Common stock - \$1 par value; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(9,308,064)</u>	<u>(10,213,545)</u>
	(6,514,037)	(7,419,518)
Less: receivable from Sponsor	<u>(180,613)</u>	<u>(208,926)</u>
Total shareholders' deficit	<u>(6,694,650)</u>	<u>(7,628,444)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ <u>9,377,306</u>	\$ <u>8,480,618</u>

Exhibit B-4
See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist principally of money market funds.

Certificates of Deposit

Certificates of deposit consist of all certificates purchased with an original maturity date in excess of three months. The certificates are recorded at cost, which approximates market value. All certificates of deposit matured during the year ending February 28, 2009.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted average life of the deferred finance costs at February 28, 2010, is four years. Amortization expense for each of the next four years is estimated to be \$23,330.

SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 28, 2010 AND 2009

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SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 3. CONCENTRATION OF CREDIT RISK

At February 28, 2010 and 2009, and routinely throughout each year, the Corporation maintained cash deposits with financial institutions and a brokerage firm in excess of federally insurable limits. The Corporation has not experienced any losses in these accounts and feels it is not exposed to any significant credit risk with respect to cash.

NOTE 4. RECEIVABLE FROM SPONSOR

Pursuant to the offering plan, as amended, the Corporation was to receive \$1,000,000 from the Sponsor from the proceeds of the sale of the Corporation's shares of common stock held by the Sponsor ("Sponsor Shares"). As of February 28, 2010, the Corporation has received a total of \$819,387 from inception of this arrangement, of which \$28,313 and \$1,976 was received during the years ended February 28, 2010 and 2009, respectively. Collection of the remaining balance of \$180,613 is subject to the Sponsor's sale of the Sponsor Shares. Amounts due from the Sponsor are noninterest bearing.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,568,638	\$ 1,568,638
Buildings	8,888,950	8,888,950
Building improvements	7,829,096	7,687,321
Equipment	481,876	436,109
Building improvements in progress	<u>420,262</u>	<u>-</u>
	19,188,822	18,581,018
Less: accumulated depreciation	<u>(11,973,436)</u>	<u>(11,654,268)</u>
	<u>\$ 7,215,386</u>	<u>\$ 6,926,750</u>

Depreciation expense of \$319,168 and \$680,761 was recorded for the years ended February 28, 2010 and 2009, respectively.

NOTE 6. LINE OF CREDIT

In February 2004, the Corporation entered into a line of credit agreement with the Bank that allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014 and is secured by a second mortgage on the land, building and improvements owned by the Corporation. Interest only is payable monthly on the outstanding balance at the Bank's prime rate plus 1.25% (4.50% at February 28, 2010) through March 1, 2009. Thereafter, monthly payments of principal, in the minimum amount of \$100, and interest shall be made on the outstanding balance until maturity. At February 28, 2010, there was an outstanding balance of \$498,900 on the line of credit.

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
GUARDIAN TOWERS, LLC
As of: December 21, 2010

Apartment no.	No. of shares
1-4K	165
1-4M	104
2-4M	104
2-5T	161
3-2J	118
3-2S	134
3-4K	170
3-7D	78
4-1J	112
4-2W	118
4-3C	97
4-5D	70
4-6M	108
5-4H	120
5-4P	138
5-5M	169
5-7N	173
total shares	2139

17 Apartments

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010 AND 2009

NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreement for Parking Garage Services

The Corporation entered into a parking management agreement with a managing agent to manage the garages and outside parking. The agreement authorizes the agent to offer these services to the tenant-shareholders for rates specified in the agreement. In consideration, the agent shall remit a monthly fee of \$24,455, subject to certain adjustments contained in the agreement, to the Corporation. The agreement expires on October 31, 2010. For the years ended February 28, 2010 and 2009, parking fees received from the agent amounted to \$291,219 and \$274,493, respectively. During the years ended February 28, 2010 and 2009, the managing agent of the parking garages and outside parking performed repairs and maintenance work which approximated \$2,000 and \$19,000, respectively, and was recorded as a reduction of the parking income.

Agreement for Maintenance of Laundry Facilities

The Corporation entered into an agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement expires on December 31, 2019. In accordance with the agreement, the Corporation received \$50,400 from the contractor for each of the years ended February 28, 2010 and 2009.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). In 2005, this agreement was automatically renewed for one of the two additional five-year terms.

Following are the projected license fees for each of the next five years:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2011	\$ 43,269
2012	45,000
2013	46,799
2014	48,671
2015	<u>50,618</u>
	<u>\$ 234,357</u>

Agreement for Maintenance of Elevators

Effective November 1, 2006, the Corporation exercised a five-year renewal of their agreement with an elevator contractor to assume maintenance of the elevators. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement.

Contract for Modernization of Elevators

In October, 2009, the Corporation entered into a contract to modernize the elevators in the Corporation's five buildings for a cost of \$900,000. As of February 28, 2010, costs of \$385,500 have been incurred under this contract.

SADORE LAÑE, YONKERS, NEW YORK
UNSOLD APARTMENTS
GARDEN TOWERS LLC
As of: December 10, 2010

BUILDING NO. 1

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1E	130	3N	102	5E	140	7B	213
1L	162	3T	168	5G	136	7C	110
2A	100	3V	136	5L	172	7D	78
2T	166	3X	168	5N	106	7G	140
2U	134	3Z	102	5S	140	7S	144
2X	166	4B	207	5Y	172	7T	176
3B	205	4G	134	6B	211	7X	176
3F	163	4L	170	6L	174		
3G	132	4Y	170	6V	142		
							5,145

Building Totals: Apartments: 34 Shares: 5,145

BUILDING NO. 2

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1A	96	3J	120	4X	165	7G	144
1V	126	3T	157	5B	209	7H	144
1W	110	3X	163	5Y	172	7J	128
2C	95	4F	163	6E	136	7P	105
2G	134	4H	138	6H	142	7R	74
2H	134	4K	170	6U	138	7Z	110
2M	100	4O	207	6W	122		
2U	130	4T	159	6Y	174		
2Y	166						
							4,331

Building Totals: Apartments: 31 Shares: 4,331

BUILDING NO. 3

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1B	96	2E	134	4S	138	6E	142
1E	130	2H	134	4U	138	6J	126
1M	96	2L	166	4W	122	6K	174
1S	130	2V	134	5G	140	6V	142
1T	162	3C	102	5S	140	7C	110
1Y	162	3D	70	5V	140	7G	144
1Z	96	3G	136	5X	172	7X	176
		3S	136				
							3,888

Building Totals: Apartments: 29 Shares: 3,888

Budget Detail (Cash)
SADORE LANE GARDENS INC. - (029)
March 2009 - February 2010

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Account Name	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
INCOME													
MAINTENANCE	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	446,964	5,353,562
STAR CREDITS	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-40,694	-366,244
RENT	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	3,421	42,605
STORAGE	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	41,603
PARKING	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	24,555	294,660
LAUNDRY	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
LATE CHARGES & NSF	958	958	958	958	958	958	958	958	958	958	958	958	11,498
LEGAL FEE RECOVERY	679	679	679	679	679	679	679	679	679	679	679	679	8,150
POOL FEES	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	19,080	228,960
TOTAL INCOME	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	461,930	5,475,993
EXPENSES:													
FUEL OIL	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	70,887	850,843
UTILITIES - ELECTRIC	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	17,843	214,111
UTILITIES - GAS	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	54,168
SUPPLIES	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	6,764	81,163
SUPPLIES POOL	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	18,360
SUPPLIES PLUMBING	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	20,477
SUPPLIES OFFICE	185	185	185	185	185	185	185	185	185	185	185	185	2,223
SUPPLIES LANDSCAPING	355	355	355	355	355	355	355	355	355	355	355	355	4,265
REPAIRS & MAINTENANCE	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	450,000
CONTRACT SNOW REMOVAL	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,077	48,924
CONTRACT ELEVATOR	60	60	60	60	60	60	60	60	60	60	60	60	723
CONTRACT SPRINKLER	24	24	24	24	24	24	24	24	24	24	24	24	286
CONTRACT ALARM SYSTEM	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	17,505	210,058
MANAGEMENT	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000
LEGAL	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	2,542	30,500
ACCOUNTING	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	598,603
PAYROLL & RELATED COSTS	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	41,323
EMPLOYER FICA	110	110	110	110	110	110	110	110	110	110	110	110	1,320
EMPLOYER RUTA	666	666	666	666	666	666	666	666	666	666	666	666	7,995
EMPLOYER CI SUI	179	179	179	179	179	179	179	179	179	179	179	179	2,150
UNION PENSION	137	137	137	137	137	137	137	137	137	137	137	137	1,647
UNION LEGAL SERVICES	146	146	146	146	146	146	146	146	146	146	146	146	1,747
UNION TRAINING	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	128,779
UNION HEALTH	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	31,528
WORKERS COMPENSATION	141	141	141	141	141	141	141	141	141	141	141	141	1,695
DISABILITY INSURANCE	245	245	245	245	245	245	245	245	245	245	245	245	2,937
PAYROLL PREPARATION	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	9,138	109,662
WATER & SEWER	879	879	879	879	879	879	879	879	879	879	879	879	10,547
NY STATE CORP TAX	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	21,930	263,163
INSURANCE	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	1,187	14,244
PHONE	664	664	664	664	664	664	664	664	664	664	664	664	7,965
PHONE CELLULAR	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	12,678
MISCELLANEOUS	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	81,591	979,091
MTG NCS	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
MTG CREDIT LINE FSB	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667	914,088
TAX/STAR ESCROW	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	111,437
MOIS & CONTINGENCY	442,905	442,905	442,905	442,905	442,905	442,905	442,905	442,905	442,905	442,905	442,905	442,905	5,475,993
TOTAL EXPENSES	19,025	19,025	19,025	19,025	19,025	19,025	19,025	19,025	19,025	19,025	19,025	19,025	0
NET INCOME/(LOSS)													

THIRTY EIGHT AMENDMENT

TO

OFFERING PLAN OF

COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS

1, 2, 3, 4 AND 5 SADORE LANE

YONKERS, NEW YORK 10710

Dated: February 17, 2012

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005, THE THIRTY SECOND AMENDMENT DATED FEBRUARY 10, 2006, THE THIRTY THIRD AMENDMENT DATED MARCH 19, 2007, THE THIRTY FOURTH AMENDMENT DATED MAY 29, 2008, THE THIRTY FIFTH AMENDMENT DATED APRIL 2, 2009, THE THIRTY SIXTH AMENDMENT DATED JANUARY 5, 2010; AND THE THIRTY SEVENTH AMENDMENT DATED JANUARY 28, 2011, AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

1. **Sale of Unsold Shares.** The Sponsor currently holds Unsold Shares allocated to 148 of the 780 Apartments at the Premises, representing 18.97% of all the Apartments, as set forth in Exhibit "A-1" annexed. Guardian Towers LLC, as a Holder of Unsold Shares, holds the Shares allocated to the Apartments indicated on Exhibit "A-2" annexed hereto.

2. **Sponsor's Obligations.** The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and assessments, other than as follows: the Sponsor is responsible for the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

3. **Sponsor's Unsold Shares.** The Sponsor, as Holder of the remaining Unsold Shares, will hold the Shares allocated to the remaining apartments (the "Remaining Apartments") indicated on Exhibit "A-1" annexed hereto. As of December 1, 2011 the aggregate monthly maintenance charges due in connection with the Unsold Shares allocated to the Remaining Apartments are \$96,122.14. The aggregate monthly rents received from tenants of the Remaining Apartments are \$100,415.48. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected. The Sponsor plans to market the vacant Remaining Apartments to which Unsold Shares are allocated. As those Remaining Apartments are sold the monthly maintenance charges due to the Apartment Corporation from the Sponsor will decrease.

4. **Disclosure for Guardian Towers LLC.** Guardian, as a Holder of Unsold Shares, has no financial obligations to the Apartment Corporation other than for payment of maintenance

charges and assessments. Guardian is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months Guardian has not been in default with respect to any such obligations beyond any applicable grace period. Guardian is responsible for the monthly maintenance charges for the Unsold Shares allocated to the Apartments transferred to it; the aggregate monthly maintenance charges to be due in connection with the Unsold Shares allocated to those Apartments are \$7,960.71, and the aggregate monthly rents payable from tenants of Apartments which were transferred are \$17,482.50. Guardian intends to market or lease the Apartments, depending on market conditions, and shall pay its obligations to the Apartment Corporation from the proceeds of sales and rents as well as its reserves. Guardian or principals of Guardian do not own more than 10% of the shares or units in other cooperative or condominium conversion projects. As disclosed in the Thirty Sixth Amendment to the Offering Plan, Guardian had obtained two loans from Hudson Valley Bank secured by the pledge of the Guardian's Unsold Shares and proprietary leases on all its units except 3 Sadore Lane, Apartment 7D and 4 Sadore Lane, Apt. 3C. Since then, Guardian has repaid one of the loans, leaving the second loan outstanding but reduced to \$421,414.88 as of December 31, 2011; effective January 1, 2012, the monthly payment on the outstanding loan will be \$3,215.92 per month and the interest rate is 6%; future payments may be reduced due to release payments made in connection with the sales of Unsold Shares. Guardian's loan matures in December 2019 and is prepayable with a penalty computed as a percentage of the principal prepaid; the rate is 3% this year, reducing 1% per year until 2015 when the prepayment penalty resets to 5%, reducing 1% per year until maturity. Guardian is required to maintain insurance on its units in connection with this loan. Guardian has been current in its payments to its lender during the past twelve (12) months.

5. **Sponsor's Other Cooperative Projects.** The Sponsor or principals of the Sponsor do not own more than 10% of the shares or units in other cooperative or condominium conversion projects.

6. **Sponsor's Financing of Unsold Shares.** As disclosed in the Thirty Third Amendment to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases. The monthly payments on this loan vary due to (a)

daily interest accrual, (b) prepayments due to sales, and (c) rate fluctuation. The most recent two month's payments were as follows: November 1, 2011: \$9,399.97; December 1, 2011: \$9,622.09. The Sponsor has been current in its payments to its lender during the past twelve (12) months. The Sponsor extended its share loan effective as of January 2, 2012 without penalty to the Sponsor; the extended loan will bear interest at a lower rate than the old loan, and the anticipated interest payments are less than the existing interest payments due to the lower rates and additional prepayments due to sales completed prior to January 27, 2012; future sales will reduce the outstanding balance and the payments as well. The material terms of this loan include the following:

Identity of lender:	Webster Bank, National Association
Address of lender:	Two Stamford Plaza 281 Tresser Blvd., 4 th Floor Stamford, CT 06901
Loan Amount:	\$5,000,000.00
Maturity Date:	January 2, 2019
Interest Rate:	3.30% as to \$1,865,892.32 based on the London Interbank Offered Rate plus 300 basis points to be adjusted when the rate changes with a maximum rate of 8.00%; and 4.70% as to \$1,100,000.00 which was fixed at that rate pursuant to a "swap" agreement.
Approximate Monthly Payments:	Aggregate estimated payment: \$12,560.00 based on interest on the full amount of the loan plus principal payments as per an agreed schedule commencing with the March 1, 2012 payment (\$3,118.63 first payment); the actual amounts to be paid in will vary due to (a) daily interest accrual, (b) prepayments due to sales, (c) scheduled payments of principal, and (d) rate fluctuation.
Other Payments:	Release payment of 150% of the allocated loan principal then outstanding, on a per Share basis, is due whenever Unsold Shares are sold.
Other Terms:	The Sponsor is required to maintain insurance covering its interest in the apartments to which Unsold Shares are allocated. The Sponsor maintains a reserve account with the lender to make payments should there ever be a shortfall.

The Sponsor anticipates that the application of release payments will reduce the March 1, 2012 payment by approximately \$200.00; additional closings are anticipated over the next few months which will result in release payments which will reduce the amount outstanding and thus the interest payments due; the principal will also be reduced by the scheduled principal reduction payments, which will further reduce the interest due assuming rates remain relatively stable.

7. **Financial Statements.** Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 28, 2011, and February 28, 2010.

8. **Current Maintenance Charges, Budget.** The current maintenance charges are \$4.43 per share per month. Maintenance charges were last increased as of June 1, 2011; that increase was 1.030% and no additional increase is currently planned. A copy of the Apartment Corporation's budget for March 1, 2011 to February 29, 2012 is annexed as Exhibit "C."

9. **Board of Directors.** The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on November 16, 2010. The following are the current officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Scheinberg, treasurer, Mike Abelson, James Schoen, sponsor representative. Of the foregoing, James Schoen is affiliated with the Sponsor or a Holder of Unsold Shares. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

10. **Maximum Price for Unsold Shares.** As disclosed in the Thirtieth Amendment, the most recent disclosed price for the Unsold Shares is \$1,250.00 per share.

11. **Elevator Modernization.** As disclosed in the Thirty Seventh Amendment, the Apartment Corporation has begun repairing and remodeling the elevators in all of the buildings. The project should be completed by March 2012.

12. The Offering Plan may be used for twelve (12) months from the date of this Amendment.

13. The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

14. Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.
Apartment Corporation
GARDEN TOWERS LLC
Sponsor
GUARDIAN TOWERS, LLC
Holder of Unsold Shares

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

GARDEN TOWERS LLC

As of: January 1, 2012

BUILDING NO. 1

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1E	130	3F	163	4B	207	6L	174
1L	162	3G	132	4G	134	6V	142
2A	100	3N	102	4L	170	7B	213
2T	166	3T	168	5B	140	7C	110
2U	134	3V	136	5G	136	7D	78
2X	166	3X	168	5L	172	7G	140
3B	205	3Z	102	5Y	172	7T	176
				6B	211	7X	176
							4,585

Building Totals:

Apartments: 30

Shares: 4,585

BUILDING NO. 2

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1A	96	2Y	166	4T	159	6Y	174
1V	126	3J	120	4X	165	7G	144
1W	110	3T	157	5B	209	7H	144
2C	95	3X	163	5Y	172	7J	128
2G	134	4F	163	6H	142	7P	105
2H	134	4H	138	6U	138	7R	74
2M	100	4K	170	6W	122	7Z	110
2U	130	4O	207				
							4,195

Building Totals:

Apartments: 30

Shares: 4,195

BUILDING NO. 3

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1B	96	2E	134	4S	138	6E	142
1E	130	2H	134	4U	138	6J	126
1M	96	2L	166	4W	122	6K	174
1S	130	2V	134	5G	140	6V	142
1T	162	3C	102	5S	140	7C	110
1Y	162	3D	70	5V	140	7G	144
1Z	96	3G	136	5X	172	7X	176
		3S	136				
							3,888

Building Totals:

Apartments: 29

Shares: 3,888

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

GARDEN TOWERS LLC

As of: January 1, 2012

BUILDING NO. 4

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1C	91	2O	203	4V	138	6F	167
1N	96	2S	128	4X	170	6G	142
1T	157	3H	136	5B	209	6L	174
1X	162	3K	166	5F	165	6S	136
1Y	162	3S	130	5J	122	6Y	174
2B	203	3U	136	5O	209	7B	213
2E	128	3W	120	5T	167	7H	144
2G	132	4K	168	6C	103	7T	171
2K	164					7Y	176
							5,262

Building Totals:

Apartments: 34

Shares 5,262

BUILDING NO. 5

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
LG	128	2R	132	4L	138	6L	142
LM	94	3B	136	4R	138	6R	142
1E	128	3E	205	5N	169	7B	144
1H	114	3J	118	6C	142	7E	213
1L	132	4C	138	6E	211	7F	144
2K	134	4G	138	6K	142	7G	144
2P	132						
							3,598

Building Totals:

Apartments: 25

Shares: 3,598

Project Unsold Share Totals:

Apartments: 148

148 apartments unsold out of 780 = 18.97%

21,528 shares out of 104,267 = 20.647%

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
GUARDIAN TOWERS, LLC
As of: November 1, 2011

Apartment no.	No. of shares
1-4K	165
1-4M	104
2-4M	104
2-5T	161
3-2J	118
3-2S	134
3-4K	170
3-7D	78
4-1J	112
4-2W	118
4-3C	97
4-5D	70
4-6M	108
5-4H	120
5-4P	138
total shares	1,797

15 Apartments

SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 28, 2011 AND 2010

Exhibit "B"

SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 28, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 28, 2011 and 2010, and the related statements of revenues, expenses, and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sadore Lane Gardens, Inc. as of February 28, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management has omitted the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financing Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 31, 2011

CITRIN COOPERMAN & COMPANY, LLP
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AN INDEPENDENT FIRM ASSOCIATED WITH HOBBS STEPHENS

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 28, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,036,497	\$ 1,115,875
Real estate tax escrow deposits	871,125	646,566
Assessments and other receivables	82,949	101,083
Prepaid real estate taxes and other assets	248,587	205,077
Deferred finance costs, net	69,989	93,319
Property and equipment, net	<u>7,030,426</u>	<u>7,215,386</u>
TOTAL ASSETS	<u>\$ 9,339,643</u>	<u>\$ 9,377,306</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
<u>Liabilities:</u>		
Accounts payable, accrued expenses and other liabilities	\$ 374,096	\$ 348,813
Line of credit	497,700	498,900
Mortgage note payable	<u>15,065,311</u>	<u>15,224,243</u>
Total liabilities	<u>15,937,107</u>	<u>16,071,956</u>
Commitments and contingencies (Notes 6, 7, and 8)		
<u>Shareholders' deficit:</u>		
Common stock - \$1 par value; 103,945 shares authorized, issued and outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(9,219,491)</u>	<u>(9,308,064)</u>
	(6,425,464)	(6,514,037)
Less: receivable from Sponsor	<u>(172,000)</u>	<u>(180,613)</u>
Total shareholders' deficit	<u>(6,597,464)</u>	<u>(6,694,650)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	<u>\$ 9,339,643</u>	<u>\$ 9,377,306</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 28, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Maintenance assessments	\$ 5,357,270	\$ 5,354,928
Parking fees	292,828	291,219
Interest income	18,880	15,673
Laundry receipts	50,400	50,400
Storage fees	34,045	34,130
License fee	42,862	41,560
Other	<u>88,128</u>	<u>81,090</u>
Total revenues	<u>5,884,413</u>	<u>5,869,000</u>
Expenses:		
Administrative	640,515	674,053
Utilities	1,108,307	1,007,621
Building operations	70,916	72,837
Payroll and related costs	935,009	911,966
Interest	842,896	851,308
Real estate taxes	1,331,122	626,950
Major repairs and replacements	<u>535,047</u>	<u>476,286</u>
Total expenses	<u>5,463,812</u>	<u>4,621,021</u>
Excess of revenues over expenses before depreciation and amortization of deferred finance costs	420,601	1,247,979
Depreciation	308,698	319,168
Amortization of deferred finance costs	<u>23,330</u>	<u>23,330</u>
Excess of revenues over expenses	88,573	905,481
Accumulated deficit - beginning	<u>(9,308,064)</u>	<u>(10,213,545)</u>
ACCUMULATED DEFICIT - ENDING	<u>\$ (9,219,491)</u>	<u>\$ (9,308,064)</u>

See accompanying notes to financial statements.

SADORI LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 88,573	\$ 905,481
Adjustments to reconcile excess of revenues over expenses to net cash provided operating activities:		
Depreciation and amortization	332,028	342,498
Changes in assets and liabilities:		
Real estate tax escrow deposits	(224,559)	(191,561)
Assessments and other receivables	18,134	11,651
Prepaid real estate taxes and other assets	(43,509)	62,528
Accounts payable, accrued expenses and other liabilities	<u>25,282</u>	<u>114,568</u>
Net cash provided by operating activities	<u>195,949</u>	<u>1,245,165</u>
Cash used in investing activities:		
Purchases of property and equipment	<u>(123,808)</u>	<u>(607,805)</u>
Cash flows from financing activities:		
Net repayments of line of credit	(1,200)	(1,100)
Repayment of mortgage payable - National Cooperative Bank	(158,932)	(150,574)
Collection of amount due from Sponsor	<u>8,613</u>	<u>28,313</u>
Net cash used in financing activities	<u>(151,519)</u>	<u>(123,361)</u>
Net increase (decrease) in cash and cash equivalents	(79,378)	513,999
Cash and cash equivalents - beginning	<u>1,115,875</u>	<u>601,876</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,036,497</u>	<u>\$ 1,115,875</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ <u>842,896</u>	\$ <u>851,308</u>
Income taxes paid	\$ <u>25,914</u>	\$ <u>35,420</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND 2010

NOTE 1. ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the State of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units; as of February 28, 2011, there were 629 units owned by tenant-shareholders and 149 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist principally of money market funds.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted average life of the deferred finance costs at February 28, 2011, is four years. Amortization expense for each of the years ending through February 28, 2014, the maturity of the mortgage, will be \$23,330.

Property and Equipment

Property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

Revenue Recognition

Tenant-shareholders are subject to monthly maintenance assessments to provide funds for the Corporation's operating expenses. Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders.

Future Major Repairs and Replacements

The Corporation's governing documents do not require the accumulation of funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future, nor has it developed a plan to fund those needs.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Major Repairs and Replacements (continued)

When funds are required for future major repairs and replacements, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

Income Taxes

The Corporation is qualified to prepare its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the years ended February 28, 2011 and 2010 is patronage income within the meaning of Subchapter T.

The Corporation accounts for current and deferred income taxes and, when appropriate, deferred tax assets and liabilities are recorded with respect to temporary differences in the accounting treatment of items for financial reporting purposes and for income tax purposes. Where, based on the weight of all available evidence, it is more likely than not that some amount of the recorded deferred tax assets will not be realized, a valuation allowance is established for that amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.

NOTE 3. CONCENTRATION OF CREDIT RISK

At February 28, 2011 and 2010, and routinely throughout each year, the Corporation maintained cash deposits with financial institutions and a brokerage firm in excess of federally insurable limits. The Corporation has not experienced any losses in these accounts and feels it is not exposed to any significant credit risk with respect to cash.

NOTE 4. RECEIVABLE FROM SPONSOR

Pursuant to the offering plan, as amended, the Corporation was to receive \$1,000,000 from the Sponsor from the proceeds of the sale of the Corporation's shares of common stock held by the Sponsor ("Sponsor Shares"). As of February 28, 2011, the Corporation has received a total of \$828,000 from inception of this arrangement, of which \$8,613 and \$28,313 was received during the years ended February 28, 2011 and 2010, respectively. Collection of the remaining balance of \$172,000 is subject to the Sponsor's sale of the Sponsor Shares. Amounts due from the Sponsor are noninterest bearing.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND 2010

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 1,568,638	\$ 1,568,638
Buildings	8,888,950	8,888,950
Building improvements	7,951,753	7,829,096
Equipment	515,679	481,876
Building improvements in progress	<u>387,610</u>	<u>420,262</u>
	19,312,630	19,188,822
Less: accumulated depreciation	<u>(12,282,134)</u>	<u>(11,973,436)</u>
	<u>\$ 7,030,496</u>	<u>\$ 7,215,386</u>

Depreciation expense amounted to \$308,698 and \$319,168 for the years ended February 28, 2011 and 2010, respectively.

NOTE 6. LINE OF CREDIT

In February 2004, the Corporation entered into a line of credit agreement with National Cooperative Bank, FSB (the "Bank") that allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014 and is secured by a second mortgage on the land, building and improvements owned by the Corporation. Interest only is payable monthly on the outstanding balance at the Bank's prime rate plus 1.25% (4.50% at February 28, 2011) through March 1, 2009. Thereafter, monthly payments of principal in the minimum amount of \$100, and interest shall be made on the outstanding balance until maturity. At February 28, 2011, there was an outstanding balance of \$497,700 on the line of credit.

NOTE 7. MORTGAGE PAYABLE

The Corporation has a mortgage with the Bank in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,500,000 due at maturity. The mortgage note is collateralized by the land, building and improvements owned by the Corporation, which has a net book value of \$7,030,496 at February 28, 2011.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2012	\$ 167,753
2013	174,742
2014	186,764
2015	<u>14,536,052</u>
	<u>\$ 15,065,311</u>

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND 2010

NOTE 8. COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

The Corporation entered into a managing agent agreement with Prime Locations, Inc. ("Prime"), whereby Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to board approval in certain instances. The agreement expired on December 31, 2010. The management agreement provided that Prime shall receive an annual fee of \$198,000 (increased annually by 3%). As of January 1, 2011, the management agreement was renewed through 2015, and provides that Prime shall receive an annual fee of \$230,000 (increased annually by 3%). During the years ended February 28, 2011 and 2010, fees of \$224,042 and \$217,442 were paid to Prime under this agreement.

Agreement for Parking Garage Services

The Corporation entered into a parking management agreement with a managing agent to manage the garages and outside parking. The agreement authorizes the agent to offer these services to the tenant-shareholders for rates specified in the agreement. In consideration, the agent shall remit a monthly fee of \$24,455, subject to certain adjustments contained in the agreement, to the Corporation. The agreement is renewable on a year to year basis. For the years ended February 28, 2011 and 2010, parking fees received from the agent amounted to \$292,828 and \$291,219, respectively.

Agreement for Maintenance of Laundry Facilities

The Corporation entered into an agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement expires on December 31, 2019. In accordance with the agreement, the Corporation received \$50,400 from the contractor for each of the years ended February 28, 2011 and 2010.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). In 2010, this agreement was automatically renewed for the second of two additional five-year terms.

Following are the projected license fees for each of the next five years:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2012	\$ 43,269
2013	45,000
2014	46,799
2015	48,671
2016	50,618
	<u>\$ 234,357</u>

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND 2010

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreement for Maintenance of Elevators

Effective November 1, 2006, the Corporation exercised a five-year renewal of their agreement with an elevator contractor to assume maintenance of the elevators. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement. The current maintenance agreement will remain the same until the completion of the modernization of the elevators, noted below.

Contract for Modernization of Elevators

In October, 2009, the Corporation entered into a contract to modernize the elevators in the Corporation's five buildings for a cost of \$900,000. As of February 28, 2011, costs of \$385,500 have been incurred under this contract.

NOTE 9. INCOME TAXES

Net Operating Loss Carryforwards

The Corporation has federal and state tax loss carryforwards of approximately \$6,568,000, which, if not utilized, will expire as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2012	\$ 178,000
2013	353,000
2014	187,000
2015	259,000
2016-2031	<u>5,591,000</u>
	<u>\$ 6,568,000</u>

The net operating loss carryforwards give rise to a deferred tax asset of approximately \$2,233,000 and \$2,243,000 at February 28, 2011 and 2010, respectively, which have been fully reserved for due to management's assessment that it is more likely than not that the loss carryforwards will expire before they are utilized.

Uncertain Tax Positions

Effective January 1, 2009, the Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

The Corporation files income tax returns in the U.S. federal jurisdiction and in New York State. With few exceptions, the Corporation is no longer subject to U.S. federal and state tax examinations by tax authorities for years before February 29, 2008.

	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Total
INCOME	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	446,963.50	5,485,177.65
MAINTENANCE	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92	-38,831.92
STAFF CREDITS	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	3,456.51	41,478.00
RENT	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	2,680.00	32,160.00
STORAGE	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	24,455.00	293,460.00
PARKING	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	50,400.00
LAUNDRY	187.55	187.55	187.55	187.55	187.55	187.55	187.55	187.55	187.55	187.55	187.55	187.55	2,250.65
SERVICE INCOME	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	1,099.21	12,590.51
LATE CHARGES & NSF	873.08	873.08	873.08	873.08	873.08	873.08	873.08	873.08	873.08	873.08	873.08	873.08	10,477.00
LEGAL FEE RECOVERY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POOL FEES	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
OFFERING PLAN FEE	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	446,122.93	5,352,746.51
TOTAL INCOME	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	116,666.67	1,400,000.00
EXPENSES	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	15,153.65	181,043.00
FUEL OIL	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	3,476.99	41,723.87
UTILITIES - ELECTRIC	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	75,000.00
UTILITIES - GAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUPPLIES	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	1,101.62	13,219.41
SUPPLIES PLUMBING	492.92	492.92	492.92	492.92	492.92	492.92	492.92	492.92	492.92	492.92	492.92	492.92	5,915.40
SUPPLIES OFFICE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUPPLIES UNIFORMS	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	20,333.33	240,000.00
REPAIRS & MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SNOW REMOVAL	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	4,179.52	50,154.24
CONTRACT ELEVATOR	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	137,659
CONTRACT SPRINKLER	24.56	24.56	24.56	24.56	24.56	24.56	24.56	24.56	24.56	24.56	24.56	24.56	294.70
CONTRACT ALARM SYSTEM	91.92	91.92	91.92	91.92	91.92	91.92	91.92	91.92	91.92	91.92	91.92	91.92	1,103.00
CONTRACT TOWING	27.92	27.92	27.92	27.92	27.92	27.92	27.92	27.92	27.92	27.92	27.92	27.92	335.00
CONTRACT FIRE SAFETY	606.67	606.67	606.67	606.67	606.67	606.67	606.67	606.67	606.67	606.67	606.67	606.67	7,280.00
CONTRACT UNIFORM	260.92	260.92	260.92	260.92	260.92	260.92	260.92	260.92	260.92	260.92	260.92	260.92	3,131.00
CONTRACT COPIER	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00	1,872.00
CONTRACT POSTAGE METER	433.50	433.50	433.50	433.50	433.50	433.50	433.50	433.50	433.50	433.50	433.50	433.50	5,202.00
CONTRACT GARAGE	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	4,000.00
LICENSE/FERMENTS/FEES	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	19,166.67	231,150.04
LEGAL	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	2,916.67	35,000.00
ACCOUNTING	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	30,000.00
PAYROLL & RELATED COSTS	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	50,387.00	604,724.10
EMPLOYER FICA	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	4,429.17	53,150.04
EMPLOYER FUTA	97.75	97.75	97.75	97.75	97.75	97.75	97.75	97.75	97.75	97.75	97.75	97.75	1,173.00
EMPLOYER NY SUR	797.87	797.87	797.87	797.87	797.87	797.87	797.87	797.87	797.87	797.87	797.87	797.87	9,574.44
UNION PROTECT SHARING	520.00	520.00	520.00	520.00	520.00	520.00	520.00	520.00	520.00	520.00	520.00	520.00	6,240.00
UNION PENSION	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	2,468.64	29,623.08
UNION LEGAL SERVICES	199.56	199.56	199.56	199.56	199.56	199.56	199.56	199.56	199.56	199.56	199.56	199.56	2,394.72
UNION TRAINING	169.56	169.56	169.56	169.56	169.56	169.56	169.56	169.56	169.56	169.56	169.56	169.56	2,034.72
UNION HEALTH	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	11,868.00	142,472.00

SHORE LINE GARDENS INC. (029)

Budget

Period: 10/1/2010 to 9/30/2011

Book: 0000

	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Total
WOBLES COMPENSATION	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	1,757.67	21,092.09
DISABILITY INSURANCE	158.64	158.64	158.64	158.64	158.64	158.64	158.64	158.64	158.64	158.64	158.64	158.64	1,903.68
PATROL PREPARATION	290.97	290.97	290.97	290.97	290.97	290.97	290.97	290.97	290.97	290.97	290.97	290.97	3,491.64
WATER & SEWER	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	11,200.43	134,405.16
PROPERTY TAX	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	2,159.50	25,914.00
INSURANCE	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	18,547.13	222,565.54
PHONE	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	1,207.10	14,485.22
PHONE CELLULAR	576.54	576.54	576.54	576.54	576.54	576.54	576.54	576.54	576.54	576.54	576.54	576.54	6,918.52
INTERNET CONNECTIVITY	300.83	300.83	300.83	300.83	300.83	300.83	300.83	300.83	300.83	300.83	300.83	300.83	3,609.96
COMPUTER SUPPORT	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	333.33	4,000.00
POSTAL SERVICES	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	5,000.00
COPIES, POSTAGE & FAX	421.67	421.67	421.67	421.67	421.67	421.67	421.67	421.67	421.67	421.67	421.67	421.67	5,064.00
DONATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHARITIES & GIFTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MONTHLY RENT	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
PROPERTY TAX	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	81,590.80	979,090.56
WATER & SEWER	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	2,079.43	24,953.16
TAXES & FEES	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	59,000.00	708,000.00
WATER & SEWER	32.72	32.72	32.72	32.72	32.72	32.72	32.72	32.72	32.72	32.72	32.72	32.72	392.60
TOTAL EXPENSES	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	457,456.31	5,482,745.51
NET INCOME/(LOSS)	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-5,482,745.51
CASH FLOW	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-457,456.31	-5,482,745.51

THIRTY NINTH AMENDMENT

TO
OFFERING PLAN OF
COOPERATIVE OWNERSHIP OF

PREMISES KNOWN AS
1, 2, 3, 4 AND 5 SADORE LANE
YONKERS, NEW YORK 10710

Dated: April 4, 2013

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED SEPTEMBER 28, 1982, AND THE FIRST AMENDMENT DATED NOVEMBER 10, 1982; THE SECOND AMENDMENT DATED AUGUST 17, 1983; THE THIRD AMENDMENT DATED SEPTEMBER 7, 1983; THE FOURTH AMENDMENT DATED NOVEMBER 30, 1983; THE FIFTH AMENDMENT DATED MARCH 2, 1984; THE SIXTH AMENDMENT DATED SEPTEMBER 6, 1984; THE SEVENTH AMENDMENT DATED JULY 9, 1985; THE EIGHTH AMENDMENT DATED MARCH 24, 1987; THE NINTH AMENDMENT DATED APRIL 30, 1987; THE TENTH AMENDMENT DATED JUNE 12, 1987; THE ELEVENTH AMENDMENT DATED SEPTEMBER 8, 1987; THE TWELFTH AMENDMENT DATED JUNE 29, 1988; THE THIRTEENTH AMENDMENT DATED DECEMBER 5, 1989; THE FOURTEENTH AMENDMENT DATED JUNE 27, 1990; THE FIFTEENTH AMENDMENT DATED NOVEMBER 6, 1991; THE SIXTEENTH AMENDMENT DATED APRIL 23, 1992; THE SEVENTEENTH AMENDMENT DATED NOVEMBER 12, 1992; THE EIGHTEENTH AMENDMENT DATED JANUARY 7, 1994; THE NINETEENTH AMENDMENT DATED APRIL 21, 1995; THE TWENTIETH AMENDMENT DATED SEPTEMBER 22, 1995; THE TWENTY FIRST AMENDMENT DATED SEPTEMBER 24, 1996; THE TWENTY SECOND AMENDMENT DATED SEPTEMBER 18, 1997; THE TWENTY THIRD AMENDMENT DATED NOVEMBER 9, 1998; THE TWENTY FOURTH AMENDMENT DATED DECEMBER 22, 1999; THE TWENTY FIFTH AMENDMENT DATED JUNE 6, 2000; THE TWENTY SIXTH AMENDMENT DATED JULY 24, 2001; THE TWENTY SEVENTH AMENDMENT DATED SEPTEMBER 3, 2002; THE TWENTY EIGHTH AMENDMENT DATED JUNE 9, 2003; THE TWENTY NINTH AMENDMENT DATED FEBRUARY 6, 2004; THE THIRTIETH AMENDMENT DATED NOVEMBER 15, 2004; THE THIRTY FIRST AMENDMENT DATED FEBRUARY 9, 2005; THE THIRTY SECOND AMENDMENT DATED FEBRUARY 10, 2006; THE THIRTY THIRD AMENDMENT DATED MARCH 19, 2007; THE THIRTY FOURTH AMENDMENT DATED MAY 29, 2008; THE THIRTY FIFTH AMENDMENT DATED APRIL 2, 2009; THE THIRTY SIXTH AMENDMENT DATED JANUARY 5, 2010; THE THIRTY SEVENTH AMENDMENT DATED JANUARY 28, 2011, AND THE THIRTY EIGHTH AMENDMENT DATED FEBRUARY 17, 2012, AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

Apartment Corporation:
SADORE LANE GARDENS, INC.

Sponsor:
GARDEN TOWERS LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1-5 Sadore Lane, Yonkers, New York, dated September 28, 1982, as heretofore amended (the "Plan") is hereby further amended as follows:

1. **Sale of Unsold Shares.** The Sponsor currently holds Unsold Shares allocated to 130 of the 780 Apartments at the Premises, representing 16.7% of all the Apartments, as set forth in Exhibit "A-1" annexed. Guardian Towers LLC, as a Holder of Unsold Shares, holds the Shares allocated to the Apartments indicated on Exhibit "A-2" annexed hereto.

2. **Sponsor's Obligations.** The Sponsor has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and assessments, other than as follows: the Sponsor is responsible for the payment of reserve fund contributions at the rate of \$7.3972 per Unsold Share sold. The Sponsor is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months the Sponsor has not been in default with respect to any such obligations beyond any applicable grace period.

3. **Sponsor's Unsold Shares.** The Sponsor, as Holder of the remaining Unsold Shares, will hold the Shares allocated to the remaining apartments (the "Remaining Apartments") indicated on Exhibit "A-1" annexed hereto. As of January 1, 2013 the aggregate monthly maintenance charges due in connection with the Unsold Shares allocated to the Remaining Apartments will be \$84,622.72. The aggregate monthly rents received from tenants of the Remaining Apartments are \$94,304.72 as of January 1, 2013. The Sponsor shall pay its obligations to the Apartment Corporation from the rent collected. The Sponsor plans to market the vacant Remaining Apartments to which Unsold Shares are allocated. As those Remaining Apartments are sold the monthly maintenance charges due to the Apartment Corporation from the Sponsor will decrease.

4. **Disclosure for Guardian Towers LLC.** Guardian, as a Holder of Unsold Shares, has no financial obligations to the Apartment Corporation other than for payment of maintenance charges and assessments. Guardian is current in all its financial obligations to the Apartment Corporation, and during the previous twelve months Guardian has not been in default with respect to any such obligations beyond any applicable grace period. Guardian is responsible for the monthly maintenance charges for the Unsold Shares allocated to the Apartments transferred to it; the aggregate monthly maintenance charges to be due in connection with the Unsold Shares allocated to those Apartments are \$7,329.28, and the aggregate monthly rents payable from tenants of

Apartments which were transferred are \$17,640.65. Guardian intends to market or lease the Apartments, depending on market conditions, and shall pay its obligations to the Apartment Corporation from the proceeds of sales and rents as well as its reserves. Guardian or principals of Guardian do not own more than 10% of the shares or units in other cooperative or condominium conversion projects. As disclosed in the Thirty Sixth Amendment to the Offering Plan, Guardian had obtained two loans from Hudson Valley Bank secured by the pledge of the Guardian's Unsold Shares and proprietary leases on all its units except 3 Sadore Lane, Apartment 7D and 4 Sadore Lane, Apt. 3C. Since then, Guardian has repaid one of the loans, leaving the second loan outstanding but reduced to \$408,165.55 as of December 31, 2012; effective January 1, 2013, the monthly payment on the outstanding loan is \$3,215.92 per month; future payments may be reduced due to release payments made in connection with the sales of Unsold Shares. Guardian's loan matures in December 2019 and is prepayable with a penalty computed as a percentage of the principal prepaid; the rate is 2% this year, reducing 1% per year until 2015 when the prepayment penalty resets to 5%, reducing 1% per year until maturity. Guardian is required to maintain insurance on its units in connection with this loan. Guardian has been current in its payments to its lender during the past twelve (12) months.

5. **Sponsor's Other Cooperative Projects.** The Sponsor or principals of the Sponsor do not own more than 10% of the shares or units in other cooperative or condominium conversion projects.

6. **Sponsor's Financing of Unsold Shares.** As disclosed in the Thirty Third and Thirty Eighth Amendments to the Offering Plan, the Sponsor has obtained a loan secured by the pledge of the Sponsor's Unsold Shares and proprietary leases. The monthly payments on this loan vary due to (a) daily interest accrual, (b) prepayments due to sales, and (c) rate fluctuation. The most recent two month's payments were as follows: January 1, 2013: \$10,363.27; February 1, 2013: \$10,368.26. The Sponsor has been current in its payments to its lender during the past twelve (12) months.

7. **Financial Statements.** Annexed hereto as Exhibit "B" are the Apartment Corporation's audited financial statements for the years ended February 29, 2012, and February 28, 2011.

8. **Current Maintenance Charges, Budget.** The current maintenance charges are \$4.48 per share per month. Maintenance charges were last increased as of June 1, 2011; that increase was 1.030% and no additional increase is currently planned. A copy of the Apartment Corporation's budget for March 1, 2012 to February 28, 2013 is annexed as Exhibit "C."

9. **Board of Directors.** The current board of directors of the Corporation was elected at the annual stockholders' meeting which was held on October 15, 2012. The following are the current

officers and directors: Louis Monaco, president, Herbert Goldstein, vice president, Gordon Burrows, secretary, Charles Scheinberg, treasurer, Mike Abelson, James Schoen, and Phyllis Raskin, sponsor representatives. Of the foregoing, James Schoen and Phyllis Raskin are affiliated with the Sponsor. The Sponsor gave up control of the board of directors as of the meeting held on April 26, 1984.

10. **Maximum Price for Unsold Shares.** The purchase price for all Unsold Shares is hereby increased to \$1,500.00 per share.

11. **Elevator Modernization.** As previously disclosed, the Apartment Corporation has begun repairing and remodeling the elevators in all of the buildings. Six elevator modernizations have been completed and four remain to be overhauled.

12. **Revised Escrow Disclosure for the Sponsor.** The Department of Law has revised its regulations to eliminate the Attorney General's authority to adjudicate disputes regarding the disposition of deposits, down payments, or advances ("Deposits") received by Sponsor pursuant to New York General Business Law ("GBL") §§ 352-c(2-b) and 352-h. The changes only impact Purchasers who have not received a fully executed Contract prior to the date of service of this Amendment. For all other Purchasers, the disclosures set forth in the prior amendments to the Plan shall continue to govern.

REVISED PROCEDURE TO PURCHASE SECTION OF THE PLAN

The Procedure to Purchase Section of the Plan regarding escrow trust fund requirements is replaced with the following disclosures. The Contract, as previously disclosed, is hereby replaced with the revised Contract, attached hereto as Exhibit D. The Escrow Agreement previously disclosed is hereby replaced with provisions of the revised Contract.

The Escrow Agent: The law firm of Gross & Stabile LLP, with an address at 9 West Prospect Avenue, Suite 406, Mount Vernon, New York 10550, telephone number 914-699-1919, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Joanne Stabile and Hanniah S. Gross, both of whom are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

The Escrow Account: The Escrow Agent has established the escrow account at Hudson Valley Bank, located at 403 E. Sandford Boulevard, Mount Vernon, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Gross & Stabile LLP Attorney Trust Account ("Escrow Account") and is an IOLA (interest on lawyers accounts as authorized by Judiciary Law §497) account. The Escrow Account is federally insured by the FDIC at the maximum amount of \$250,000 per deposit (In analyzing an IOLA, the identity of

the parties determines FDIC insurance; thus so long as each individual Deposit is less than \$250,000, all Deposits shall be fully insured). Any Deposit in excess of \$250,000 will not be insured, unless Escrow Agent establishes multiple accounts on behalf of Purchaser at various institutions.

All Deposits received from Purchaser shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to or endorsed by the Purchaser to the order of Gross & Stabile LLP, as Escrow Agent.

No interest shall be paid for Deposits made into the Escrow Account, as Deposits qualify for deposit to an IOLA account under Judiciary Law §497 in that the Deposits are too small in amount or are reasonably expected to be held for too short a time to generate sufficient interest income to justify the expense of administering a segregated account for the benefit of the client or beneficial owner.

The Contract: The Contract, as revised to reflect the foregoing, is attached hereto as Exhibit "D". The revised escrow provisions are included in Paragraph 37 of the Contract, which must be executed by the Escrow Agent.

Notification to Purchaser: Within five (5) business days after the Contract has been tendered to Escrow Agent along with the Deposit, the Escrow Agent shall sign the Contract and place the Deposit into the Escrow Account. Within ten (10) business days of placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number and shall state that the account is an IOLA account. The Escrow Agent is obligated to send notice to the Purchaser once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Deposit, he or she may cancel the Contract within ninety (90) days after tender of the Contract and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

Release of Funds: All Deposits received in connection with the Contract, are and shall continue to be the Purchaser's money, and may not be co-mingled with any other money or pledged or hypothecated by Sponsor, as per GBL § 352-h. The Escrow Agent shall release the Deposit if so directed:

(a) pursuant to the terms and conditions set forth in the Contract upon closing of title to the Shares; or

(b) in a subsequent writing signed by both Sponsor and Purchaser; or

(c) by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the Deposit, then the Escrow Agent must give both the Purchaser and Sponsor prior written notice of not fewer than thirty (30) days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said thirty (30) day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (a) through (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the Westchester County Clerk and shall give written notice to both parties of such deposit. The Escrow Agent may represent the Sponsor in any possible action arising out of a dispute under the Contract, including a dispute regarding the Deposit.

The Sponsor shall not object to the release of the Deposit to a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan.

The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

Waiver Void: Any provision in the Contract or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Contract, Plan, or any amendment thereto.

13. Revised Escrow Disclosure for Guardian Towers LLC. The Department of Law has revised its regulations to eliminate the Attorney General's authority to adjudicate disputes regarding the disposition of deposits, down payments, or advances ("Deposits") received by Sponsor pursuant to New York General Business Law ("GBL") §§ 352-e(2-b) and 352-h. The changes only impact Purchasers who have not received a fully executed Contract prior to the date of service of this Amendment. For all other Purchasers, the disclosures set forth in the prior amendments to the Plan shall continue to govern.

REVISED PROCEDURE TO PURCHASE SECTION OF THE PLAN (for Guardian Towers LLC purchasers)

The Procedure to Purchase Section of the Plan regarding escrow trust fund requirements is

replaced with the following disclosures. The Contract, as previously disclosed, is hereby replaced with the revised Contract, attached hereto as Exhibit E. The Escrow Agreement previously disclosed is hereby replaced with provisions of the revised Contract.

The Escrow Agent: Stephen C. Monaco to provide representation in connection with sales of Guardian's Unsold Shares; Mr. Monaco's office is located at 35 East Grassy Sprain Road, Suite 204, Yonkers, NY 10710, telephone 914-961-1448, shall serve as escrow agent (for purposes of this paragraph 13 only, Mr. Monaco is referred to as the "Escrow Agent") for Guardian and Purchaser. Stephen C. Monaco, an attorney admitted to practice law in the State of New York, serves as sole signatory on the account. Stephen C. Monaco is not a Holder of Unsold Shares, the Selling Agent, Managing Agent, nor is he a principal thereof, nor does he have any beneficial interest in any of the foregoing.

The Escrow Account: The Escrow Agent has established the escrow account at Hudson Valley Bank, located at 35 East Grassy Sprain Road, Yonkers, NY 10710 ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Stephen C. Monaco Attorney Trust Account ("Escrow Account") and is an IOLA (interest on lawyers accounts as authorized by Judiciary Law §497) account. The Escrow Account is federally insured by the FDIC at the maximum amount of \$250,000 per deposit (in analyzing an IOLA, the identity of the parties determines FDIC insurance; thus so long as each individual Deposit is less than \$250,000, all Deposits shall be fully insured). Any Deposit in excess of \$250,000 will not be insured, unless Escrow Agent establishes multiple accounts on behalf of Purchaser at various institutions.

All Deposits received from Purchaser shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to or endorsed by the Purchaser to the order of Stephen C. Monaco, as Escrow Agent.

No interest shall be paid for Deposits made into the Escrow Account, as Deposits qualify for deposit to an IOLA account under Judiciary Law §497 in that the Deposits are too small in amount or are reasonably expected to be held for too short a time to generate sufficient interest income to justify the expense of administering a segregated account for the benefit of the client or beneficial owner.

The Contract: The Contract, as revised to reflect the foregoing, is attached hereto as Exhibit "E". The revised escrow provisions are included in Paragraph R22 of the Contract, which must be executed by the Escrow Agent.

Notification to Purchaser: Within five (5) business days after the Contract has been tendered to Escrow Agent along with the Deposit, the Escrow Agent shall sign the Contract and place the Deposit into the Escrow Account. Within ten (10) business days of placing the deposit in the Escrow

Account, Escrow Agent shall provide written notice to Purchaser and Guardian, confirming the Deposit. The notice shall provide the account number and shall state that the account is an IOLA account. The Escrow Agent is obligated to send notice to the Purchaser once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Deposit, he or she may cancel the Contract within ninety (90) days after tender of the Contract and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

Release of Funds: All Deposits received in connection with the Contract, are and shall continue to be the Purchaser's money, and may not be co-mingled with any other money or pledged or hypothecated by Guardian, as per GBL § 352-h. The Escrow Agent shall release the Deposit if so directed:

- (a) pursuant to the terms and conditions set forth in the Contract upon closing of title to the Shares; or
- (b) in a subsequent writing signed by both Guardian and Purchaser; or
- (c) by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the Deposit, then the Escrow Agent must give both the Purchaser and Guardian prior written notice of not fewer than thirty (30) days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said thirty (30) day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (a) through (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the Westchester County Clerk and shall give written notice to both parties of such deposit. The Escrow Agent may represent the Guardian in any possible action arising out of a dispute under the Contract, including a dispute regarding the Deposit.

The Sponsor shall not object to the release of the Deposit to a Purchaser who timely rescinds in accordance with an offer of rescission contained in an Amendment to the Plan.

The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

Waiver Void: Any provision in the Contract or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Contract, Plan, or any amendment thereto.

14. **Change in the Managing Members of the Sponsor.** Phillip Rosen, a principal of the Sponsor, has retired from active participation in the Sponsor, and Michael E. Rosen, another principal of the Sponsor, has succeeded Phillip Rosen as one of the two managing members of the Sponsor.

15. The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

16. Except as set forth herein there have been no material changes in the terms of the Offering.

SADORE LANE GARDENS, INC.

Apartment Corporation

GARDEN TOWERS LLC

Sponsor

GUARDIAN TOWERS, LLC

Holder of Unsold Shares

SADOKH LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

GARDEN TOWERS LLC

As of: January 1, 2013

BUILDING NO. 1

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1E	130	3F	163	4L	170	7C	110
1L	162	3G	132	5G	136	7D	78
2A	100	3N	102	5L	172	7G	140
2T	166	3T	168	6B	211	7T	176
2U	134	3Z	102	6L	174	7X	176
2X	166	4B	207	6V	142		
3B	205	4G	134	7B	213		
							3,969

Building Totals:

Apartments: 26

Shares: 3,969

BUILDING NO. 2

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1V	126	2Y	166	4T	159		
1W	110	3T	157	5B	209	7H	144
2C	95	3X	163	5Y	172	7J	128
2G	134	4F	163	6H	142	7P	105
2H	134	4H	138	6U	138	7R	74
2M	100	4K	170	6W	122	7Z	110
2U	130	4O	207	6Y	174		
							3,670

Building Totals:

Apartments: 26

Shares: 3,670

BUILDING NO. 3

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1B	96	2H	134	4U	138	6E	142
1E	130	2L	166	4W	122		
1S	130	2V	134			6V	142
1T	162	3C	102	5S	140	7C	110

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
GARDEN TOWERS LLC
As of: January 1, 2013

1Y	162	3G	136	5V	140	7G	144
1Z	96	4S	138	5X	172	7X	176
							3,012

Building Totals:

Apartments: 22

Shares: 3,012

SADORE LANE, YONKERS, NEW YORK

UNSOLD APARTMENTS

GARDEN TOWERS LLC

As of: January 1, 2013

BUILDING NO. 4

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1C	91	2S	128	5B	209	6S	136
1N	96	3H	136	5F	165	6Y	174
1T	157	3K	166	5J	122	7B	213
1X	162	3S	130	5O	209	7H	144
1Y	162	3U	136	5T	167	7T	171
2B	203	4K	168	6C	103	7Y	176
2E	128	4V	138	6G	142		
2K	164	4X	170	6L	174		
							4,640

Building Totals:

Apartments: 30

Shares 4,640

BUILDING NO. 5

<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>	<u>APT.#</u>	<u>SHARES</u>
1G	128	2R	132	4L	138	6L	142
1M	94	3B	136	4R	138	6R	142
1E	128	3E	205	5N	169	7B	144
1H	114	3J	118	6C	142	7E	213
1L	132	4C	138	6B	211	7F	144
2K	134	4G	138	6K	142	7G	144
2P	132						
							3,598

Building Totals:

Apartments: 25

Shares: 3,598

Project Unsold Share Totals: 18,889

Apartments: 129

SADORE LANE, YONKERS, NEW YORK
UNSOLD APARTMENTS
GUARDIAN TOWERS, LLC
As of: January 1, 2013

Apartment no.	No. of shares
1-4K	165
1-4M	104
2-4M	104
3-2J	118
3-2S	134
3-4K	170
3-7D	78
4-1J	112
4-2W	118
4-3C	97
4-5D	70
4-6M	108
5-4H	120
5-4P	138
total shares	1,636

14 Apartments

SADORE LANE GARDENS, INC.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 29, 2012
AND FEBRUARY 28, 2011

EXHIBIT B

SADORE LANE GARDENS, INC.
FOR THE YEARS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sadore Lane Gardens, Inc.

We have audited the accompanying balance sheets of Sadore Lane Gardens, Inc. (the "Corporation") as of February 29, 2012 and February 28, 2011, and the related statements of revenues, expenses, and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Sadore Lane Gardens, Inc. as of February 29, 2012 and February 28, 2011, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management has omitted the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 23, 2012

SADORE LANE GARDENS, INC.
BALANCE SHEETS
FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 773,601	\$ 1,036,497
Real estate tax escrow deposits	899,429	871,125
Assessments and other receivables	107,990	82,949
Prepaid real estate taxes and other assets	250,314	248,587
Deferred finance costs, net	46,659	69,989
Property and equipment, net	<u>6,878,802</u>	<u>7,030,496</u>
TOTAL ASSETS	<u>\$ 8,956,795</u>	<u>\$ 9,339,643</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	\$ 319,684	\$ 374,096
Line of credit	496,500	497,700
Mortgage note payable	<u>14,897,558</u>	<u>15,065,311</u>
Total liabilities	<u>15,713,742</u>	<u>15,937,107</u>
Commitments and contingencies (Notes 6, 7, and 8)		
Shareholders' deficit:		
Common stock - \$1 par value; 103,945 shares authorized and issued; and 103,831 (2012) and 103,945 (2011) shares outstanding	103,945	103,945
Additional paid-in capital	2,690,082	2,690,082
Accumulated deficit	<u>(9,261,697)</u>	<u>(9,219,491)</u>
	(6,467,670)	(6,425,464)
Less: treasury stock, 114 shares at cost	(125,255)	-
Less: receivable from Sponsor	<u>(164,022)</u>	<u>(172,000)</u>
Total shareholders' deficit	<u>(6,756,947)</u>	<u>(6,597,464)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	<u>\$ 8,956,795</u>	<u>\$ 9,339,643</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Maintenance assessments	\$ 5,507,280	\$ 5,357,270
Parking fees	290,382	292,828
Interest and dividend income	13,388	18,880
Laundry receipts	50,400	50,400
Storage fees	37,220	34,045
License fee	44,718	42,862
Other	<u>78,561</u>	<u>88,128</u>
Total revenues	<u>6,021,949</u>	<u>5,884,413</u>
Expenses:		
Administrative	648,017	640,515
Utilities	1,331,623	1,108,307
Building operations	81,854	70,916
Payroll and related costs	933,114	935,009
Interest	834,020	842,896
Real estate taxes	1,373,512	1,331,122
Major repairs and replacements	<u>555,471</u>	<u>535,047</u>
Total expenses	<u>5,757,611</u>	<u>5,463,812</u>
Excess of revenues over expenses before depreciation and amortization of deferred finance costs	264,338	420,601
Depreciation	283,214	308,698
Amortization of deferred finance costs	<u>23,330</u>	<u>23,330</u>
Excess (deficiency) of revenues over expenses	(42,206)	88,573
Accumulated deficit - beginning	<u>(9,219,491)</u>	<u>(9,308,064)</u>
ACCUMULATED DEFICIT - ENDING	\$ <u>(9,261,697)</u>	\$ <u>(9,219,491)</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ (42,206)	\$ 88,573
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	306,544	332,028
Changes in assets and liabilities:		
Real estate tax escrow deposits	(28,303)	(224,559)
Assessments and other receivables	(25,041)	18,134
Prepaid real estate taxes and other assets	(1,728)	(43,509)
Accounts payable, accrued expenses, and other liabilities	(54,412)	25,282
Net cash provided by operating activities	<u>154,854</u>	<u>195,949</u>
Cash used in investing activities:		
Purchases of property and equipment	<u>(131,520)</u>	<u>(123,808)</u>
Cash flows from financing activities:		
Net repayments of line of credit	(1,200)	(1,200)
Repayment of mortgage payable - National Cooperative Bank	(167,753)	(158,932)
Purchase of treasury stock	(125,255)	-
Collection of amount due from Sponsor	<u>7,978</u>	<u>8,613</u>
Net cash used in financing activities	<u>(286,230)</u>	<u>(151,519)</u>
Net decrease in cash and cash equivalents	(262,896)	(79,378)
Cash and cash equivalents - beginning	<u>1,036,497</u>	<u>1,115,875</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 773,601</u>	<u>\$ 1,036,497</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 834,020</u>	<u>\$ 842,896</u>

See accompanying notes to financial statements.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

NOTE 1. ORGANIZATION

Sadore Lane Gardens, Inc. (the "Corporation") is a cooperative housing corporation that was incorporated in the state of New York on March 1, 1984. The Corporation owns five buildings known as Sadore Lane Gardens located in Yonkers, New York (the "Property"). The buildings consist of 778 units; as of February 29, 2012, there were 634 units owned by tenant-shareholders and 144 units owned by Garden Towers, Inc. (the "Sponsor").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist principally of money market funds.

Deferred Finance Costs

Deferred finance costs are amortized over the term of the related mortgage loans using the straight-line method. The weighted-average life of the deferred finance costs at February 29, 2012, is two years. Amortization expense for each of the years ending through February 28, 2014, the maturity of the mortgage, will be \$23,330.

Property and Equipment

Property and equipment are stated at cost. Buildings, building improvements and equipment are depreciated over the estimated useful lives of the respective assets using various accelerated methods. Building improvements are capitalized, while repairs and maintenance are charged to expense when incurred.

Revenue Recognition

Tenant-shareholders are subject to monthly maintenance assessments to provide funds for the Corporation's operating expenses. Tenant-shareholder receivables at the balance sheet date represent maintenance fees due from tenant-shareholders.

Future Major Repairs and Replacements

The Corporation's governing documents do not require the accumulation of funds to finance estimated 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 the costs of major repairs and replacements that may be required in the future, nor has it developed a plan to fund those needs.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Major Repairs and Replacements (Continued)

When funds are required for future major repairs and replacements, the Corporation plans to either borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

Income Taxes

The Corporation is qualified to prepare its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the years ended February 29, 2012 and February 28, 2011 is patronage income within the meaning of Subchapter T.

The Corporation accounts for current and deferred income taxes and, when appropriate, deferred tax assets and liabilities are recorded with respect to temporary differences in the accounting treatment of items for financial reporting purposes and for income tax purposes. Where, based on the weight of all available evidence, it is more likely than not that some amount of the recorded deferred tax assets will not be realized, a valuation allowance is established for that amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.

Subsequent Events

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 855, *Subsequent Events*, the Corporation has evaluated subsequent events through August 23, 2012, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. CONCENTRATION OF CREDIT RISK

At February 29, 2012 and February 28, 2011, and routinely throughout each year, the Corporation maintained cash deposits with financial institutions and a brokerage firm in excess of federally insurable limits. The Corporation has not experienced any losses in these accounts and feels it is not exposed to any significant credit risk with respect to cash.

NOTE 4. RECEIVABLE FROM SPONSOR

Pursuant to the offering plan, as amended, the Corporation was to receive \$1,000,000 from the Sponsor from the proceeds of the sale of the Corporation's shares of common stock held by the Sponsor ("Sponsor Shares"). As of February 29, 2012, the Corporation has received a total of \$835,978 from inception of this arrangement, of which \$7,978 and \$8,613 was received during the years ended February 29, 2012 and February 28, 2011, respectively. Collection of the remaining balance of \$164,022 is subject to the Sponsor's sale of the Sponsor Shares. Amounts due from the Sponsor are noninterest bearing.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,568,638	\$ 1,568,638
Buildings	8,888,950	8,888,950
Building improvements	8,036,682	7,951,753
Equipment	562,270	515,679
Building improvements in progress	<u>387,610</u>	<u>387,610</u>
	19,444,150	19,312,630
Less: accumulated depreciation	<u>(12,565,348)</u>	<u>(12,282,134)</u>
	<u>\$ 6,878,802</u>	<u>\$ 7,030,496</u>

Depreciation expense amounted to \$283,214 and \$308,698 for the years ended February 29, 2012 and February 28, 2011, respectively.

NOTE 6. LINE OF CREDIT

In February 2004, the Corporation entered into a line of credit agreement with National Cooperative Bank, FSB (the "Bank") that allows the Corporation to borrow up to a maximum of \$3,500,000. The agreement expires in March 2014 and is secured by a second mortgage on the land, building and improvements owned by the Corporation. Monthly payments of principal, in the minimum amount of \$100, and interest, at the Bank's prime rate plus 1.25% (4.50% at February 29, 2012), shall be made on the outstanding balance until maturity. At February 29, 2012, there was an outstanding balance of \$496,500 on the line of credit.

NOTE 7. MORTGAGE PAYABLE

The Corporation has a mortgage with the Bank in the amount of \$16,000,000. The mortgage, which matures in March 2014 and bears interest at the rate of 5.34% per annum, is payable in monthly installments of principal and interest of \$81,591, with a balloon payment of approximately \$14,500,000 due at maturity. The mortgage note is collateralized by the land, building and improvements owned by the Corporation, which has a net-book value of \$6,878,802 at February 29, 2012.

Future maturities of the mortgage note are as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2013	\$ 174,742
2014	186,764
2015	<u>14,536,052</u>
	<u>\$ 14,897,558</u>

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

NOTE 8. COMMITMENTS AND CONTINGENCIES

Agreement for Management Services

The Corporation entered into a managing agent agreement with Prime Locations, Inc. ("Prime"), whereby Prime is responsible for processing all day-to-day bookkeeping transactions and contracting for goods and services (including labor) required in the normal operations of the properties, subject to board approval in certain instances. The agreement expired on December 31, 2010. The management agreement provided that Prime shall receive an annual fee of \$198,000 (increased annually by 3%). As of January 1, 2011, the management agreement was renewed through 2015, and provides that Prime shall receive an annual fee of \$230,000 (increased annually by 3%). During the years ended February 29, 2012 and February 28, 2011, fees of \$231,150 and \$224,042, respectively, were paid to Prime under this agreement.

Agreement for Parking Garage Services

The Corporation entered into a parking management agreement with a managing agent to manage the garages and outside parking. The agreement authorizes the agent to offer these services to the tenant-shareholders for rates specified in the agreement. In consideration, the agent shall remit a monthly fee of \$24,455, subject to certain adjustments contained in the agreement, to the Corporation. The agreement is renewable every five years. For the years ended February 29, 2012 and February 28, 2011, parking fees received from the agent amounted to \$290,382 and \$292,828, respectively.

In June 2012, the Corporation renewed its parking management agreement through October 31, 2015. The agent shall remit a monthly fee of \$23,688, subject to certain adjustments contained in the agreement, to the Corporation based on the terms of the renewed agreement.

Agreement for Maintenance of Laundry Facilities

The Corporation entered into an agreement with a maintenance contractor to assume operation and maintenance of the laundry machines. The agreement expires on December 31, 2019. In accordance with the agreement, the Corporation received \$50,400 from the contractor for each of the years ended February 29, 2012 and February 28, 2011.

License Fee Agreement

In October 2000, the Corporation signed a license fee agreement with a company to provide 225 square feet of floor space upon the rooftop of a designated building. Under the agreement, the company was authorized to operate a rooftop antenna and associated equipment for telecommunications purposes. The agreement provides that the Corporation is to receive a monthly fee of \$2,500 (increased annually by 4%). In 2010, this agreement was automatically renewed for the second of two additional five-year terms.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

License Fee Agreement (Continued)

Following are the projected license fees for each of the next five years:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2013	\$ 43,269
2014	45,000
2015	46,799
2016	48,671
2017	<u>50,618</u>
	\$ <u>234,357</u>

Agreement for Maintenance of Elevators

Effective November 1, 2006, the Corporation exercised a five-year renewal of their agreement with an elevator contractor to assume maintenance of the elevators. Under this agreement, the elevator contractor is entitled to receive \$39,200 per year from the Corporation, subject to annual adjustments as defined in the agreement. The current maintenance agreement will remaining effect until the completion of the modernization of the elevators, noted below.

Contract for Modernization of Elevators

In June 2012, the Corporation entered into a contract to modernize the elevators in the Corporation's five buildings for a cost of approximately \$973,000. As of February 29, 2012, costs of \$385,500 have been incurred under this contract.

NOTE 9. INCOME TAXES

Net Operating Loss Carryforwards

The Corporation has federal and state tax loss carryforwards of approximately \$6,519,000, which, if not utilized, will expire as follows:

<u>Years ending February 28/29:</u>	<u>Amount</u>
2013	\$ 353,000
2014	187,000
2015	259,000
2016	782,000
2017-2032	<u>4,938,000</u>
	\$ <u>6,519,000</u>

The net operating loss carryforwards give rise to a deferred tax asset of approximately \$2,216,000 and \$2,233,000 at February 29, 2012 and February 28, 2011, respectively, which have been fully reserved for due to management's assessment that it is more likely than not that the loss carryforwards will expire before they are utilized.

SADORE LANE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2012 AND FEBRUARY 28, 2011

NOTE 9. INCOME TAXES (CONTINUED)

Uncertain Tax Positions

In accordance with FASB ASC 740, *Income Taxes*, the Corporation has applied the "more likely than not" threshold to the recognition and derecognition of tax positions. The standard also provides guidance on the measurement of tax positions, balance sheet classification, interest and penalties, accounting in interim periods, disclosures and transition. Using this guidance, the Corporation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of February 29, 2012 or February 28, 2011.

The Corporation files income tax returns in the U.S. federal jurisdiction and in New York State. With few exceptions, the Corporation is no longer subject to U.S. federal and state tax examinations by taxing authorities for years before February 28, 2009.

NOTE 10. TREASURY STOCK

In May 2011, the Corporation purchased 114 shares of common stock from a tenant-shareholder for \$125,255. As a tenant-shareholder, the seller of the shares had entered into a proprietary lease with the Corporation, which gave them the right to occupy a defined living area and to access all common areas. Such rights were transferred to the Corporation upon its purchase of the shares. It is the Corporation's intent to assign these transferred rights to its superintendent. The Corporation reflected their purchased shares as "treasury stock" on the accompanying balance sheets.

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EXHIBIT C-2

Contract of Sale - Cooperative Apartment

This contract is made as of _____, 20____, between the "Seller" and the "Purchaser" identified below.

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: Garden Towers LLC
Address: 550 MAMARONECK AVENUE, HARRISON, NEW YORK 10528
Prior names used by Seller:
Soc. Sec. No. 13-2578521

Purchaser:
Address:
Soc. Sec. No.

1.2 The "Attorneys" are (name, address and telephone):

For Seller: GROSS & STABILE LLP
9 WEST PROSPECT AVENUE, SUITE 406
MOUNT VERNON, NEW YORK 10550
(914) 699-1919

For Purchaser:

1.3 The "Escrow Agent" is (name, address, and telephone)

GROSS & STABILE LLP
9 WEST PROSPECT AVENUE, SUITE 406
MOUNT VERNON, NEW YORK 10550
(914) 699-1919

1.4 The "Managing Agent" is (name, address, and telephone)

PRIME LOCATIONS
5 SADORE LANE
YONKERS, NEW YORK 10710
(914) 963-7400

1.5 The name of the cooperative housing corporation ("Corporation") is SADORE LANE GARDENS, INC.

1.6 The "Unit" number is _____.

1.7 The Unit is located in "Premises" known as 1-5 SADORE LANE, YONKERS, NEW YORK 10710.

1.8 The "Shares" are the _____ shares of the Corporation allocated to the Unit.

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

1.10 The "Broker" (see Par. 12) is _____.

1.11 The "Closing" is the transfer of ownership of the Shares and Lease, which is scheduled to occur on _____ at 10:00 A.M. (see Pars. 9 and 10)

1.12 The "Purchase Price" is \$_____.

1.12.1 the "Contract Deposit" is \$_____.

1.12.2 the "Balance" of the Purchase Price due at Closing is \$_____. (see Par. 2)

1.13 The "Maintenance" charge is the rent payable under the Lease which at the date this Contract is in the monthly amount of \$_____ (see Par. 4). This maintenance is subject to change.

1.14 The "Assessment" is the additional rent payable under the Lease which at the date of this Contract is \$_____ payable as follows: _____.

Contract of Sale - Cooperative Apartment

This contract is made as of _____, 20____, between the "Seller" and the "Purchaser" identified below.

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: Garden Towers LLC
Address: 550 MAMARONECK AVENUE, HARRISON, NEW YORK 10528
Prior names used by Seller:
Soc. Sec. No. 13-2578521

Purchaser:
Address:
Soc. Sec. No.

1.2 The "Attorneys" are (name, address and telephone):

For Seller: GROSS & STABILE LLP
9 WEST PROSPECT AVENUE, SUITE 406
MOUNT VERNON, NEW YORK 10550
(914) 699-1919

For Purchaser:

1.3 The "Escrow Agent" is (name, address, and telephone)

GROSS & STABILE LLP
9 WEST PROSPECT AVENUE, SUITE 406
MOUNT VERNON, NEW YORK 10550
(914) 699-1919

1.4 The "Managing Agent" is (name, address, and telephone)

PRIME LOCATIONS
5 SADORE LANE
YONKERS, NEW YORK 10710
(914) 963-7400

1.5 The name of the cooperative housing corporation ("Corporation") is SADORE LANE GARDENS, INC.

1.6 The "Unit" number is _____.

1.7 The Unit is located in "Premises" known as 1-5 SADORE LANE, YONKERS, NEW YORK 10710.

1.8 The "Shares" are the _____ shares of the Corporation allocated to the Unit.

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

1.10 The "Broker" (see Par. 12) is _____.

1.11 The "Closing" is the transfer of ownership of the Shares and Lease, which is scheduled to occur on _____ at 10:00 A.M. (see Pars. 9 and 10)

1.12 The "Purchase Price" is \$ _____.

1.12.1 the "Contract Deposit" is \$ _____.

1.12.2 the "Balance" of the Purchase Price due at Closing is \$ _____. (see Par. 2)

1.13 The "Maintenance" charge is the rent payable under the Lease which at the date this Contract is in the monthly amount of \$ _____ (see Par. 4). This maintenance is subject to change.

1.14 The "Assessment" is the additional rent payable under the Lease which at the date of this Contract is \$ _____ payable as follows: _____.

1.15 The Party upon whom the Corporation imposes a "Flip Tax" or similar transfer fee, if any, is NONE (see Par. 11.3)

1.16 If Par. 19 (Financing Contingency) applies:

1.16.1 the "Loan Terms" are:

Amount Financed: \$ _____ or any lower amount applied for or acceptable to Purchaser.

Payment Terms and Charges: The customary payment terms (including prevailing fixed or adjustable interest rate, prepayment provisions and maturity) and charges (including points, origination and other fees) then currently being offered to purchasers of cooperative apartments by the Institutional Lender (defined in Par. 19.5.1) to which Purchaser applies.

Security: Pledge of the Shares and Lease.

1.16.2 the period for Purchaser to obtain a Loan Commitment Letter is 30 days after a fully executed counterpart of this Contract is given to Purchaser.

1.17 The "Proposed Occupants" of the Unit are the following:

1.17.1 persons and relationship to Purchaser:

1.17.2 pets: NONE

1.18 The Contract Deposit shall be held in a non-interest bearing escrow account. ~~Interest shall be payable to the party entitled to the Contract Deposit.~~ The escrow account shall be an IOLA type account held at HUDSON VALLEY BANK, 403 EAST SANFORD BLVD., MOUNT VERNON, NY (see Par. 37)

2. Agreement to Sell and Purchase; Purchase Price; Escrow

2.1 Seller agrees to sell and assign to Purchaser, and Purchaser agrees to purchase and assume from Seller, the Seller's Shares and Lease for the Purchase Price and upon the other terms and conditions stated in this Contract.

2.2 The Purchase Price is payable to Seller by Purchaser as follows:

2.2.1 the Contract Deposit at the time of signing this Contract, by Purchaser's collectible check to the order of Escrow Agent.

2.2.2 the Balance at Closing, only by cashier's, official bank or certified check of Purchaser made payable to the direct order of Seller. These checks shall be drawn on and payable by a branch of a commercial or savings bank, savings and loan association or trust company located in the same City or County as the Unit. Seller may direct, on not less than 3 business days' Notice (defined in Par. 17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller.

3. Personal Property

3.1 Subject to any rights of the Corporation or any holder of a mortgage to which the Lease is subordinate, this sale includes all of Seller's ownership, if any, of the following "Property" to the extent existing in the Unit on the date hereof: the refrigerator, freezer, range, oven, microwave oven, dishwasher, cabinets and counters, light fixtures, central air-conditioning and/or window or sleeve units, washing machine, dryer, screens and storm windows, window treatments, switch plates, door hardware, built-ins not excluded in Par. 3.2 and SEE RIDER

3.2 Specifically excluded from this sale is all personalty not included in Par. 3.1 and

3.3 The Property shall not be purchased if Closing does not occur.

3.4 No consideration is being paid for the Property. Seller makes no representation as to the condition of the Property. Purchaser shall take the Property "as is" on the date of this Contract, except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing.

3.5 At or prior to the time of Closing, Seller shall remove from the Unit all the furniture, furnishings and other personalty not included in this sale, and repair any damage caused by such removal.

4. Representations and Covenants

4.1 Subject to any matter affecting title to the Premises (as to which Seller makes no representations or covenants), Seller represents and covenants that:

4.1.1 Seller is and shall at Closing be the sole owner of the Shares and Lease with the full right and power to sell and assign them;

4.1.2 the Shares and Lease will at Closing be free and clear of liens (other than the Corporation's general lien on the Shares, for which no monies shall be owed), encumbrances and adverse interests ("Liens"); or Seller will deliver to Purchaser at

Closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove of record, at Seller's expense, any such Liens;

4.1.3 the Shares were duly issued, fully paid for and are non-assessable;

4.1.4 the Lease is, and will at Closing be, in full force and effect and no notice of default under the Lease will be in effect at Closing;

4.1.5 the Maintenance and Assessments payable as of the date hereof are as specified in Pars. 1.13 and 1.14. All sums due to the Corporation will be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.6 as of this date, Seller neither has actual knowledge nor has received any written notice of (a) any increase in Maintenance or (b) any proposed Assessment which has been either adopted or is under consideration by the Board of Directors of the Corporation and not reflected in the amounts set forth in Pars. 1.13 and 1.14;

4.1.7 Seller will not at Closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Unit or the Premises;

4.1.8 there are and at closing will be no violations of record which the owner of the Shares and Lease would be obligated to remedy under the terms of the Lease;

~~4.1.9 Seller has not made any alterations or additions to the Unit, without any required consent of the Corporation;~~

4.1.10 Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and/or occupancy of the Unit which would be binding on or adversely affect Purchaser; and

4.1.11 Seller has been known by no other name for the past 10 years except as set forth in Par. 1.1.

4.2 Purchaser represents and covenants that Purchaser is acquiring the Shares and Lease solely for residential occupancy of the Unit by the Proposed Occupants only and will so represent to the Corporation in connection with Purchaser's application to the Corporation for approval of this transaction by the Corporation.

4.3 The representations and covenants contained in Par. 4.1 shall survive Closing, but any action based thereon must be instituted within 1 year from Closing.

5. Corporate Documents

Purchaser has examined and is satisfied with or has waived the examination of the Lease, and the Corporation's certificate of incorporation, bylaws, house rules, most recent audited financial statement and most recent statement of tax deductions available to the Corporation's shareholders under Internal Revenue Code ("IRC") § 216 (or any successor statute).

6. Required Approval and References

6.1 This sale is NOT subject to the approval of the Corporation.

6.2 INTENTIONALLY OMITTED

6.3 INTENTIONALLY OMITTED

7. Condition of Unit and Possession

7.1 Seller makes no representation as to the condition of the Unit. Purchaser has inspected the Unit and shall take the same "AS IS", on the date of this Contract, reasonable wear and tear excepted.

7.2 Seller shall deliver possession of the Unit at Closing, vacant, broom-clean and free of all occupants and rights of possession, **OTHER THAN OCCUPANCY RIGHTS OF THE PURCHASER, IF ANY.**

8. Risk of Loss

8.1 While Seller has legal title and is in possession of the Unit, Seller assumes all risk of loss or damage ("Loss") to the Unit and Property from fire or other cause not due to the fault of Purchaser or Purchaser's contractors, agents or servants. In the event of a Loss, Seller shall have the option (but not the obligation) to restore the Unit and Property to as near as reasonably possible to the condition immediately prior to the Loss.

8.2 Within 10 calendar days after the Loss occurs, Seller shall give Notice to Purchaser of the Loss and whether or not Seller elects to restore ("Election Notice").

8.3 If Seller elects to restore, Seller must do so within 60 calendar days after sending the Election Notice or by the Closing, whichever is later ("Restoration Period").

8.4 If the Closing is before such 60 calendar day period expires, then the Closing shall be adjourned to a date and time fixed by the Seller on not less than 10 calendar days' prior Notice to Purchaser, but in no event shall the Closing be adjourned for more than 70 calendar days after giving of the Election Notice.

8.5 If Seller elects not to restore or fails, in a timely manner, to send the Election Notice or, having sent the Notice, Seller fails to complete the restoration within the Restoration Period, then Purchaser's sole remedy is either to:

8.5.1 cancel this Contract in accordance with Par. 16 and recover all sums theretofore paid on account of the Purchase Price; or

8.5.2 complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller, but with the right to receive any "Net Insurance Proceeds" as defined in Par. 8.6 together with an assignment to Purchaser, without recourse to Seller, of any uncollected proceeds, which assignment shall be delivered by Seller at Closing.

8.6 "Net Insurance Proceeds" are proceeds of Seller's insurance covering the Loss which is attributable to the Unit and Property after deducting legal and other collection expenses incurred by Seller and any sums paid or incurred by Seller for restoration.

8.7 If Purchaser fails to exercise one of Purchaser's options pursuant to Par. 8.5 by Notice to Seller within 7 business days after Seller gives the Election Notice or within 7 business days after the Restoration Period expires (in the event Seller fails to complete the restoration within the Restoration Period), then Purchaser will be deemed to have conclusively elected the option to complete the purchase pursuant to Par. 8.5.2.

8.8 If Purchaser is given possession of the Unit prior to Closing:

8.8.1 Purchaser assumes all risk of Loss to the Unit and Property prior to Closing from fire or other cause not the fault of Seller or Seller's contractors, agents, employees or servants; and

8.8.2 Purchaser shall be obligated to complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller and without delay.

8.9 Notwithstanding anything to the contrary in Par. 8.1, Purchaser shall have the right to cancel this Contract in accordance with Par. 16 if, prior to Closing and while Seller is in possession, through no fault of Purchaser or Purchaser's contractors, agents, employees and servants, either:

8.9.1 a Loss occurs to the Unit would cost more than 10% of the Purchase Price to restore; or

8.9.2 more than 10% of the units in the Premises are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Unit is damaged.

8.10 Purchaser shall be deemed to have waived Purchaser's right to cancel under Par. 8.9 if Purchaser fails to elect to cancel by Notice to Seller given within 7 business days after Seller gives Notice to Purchaser of the event which gives rise to Purchaser's right to cancel. In the event Purchaser waives or is deemed to have waived this right to cancel, the provisions of Par. 8.5.2 shall apply.

9. Closing Location

THE CLOSING SHALL BE HELD AT THE OFFICE OF SELLER'S ATTORNEY.

10. Closing

10.1 At Closing, Seller shall deliver:

10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;

10.1.2 Seller's counterpart original of the Lease and duly executed assignment thereof to Purchaser in the form required by the Corporation;

10.1.3 a written statement by an officer of the Corporation or its authorized agent consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts and payments status of the Maintenance and any Assessments;

10.1.4 executed FIRPTA document(s) (defined in Par. 26);

10.1.5 keys to the Unit, building entrances, garage, mailbox and any locks in the Unit;

10.1.6 if requested, an assignment to Purchaser of Seller's interest in the Property;

10.1.7 Net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable; and

10.1.8 instruments or other documents required under Par. 4.1.2, if any.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with Par. 2.2.2;

10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in form required by the Corporation; and

10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be cancelled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall provide, the information necessary for Internal Revenue Service ("IRS") Form 1099-S or other similar form required.

10.4 At Closing, Seller shall provide and the parties shall execute, all documents necessary to comply with any applicable transfer and/or gains tax filings.

11. Closing Fees, Taxes and Apportionments

11.1 At Closing, Seller shall pay, if applicable:

~~11.1.1 the processing fee(s) of the Corporation, its attorneys, and/or agents, except as set forth in Par. 11.2.3;~~

11.1.2 the cost of stock transfer stamps; and

11.1.3 the transfer tax and transfer gains tax, except a transfer tax which by its terms imposes primary liability on the purchaser.

11.2 At Closing, Purchaser shall pay:

11.2.1 the sales taxes, if any, on this sale, other than the transfer stamps as provided for in Par. 11.1.2;

11.2.2 the cost of any title search;

11.2.3 any fee to the Corporation or its agents and/or attorneys relating to the transfer or the Purchaser's financing (currently \$400.00 TO SMITH, BUSS & JACOBS LLP); and

11.2.4 a transfer tax which by law is primarily imposed on the purchaser

11.3 At Closing, the Flip Tax, if any, shall be paid by the Party specified in Par. 1.15.

11.4 At Closing, the Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance and any other periodic charges due the Corporation (other than Assessments).

11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned but shall be paid by the party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right to and elected to pay the Assessment in installments.

11.6 Each party covenants to the other that it will timely pay any taxes for which it is primarily liable pursuant to law. This Par. 11.6 shall survive Closing.

12. Broker

12.1 Each Party represents to the other that such Party has not dealt with any other person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker named in Par. 1.10.

12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker shall not be deemed to be a third-party beneficiary of this provision.

12.3 This Par. 12 shall survive the Closing.

13. Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole remedy shall be to terminate this Contract and retain the Contract Deposit as liquidated damages, except there shall be no limitation on Seller's remedies for breach of Par. 12.1. In case of Purchaser's misrepresentation or default, Seller's damages would be impossible to ascertain and the Contract Deposit constitutes a fair and reasonable amount of compensation.

13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.

13.3 Each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of the representations or covenants stated to survive Closing. This indemnity includes, without limitation, reasonable attorney's fees and disbursements, court costs and litigation expenses. This Par. 13.3 shall survive the Closing.

13.4 Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the Lease obligations assumed by Purchaser. This indemnity includes, without limitation, reasonable attorney's fees and disbursements, court costs and litigation expenses. This indemnity does not include or excuse a breach of any representation or covenant by Seller in Par. 4.1. This Par. 13.4 shall survive the Closing.

13.5 In the event any instrument for the payment of the Contract Deposit fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Contract, provided Seller gives Purchaser notice of such failure of collection and, within 3 business days after Notice is given, Escrow Agent does not receive from

Purchaser an unendorsed certified check, bank check or immediately available funds in the amount of the uncollected funds. Failure to cure such default shall entitle Seller to the remedy in Par. 13.1 and to retain all sums as may be collected and/or recovered.

14. Entire Agreement; Modification

14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrow Agent as to Par. 37, are merged in this Contract, which alone fully and completely expresses their agreement.

14.2 A provision of this Contract may be changed or waived only in writing signed by the Party (or Escrow Agent) to be changed.

14.3 The Attorneys may extend in writing any of the time limitations stated in this Contract.

15. No Assignment by Purchaser

15.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder and any purported assignment shall be null and void.

15.2 This Contract shall bind and inure to the benefit of the Parties hereto and their respective heirs, personal and legal representatives and successors in interest.

16. Cancellation for Other than Default or Misrepresentation

If Seller shall be unable to transfer the Lease and the Shares in accordance with this Contract for any reason not due to Seller's willful acts or omissions, then the sole obligation of Seller shall be to refund to Purchaser the Contract Deposit and reimburse Purchaser for the actual costs incurred for Purchaser's title or abstract search, except such reimbursement shall not be required if a cancellation is pursuant to Par. 6 or 19. Upon making such refund, this Contract shall be canceled and neither Party shall have any further claims against the other hereunder.

17. Notices

17.1 Any notice or demand ("Notice") shall be in writing and either delivered by hand or overnight delivery or sent by certified or registered mail to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrow Agent at the address set forth in Par. 1, or to such other address as shall hereafter be designated by Notice given pursuant to this Par. 17.

17.2 Each Notice shall be deemed given on the same day if delivered by hand or on the following business day if sent by overnight delivery, or the second business day following the date of mailing.

17.3 The Attorneys are authorized to give any Notice specified in this Contract on behalf of their respective clients.

17.4 Failure to accept a Notice does not invalidate the Notice.

18. Margin Headings

The margin headings do not constitute part of the text of this Contract.

19. Financing Contingency (*delete if inapplicable*)

19.1 Purchaser may cancel this Contract and recover the Contract Deposit by following the procedure in Par. 19.4 if after complying with Purchaser's "Financing Obligations" in Par. 19.2 below and Purchaser's other obligations under this Contract:

19.1.1 Purchaser fails through no fault of Purchaser to obtain from an "Institutional Lender" (defined in Par. 19.5.1) a "Loan Commitment Letter" (defined in Par. 19.5.2) for financing on the Loan Terms and within the time period stated in Par. 1.16 (the "Loan"); or

19.1.2 the Institutional Lender and the Corporation cannot agree on the terms of an agreement for the protection of the Institutional lender (commonly called a recognition agreement), if required by the Institutional Lender.

19.2 Purchaser's right to cancel under Par. 19.1 and recover the Contract Deposit is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations":

19.2.1 Purchaser must apply in good faith for the Loan from an Institutional Lender within 7 business days after a fully executed counterpart of this Contract is given to Purchaser;

19.2.2 the Loan application must contain truthful, accurate and complete information as required by the Institutional Lender; and

19.2.3 Purchaser must promptly comply with all requirements of the Institutional Lender to obtain the Loan Commitment Letter and to close the Loan.

19.3 Purchaser may also cancel this Contract and recover the Contract Deposit in accordance with the procedure in Par. 19.4 if:

19.3.1 the Closing is adjourned by Seller or the Corporation for more than 30 business days from the date set for Closing in Par. 1.11; and

19.3.2 the Loan Commitment Letter expires on a date more than 30 business days after the date set for Closing in Par. 1.11 and before the new date set for Closing pursuant to Par. 19.3.1; and

19.3.3 Purchaser is unable in good faith to obtain from the Institutional Lender an extension or a new Loan Commitment Letter for the Amount Financed stated in Par. 1.16 or the same principal amount stated in the expired Loan Commitment Letter, whichever is lower, without paying any additional fees to the Institutional Lender (unless Seller, within 5 business days after receipt of Notice of such fees, gives Notice that Seller will pay such fees and pays them when due). All other substantive Loan terms may be materially no less favorable than in the expired Loan Commitment Letter.

19.4 In order to cancel pursuant to Par. 19.1 or 19.3, Purchaser shall give Notice of cancellation to Seller within 5 business days after the right to cancel arises. Purchaser's failure to timely give such Notice of Cancellation will be deemed a conclusive waiver of such right to cancel. In case of cancellation pursuant to Par. 19.1, a copy of any loan refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the Institutional Lender shall accompany the Notice of cancellation, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Par. 19.3, a copy of all written communications between the Institutional Lender and Purchaser concerning the extension or new loan commitment shall accompany the Notice of cancellation (or a copy of any letter refusing to extend the loan commitment or make a new loan commitment received by Purchaser after sending the cancellation Notice shall be sent to Seller promptly after receipt). Purchaser's obligation under this Par. 19.4 shall survive the cancellation of this Contract.

19.5 The definitions for certain terms used in this Par. 19 are:

19.5.1 an "Institutional Lender" is any bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, insurance company or governmental entity which is duly authorized to issue a loan secured by the Shares and Lease in the state where the Unit is located and is then currently extending similarly secured loan commitments; and

19.5.2 a "Loan Commitment Letter" is a written offer to make the Loan with or without recourse and whether or not conditional upon any factor other than an appraisal satisfactory to the Institutional Lender. An offer to make the Loan which is conditional on obtaining a satisfactory appraisal shall only become a Loan Commitment Letter upon such condition being met.

20. Singular/Plural and Joint/Several

The use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires. If more than one entity is selling or purchasing the Unit, their obligations shall be joint and several.

21. No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Computation errors shall survive and be corrected after Closing.

22. Inspections

Purchaser shall have the right to inspect the Unit at reasonable times upon reasonable request to Seller, and within 48 hours prior to Closing.

23. Governing Law

This Contract shall be governed by the laws of the State of New York. Any action or proceeding arising out of this Contract shall be brought in the county where the Unit is located and the Parties hereby consent to said venue.

24. Removal of Liens

24.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to Closing, a list of Liens, if any, which may violate Par. 4.1.

24.2 Seller shall have a reasonable period of time to remove any such Lien.

25. Cooperation of Parties

25.1 The Parties shall each cooperate with the other, the Corporation, Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to close.

25.2 The Parties shall timely file or pre-file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings will be true and complete. This Par. 25.2 shall survive the Closing.

26. FIRPTA and Gains Tax

26.1 The Parties shall comply with IRC §§ 897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Purchaser at or prior to Closing a Certification of Nonforeign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by Closing, the

Purchaser shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the IRS. In the event of such withholding by Purchaser, Seller's obligations hereunder, including (but not limited to) the transfer of ownership of the Shares and Lease, shall not be excused or otherwise affected. In the event of any claimed over-withholding, Seller shall be limited solely to an action against the IRS for a refund. Seller hereby waives any right of action against Purchaser on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-filing is required by law, Purchaser shall simultaneously herewith deliver to Seller a completed and executed Transferee Questionnaire or the equivalent thereof.

27. Additional Conditions

27.1 Purchaser shall not be obligated to close unless at the time of the Closing:

27.1.1 the Corporation is duly incorporated and in good standing; and

27.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and

27.1.3 there is no pending *in rem* action or foreclosure action of any underlying mortgage affecting the Premises.

27.2 Purchaser shall give Seller Notice of any failure of any of the conditions in Par. 27.1. If any condition in Par. 27.1 is not true and is not cured within a reasonable period of time after giving said Notice, then either Seller or Purchaser shall have the option to cancel this Contract pursuant to Par. 16.

28. Escrow Terms THE ESCROW IS SUBJECT TO THE TERMS OF THE OFFERING PLAN; SEE RIDER FOR ADDITIONAL ESCROW TERMS.

28.1 Escrow Agent acknowledges receipt of the check for the Contract Deposit, subject to collection.

28.2 The check for the Contract Deposit shall be deposited by Escrow Agent in an escrow account as described in Par. 1.18 AND RIDER PARAGRAPH 37 and the proceeds held and disbursed in accordance with the terms of this Contract. Upon Closing, Escrow Agent shall deliver the Contract Deposit to Seller. In all other cases, if either Party makes a demand upon Escrow Agent for delivery of the Contract Deposit, Escrow Agent shall give Notice to the other Party of such demand. If a Notice of objection to the proposed payment is not received from the other Party within 30 days after giving notice by Escrow Agent, Escrow Agent is hereby authorized to deliver the Contract Deposit to the Party who made the demand. If Escrow Agent receives a Notice of objection within said period, or if for any other reason, Escrow Agent in good faith elects not to deliver the Contract Deposit, then Escrow Agent shall continue to hold the Contract Deposit and thereafter pay it to the Party entitled when Escrow Agent receives a Notice signed by both Parties directing disposition of the Contract Deposit or a judgment or order of a court of competent jurisdiction.

28.3 In the event of any dispute or doubt as to the genuineness of any document or signature, or uncertainty as to Escrow Agent's duties, then Escrow Agent shall have the right either to continue to hold the Contract Deposit in escrow or to pay the Contract Deposit into court pursuant to relevant statute.

28.4 INTENTIONALLY OMITTED

28.5 Escrow Agent shall not be liable TO SELLER for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrow Agent's own gross negligence or willful misconduct.

28.6 The parties acknowledged that Escrow Agent is merely a stakeholder. Upon payment of the Contract Deposit pursuant to Par. 28.2 of 28.3 OR RIDER PARAGRAPH 37, Escrow Agent shall be fully released from all liability and obligations with respect to the Contract Deposit.

28.7 In the event Escrow Agent is the attorney for either Party, Escrow Agent shall be entitled to represent such Party in any lawsuit.

28.8 Escrow Agent shall serve without compensation.

28.9 The signing of this Contract by Escrow Agent is only to evidence Escrow Agent's acceptance of the terms and conditions of this Par. 28 AND RIDER PARAGRAPH 37.

29. Binding Effect

This Contract shall not be binding unless a fully-executed counterpart thereof has been delivered to each of the Parties.

See Rider annexed hereto for additional terms.

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written.

ESCROW TERMS AGREED TO:

SELLER:

PURCHASER:

GROSS & STABLE LLP

Garden Towers LLC

Escrow Agent

BY: _____

RIDER TO CONTRACT DATED _____, 201__.

SELLER: Garden Towers LLC

PURCHASER:

APARTMENT: Apt. ____, Sadore Lane, Yonkers, New York 10710

THIS RIDER IS INTENDED TO BE AFFIXED TO AND BECOME A PART OF THE ABOVE DESCRIBED CONTRACT; IF ANY PROVISION IN THIS RIDER CONFLICTS WITH OR IS INCONSISTENT WITH ANY PRINTED PROVISION OF THE CONTRACT, THEN THE PROVISION OF THIS RIDER SHALL CONTROL.

30. The terms of this Contract are expressly subject to the terms of that certain cooperative offering plan for the Corporation, dated as of September 24, 1982, as the same has been amended to date (the "Plan"). Purchaser acknowledges receipt of a copy of the Plan at least three (3) business days prior to execution of this Contract and represents that Purchaser has examined and is satisfied with same. In the event of conflict between the terms of the Plan and the terms of this Contract, the terms of the Plan shall control.

31. Supplementing Paragraphs 3 and 31, it is agreed that:

A. Seller is not obligated to install any equipment or appliances in the Unit or otherwise make any repairs, improvements or decorations to the Unit or its equipment, appliances and fixtures except as set forth in paragraph 45 of this Contract of Sale;

B. The Seller is a Holder of Unsold Shares as such term is defined in the Plan;

C. Purchaser acknowledges having entered into this Contract without relying upon any promises, statements, estimates, representations, warranties, conditions or other inducements, expressed or implied, oral or written, not set forth herein or in the Plan as amended.

32. Supplementing and modifying Paragraphs 2.2.2 and 10.2.1:

A. Purchaser hereby guarantees payment of all checks delivered at closing on account of Purchaser's obligations under this Contract. This subparagraph 32.A. shall survive the Closing.

B. Purchaser acknowledges that the balance of the Purchase Price must be paid by checks strictly in accordance with paragraph 2.2.2. Certified personal checks or official cashier's or bank checks payable to the order of Purchaser and endorsed to Seller will not be accepted at closing.

33. With respect to all proceeds received by or on behalf of Seller under this Agreement, the Seller shall comply with the trust fund and escrow provisions of General Business Law Section 352-h and Section 352-e(2-b).

34. The acceptance of the Shares and the assumption of the Lease by the Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Seller to be performed pursuant to the provisions of this Contract except (a) those expressly provided to survive the closing and (b) those obligations which Seller, as the Sponsor, is required to perform either under (i) the terms

of the Plan, as amended to date, or (ii) applicable provisions of the General Business Law.

35. A. If through no fault of Seller, Purchaser, for any reason, fails to close within 15 days after the the date scheduled for closing in Paragraph 1.11 (the "Scheduled Closing Date"), the apportionments for the maintenance charges due the Corporation shall be as of midnight of the day preceding the fifteenth day after the scheduled closing date and not as of midnight on the day preceding the actual closing date. Time is of the essence for Purchaser to pay and perform Purchaser's obligations hereunder within 30 days of the Scheduled Closing Date.

B. Supplementing paragraphs 1.11, all closings must be scheduled on at least five (5) business days notice to Seller. Purchaser acknowledges that Seller and/or transfer agent may not be able accommodate Purchaser if Purchaser requests a closing on less than (5) business days notice. If, however, Seller and Transfer Agent can accommodate Purchaser's request to schedule closing on less than five (5) business days notice, Purchaser agrees to pay a \$200.00 service fee to GROSS & STABILE LLP for "rush" service.

36. Supplementing Paragraph 10.2, Purchaser shall pay any application fee, recognition agreement review fee, move-in fee, or other fee the Corporation may require.

37. The Escrow Agent shall deposit and handle the Contract Deposit in accordance with the terms and provisions of Paragraph 12 of the 39th Amendment to the Plan converting the Premises to cooperative ownership. Purchaser acknowledges having read the terms of such Amendment and the escrow provisions contained therein and agrees to be bound by same.

A. The law firm of GROSS & STABILE LLP, with an address at 9 West Prospect Avenue, Suite 406, Mount Vernon, New York 10550, telephone number (914) 699-1919, shall serve as escrow agent ("Escrow Agent") for Seller and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Joanne Stabile and Hannah S. Gross, both of whom admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Seller, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

B. Escrow Agent and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of the Contract or otherwise concerning the maintenance or release of the Contract Deposit from escrow.

C. The Escrow Agent has established the escrow account at Hudson Valley Bank, located at 403 E. Sandford Boulevard, Mount Vernon, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Gross & Stabile Attorney Trust Account ("Escrow Account"). The Escrow Account is an IOLA account. The Escrow Account is federally insured by the FDIC at the maximum amount of \$250,000 per deposit for each purchaser. If Escrow Agent receives a deposit in excess of \$250,000 for an individual purchaser, the Escrow Agent must establish multiple accounts on behalf of Seller at various institutions to make sure each account is insured.

D. All Contract Deposits received by Seller or on Seller's behalf shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to or endorsed to the order of Gross & Stabile LLP as Escrow Agent.

E. No fees of any kind may be deducted from the Escrow Account, and the Seller shall bear all costs associated with the maintenance of the Escrow Account.

F. Within five (5) business days after the Contract has been tendered to Escrow Agent along with the Contract Deposit, the Escrow Agent shall sign the Contract and place the Contract Deposit into the Escrow Account. Within ten (10) business days of placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Seller, confirming the Contract Deposit. The notice shall provide the account number and a statement that the Escrow Account is an IOLA account.

G. The Escrow Agent is obligated to send notice to the Purchaser once the Contract Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Contract Deposit, he or she may cancel the Contract within ninety (90) days after tender of the Contract and Contract Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Contract Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Contract Deposits and requisite notice was timely mailed to the Purchaser.

H. All Contract Deposits are and shall continue to be the Purchaser's money, and may not be commingled with any other money or pledged or hypothecated by Seller, as per GBL § 352-h.

I. The Escrow Agent shall release the Contract Deposit if so directed:

(a) to the Seller pursuant to terms and conditions set forth in the Contract in Paragraph 28 upon closing of title to the Shares; or

(b) in a subsequent writing signed by both Seller and Purchaser; or

(c) by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the Deposit, then the Escrow Agent must give both the Purchaser and Seller prior written notice of not fewer than thirty (30) days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said thirty (30) day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (a) through (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the Westchester County Clerk and shall give written notice to both parties of such deposit.

The Seller shall not object to the release of the Deposit to a Purchaser who timely rescinds in accordance with an offer of rescission contained in an Amendment to the Plan.

The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

J. Any provision of any Contract or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Contract, Plan, or any amendment thereto.

K. Escrow Agent shall maintain the Escrow Account under its direct supervision and control.

L. A fiduciary relationship shall exist between Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h).

M. Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under this Contract and which is believed by Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

N. Seller agrees that Seller and its agents, including any selling agents, shall deliver the Deposit received by them prior to closing of the Shares to a designated attorney who is a member of or employed by Escrow Agent, within two (2) business days of tender of the Deposit by Purchaser.

O. Seller agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(e)(2-b) and 352-(h) and the New York State Department of Law's regulations.

P. Prior to release of the Deposit, Escrow Agent's fees and disbursements shall neither be paid by Seller from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

Q. Seller agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of Escrow Agent's responsibilities arising in connection with this Contract or the performance or non-performance of Escrow Agent's duties under this Contract, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Contract or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

R. The Escrow Agent shall not be bound by any modification of this Contract or its escrow provisions unless there is delivered to the Escrow Agent a written modification signed by the parties. No such modification shall, without the written consent of the Escrow Agent, modify the provisions relating to the duties, obligations or rights of the Escrow Agent. Escrow Agent shall not be liable to Seller for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrow Agent's own gross negligence or willful misconduct.

S. The parties acknowledged that Escrow Agent is merely a stakeholder. Escrow Agent shall serve without compensation. Upon payment of the Contract Deposit pursuant to this Paragraph, Escrow Agent shall be fully released from all liability and obligations with respect to the Contract Deposit.

T. In the event Escrow Agent is the attorney for the Seller, Escrow Agent shall be entitled to represent the Seller in any lawsuit.

U. The signing of this Contract by Escrow Agent is only to evidence Escrow Agent's acceptance of the terms and conditions of this Paragraph 37.

38. The execution and delivery of this Contract of Sale by Purchaser and the delivery thereof to Seller shall have no binding force and effect on Seller unless and until Seller shall have executed this Contract of Sale and a counterpart thereof shall have been delivered to Purchaser or Purchaser's attorney as set forth herein.

39. Purchaser understands that the Corporation is not a party to this Contract or the sale contemplated hereby and that no representations, warranties or promises of any kind have been made to Purchaser by the Corporation. Purchaser agrees that no claim will be made against the Corporation by Purchaser in respect of, or arising out of, the purchase of the shares and appurtenant Lease.

40. Purchaser represents to Seller and to the Corporation that Purchaser is not less than 18 years of age. The provisions of this Paragraph shall inure to the benefit of both Seller and the Corporation and shall survive the Closing.

41. Supplementing Paragraph 12, Seller and Purchaser agree to indemnify and hold the other harmless from and against any claim, judgment, liability, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from any breach of the representation set forth in Paragraph 12. The provisions of Paragraph 12 and this Paragraph shall survive the Closing.

42. If this Contract is terminated or canceled for any reason, the Purchaser agrees to return to the Seller or to Seller's attorney any and all documentation, including the offering plan, amendments to the offering plan and financial statements relative to this transaction; if Purchaser fails to return the documentation within ten (10) days of the cancellation or termination of the Contract, Purchaser hereby authorizes the Escrow Agent to deduct the cost of replacing such documentation, up to \$150.00, from the Contract Deposit, if the same is to be refunded.

43. LEAD BASED PAINT HAZARDS

- A. Seller has no knowledge of any lead based paint and/or lead based paint hazards in the housing.
- B. Seller has no reports or records pertaining to lead based paint and/or lead based paint hazards in the housing.
- C. This Contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the date which is ten (10) days after this Contract is delivered to you. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet Protect Your Family From Lead in Your Home for more information.) This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written request, listing specific existing deficiencies and annexing a copy of the risk assessment, to terminate this contract. Upon receipt of such a request, Seller shall promptly return the down payment and this Contract shall be of no further force and effect. The Purchaser may remove this contingency at any time without cause.
- D. Purchaser acknowledges receipt of a copy of the EPA pamphlet "Protect Your Family From Lead in Your Home."

44. FINANCING PROVISIONS

- A. Supplementing Paragraph 1.16, and 19.1, any extension of the date set forth in paragraph 1.16, will be granted at the discretion of the Seller, and such extension must be agreed upon through the attorneys for the parties on or before the date set forth in paragraph 1.16.2, and must be confirmed in writing by the attorneys for the parties. Purchaser acknowledges that extensions of the date set forth in paragraph 1.16.2 agreed to by anyone other than the attorneys are not binding and will not be honored. For purposes of extending the date set forth in paragraph 1.16.2 only, notices may be sent by facsimile (with a copy simultaneously by regular mail) to the attorney without need to serve the Seller or the Purchaser.
- B. Purchaser gives permission for any Lender or mortgage broker to or through whom Purchaser has applied for financing to discuss any and all details of Purchaser's application and financing process with the Seller or the Selling Agent.

45. CONDITION OF THE UNIT

- A. The Unit is being sold "as is" subject to only those items noted in this paragraph; Seller will not cure cosmetic problems with existing flooring.
- B. Purchaser acknowledges that absolutely no repairs or improvements will be made by the Seller other than those specified herein. Purchaser further acknowledges that insertion of indefinite terms such as "rental ready" shall be deemed void.

46. PURCHASER'S ACKNOWLEDGMENTS RE CORPORATION'S HOUSE RULES

- A. Purchaser acknowledges that the Corporation requires that 80% of the floors in the Unit be carpeted.
- B. Purchaser acknowledges that Purchaser has been informed that the Corporation has a "no pets" policy; this policy applies to the Purchaser and the Unit even though other residents may have pets.
- C. Purchaser understands that harboring a pet will result in legal action by the Corporation against the Purchaser.

D. Purchaser acknowledges that the Corporation prohibits weekend and holiday moving; all moves must take place on weekdays.

SELLER: Garden Towers LLC

PURCHASER:

BY: _____

ESCROW AGENT:

GROSS & STABLE LLP

By: _____

CONTRACT OF SALE—COOPERATIVE APARTMENT

F. 8067--CONTRACT OF SALE OF COOPERATIVE APARTMENT, 10-89.

BASED ON THE COMMITTEE ON CONDOMINIUMS AND COOPERATIVES OF THE REAL PROPERTY SECTION OF THE NEW YORK STATE BAR ASSOCIATION STANDARD FORM.

CONSULT YOUR LAWYER BEFORE SIGNING THIS AGREEMENT

This Contract is made as of _____, 20____ between the "Seller" and the "Purchaser" identified below.

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: Guardian Towers, LLC

Address: c/o Stephen C. Monaco, Esq., 35 East Grassy Sprain Road, Suite 204, Yonkers, NY 10710

Prior names used by Seller: None

Soc. Sec. No.

Purchaser:

Address:

Soc. Sec. No.:

1.2. The "Attorneys" are (name, address and telephone):

For Seller: Stephen C. Monaco, 35 East Grassy Sprain Road, Suite 204, Yonkers, NY 10710
914-961-1448

For Purchaser:

1.3 The "Escrowee" is (name, address and telephone) **Stephen C. Monaco, Esq., 35 East Grassy Sprain Road, Yonkers, NY 10710 (914-961-1448)**

1.4 The "Managing Agent" is (name, address and telephone) **Prime Locations, 5 Sadore Lane, Yonkers, NY 10710 (914-793-1014)**

1.5 The name of the cooperative housing corporation ("Corporation") is **Sadore Lane Gardens, Inc.**

1.6 The "Unit" number is

1.7 The Unit is located in "Premises" known as **Sadore Lane, Yonkers, NY 10710**

1.8 The "Shares" are the _____ shares of the Corporation allocated to the Unit.

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

1.10 The "Broker" (see Par. 12) is

1.11 The "Closing" is the transfer of ownership of the Shares and Lease which is scheduled to occur on or about _____ (see Pars. 9 and 10).

1.12 The "Purchase Price" is \$

1.12.1 the "Contract Deposit" is \$

1.12.2 the "Balance" of the Purchase Price due at Closing is \$

(See Par. 2)

1.13 The "Maintenance" charge is the rent payable under the Lease which at the date of this Contract is in the monthly amount of \$ (see Par. 4)

1.14 The "Assessment" is the additional rent payable under the Lease which at the date of this Contract is \$ payable as follows: **None**

1.15 The Party upon whom the Corporation imposes a "Flip Tax" or similar transfer fee, if any, is (see Par. 11.3) **None**

1.16 If Par. 19 (Financing Contingency) applies then:

1.16.1 the "Loan Terms" are:

Amount Financed: or any lower amount applied for or acceptable to Purchaser.

Payment Terms and Charges: The customary payment terms (including prevailing fixed or adjustable interest rate, prepayment provisions and maturity) and charges (including points, origination and other fees) then currently being offered to purchasers of cooperative apartments by the Institutional Lender (defined in Par. 19.5.1) to which Purchaser applies.

Security: Pledge of the Shares and Lease.

1.16.2 the period for Purchaser to obtain a Loan Commitment Letter is 30 days after a fully executed counterpart of this Contract is given to Purchaser.

1.17 The "Proposed Occupants" of the Unit are the following:

1.17.1 persons and relationship to Purchaser: **Purchaser**

1.17.2 pets: **None**

1.16 The Contract Deposit shall be held in a **Non-Interest** bearing escrow account. Interest shall be payable to the **neither purchaser or seller**

The escrow account shall be a IOLA type account held at (See Par. 28) **Hudson Valley Bank, 35 East Grassy Sprain Road, Yonkers, NY 10710**

2. Agreement to Sell and Purchase; Purchase Price; Escrow

2.1 Seller agrees to sell and assign to Purchaser, and Purchaser agrees to purchase and assume from Seller, the Seller's Shares and Lease for the Purchase Price and upon the other terms and conditions stated in this Contract.

2.2 The Purchase Price is payable to Seller by Purchaser as follows:

2.2.1 the Contract Deposit at the time of signing this Contract, by Purchaser's collectible check to the order of Escrowee.

2.2.2 the Balance at Closing, only by cashier's, official bank or certified check of Purchaser made payable to the direct order of Seller. These checks shall be drawn on and payable by a branch of a commercial or savings bank, savings and loan association or trust company located in the same City or County as the Unit. Seller may direct, on not less than 3 business days' Notice (defined in Par. 17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller.

3. Personal Property

3.1 Subject to any rights of the Corporation or any holder of a mortgage to which the Lease is subordinate, this sale includes all of Seller's ownership, if any, of the following "Property" to the extent

existing in the Unit on the date hereof: the refrigerator, range/oven, microwave oven, dishwasher, cabinets and counters, lighting fixtures, chandeliers, wall-to-wall carpeting, plumbing fixtures, 1 air-conditioning window or sleeve units, screens and storm windows, window treatments, switch plates, door hardware, built-ins not excluded in Par. 3.2 and

3.2 Specifically excluded from this sale is all personally not included in Par. 3.1 and

3.3 The Property shall not be purchased if Closing does not occur.

3.4 No consideration is being paid for the Property. Seller makes no representation as to the condition of the Property. Purchaser shall take the Property "as is" on the date of this Contract, except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing.

3.5 At or prior to the time of Closing, Seller shall remove from the Unit all the furniture, furnishings and other personally not included in this sale, and repair any damage caused by such removal.

4. Representations and Covenants

4.1 Subject to any matter affecting title to the Premises (as to which Seller makes no representations or covenants), Seller represents and covenants that:

4.1.1 Seller is and shall at Closing be the sole owner of the Shares and Lease with the full right and power to sell and assign them;

4.1.2 The Shares and Lease will at Closing be free and clear of liens (other than the Corporation's general lien on the Shares, for which no monies shall be owed), encumbrances and adverse interests ("Liens"); or Seller will deliver to Purchaser at Closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove of record, at Seller's expense, any such Liens;

4.1.3 the Shares were duly issued, fully paid for and are non-assessable;

4.1.4 the Lease is, and will at Closing be, in full force and effect and no notice of default under the Lease will be in effect at Closing;

4.1.5 the Maintenance and Assessments payable as of the date hereof are as specified in Pars. 1.13 and 1.14. All sums due to the Corporation will be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.6 as of this date, Seller neither has actual knowledge nor has received any written notice of (a) any increase in Maintenance or (b) any proposed Assessment which has been either adopted or is under consideration by the Board of Directors of the Corporation and not reflected in the amounts set forth in Pars. 1.13 and 1.14;

4.1.7 Seller will not at Closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Unit or the Premises;

4.1.8 there are and at closing will be no violations of record which the owner of the Shares and Lease would be obligated to remedy under the terms of the Lease;

4.1.9 Seller has not made any alterations or additions to the Unit, without any required consent of the Corporation;

4.1.10 Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and/or occupancy of the Unit which would be binding on or adversely affect Purchaser; and

4.1.11 Seller has been known by no other name for the past 10 years except as set forth in Par. 1.1.

4.2 Purchaser represents and covenants that Purchaser is acquiring the Shares and Lease solely for residential occupancy of the Unit by the Proposed Occupants only and will so represent to the Corporation in connection with Purchaser's application to the Corporation for approval of this transaction by the Corporation.

4.3 The representations and covenants contained in Par. 4.1 shall survive Closing, but any action based thereon must be instituted within 1 year from Closing.

5. Corporate Documents

Purchaser has examined and is satisfied with or has waived the examination of the Lease, and the Corporation's certificate of incorporation, bylaws, house rules, most recent audited financial statement and

most recent statement of tax deductions available to the Corporation's shareholders under Internal Revenue Code ("IRC") § 216 (or any successor statute).

6. Required Approval and References

6.1 This sale is subject to the approval of the Corporation.

6.2 Purchaser shall in good faith:

6.2.1 submit to the Corporation or its Managing Agent, within 10 business days after the receipt of a fully executed counterpart of this Contract, an application for approval of this sale on the form required by the Corporation containing such data and together with such documents as the Corporation reasonably requires except for the Loan Commitment Letter (defined in Par. 19.5.2), if applicable, which shall be submitted by Purchaser within 3 business days after it is obtained;

6.2.2 attend (and cause any person who will reside in the Unit to attend) one or more personal interviews, as requested by the Corporation; and

6.2.3 promptly submit to the Corporation such further references, data and documents reasonably requested by the Corporation.

6.3 Either Party, after learning of the approval or denial by the Corporation of the application, shall promptly send Notice to the other Party of the Corporation's decision. If approval or denial has not been issued on or before the date set for Closing, the Closing shall be adjourned for 30 business days for the purpose of obtaining such approval unless otherwise agreed to by the Parties. If the approval of this sale is not obtained by said adjourned date, either Party may cancel this Contract on Notice to the other provided that the Corporation's approval is not issued before Notice of cancellation is given. In the event of a denial other than for Purchaser's bad faith conduct, this contract shall be deemed cancelled. In the event of cancellation pursuant to this Par. 6, the Escrowee shall refund the Contract Deposit to Purchaser. In case of a denial or lack of approval due to Purchaser's bad faith conduct, Purchaser shall be in default and Par. 13.1 shall govern.

7. Condition of Unit and Possession

7.1 Seller makes no representation as to the condition of the Unit. Purchaser has inspected the Unit and shall take the same "as is", on the date of this Contract, reasonable wear and tear excepted.

7.2 Seller shall deliver possession of the Unit at the Closing, vacant, broom-clean and free of all occupants and rights of possession.

8. Risk of Loss

8.1 While Seller has legal title and is in possession of the Unit, Seller assumes all risk of loss or damage ("Loss") to the Unit and Property from fire or other cause not due to the fault of Purchaser or Purchaser's contractors, agents or servants. In the event of a Loss, Seller shall have the option (but not the obligation) to restore the Unit and Property to as near as reasonably possible to the condition immediately prior to the Loss.

8.2 Within 10 calendar days after the Loss occurs, Seller shall give Notice to Purchaser of the Loss and whether or not Seller elects to restore ("Election Notice").

8.3 If Seller elects to restore, Seller must do so within 60 calendar days after sending the Election Notice or by the Closing, whichever is later ("Restoration Period").

8.4 If the Closing is before such 60 calendar day period expires, then the Closing shall be adjourned to a date and time fixed by Seller on not less than 10 calendar days' prior Notice to Purchaser, but in no event shall the Closing be adjourned for more than 70 calendar days after giving of the Election Notice.

8.5 If Seller elects not to restore or fails, in a timely manner, to send the Election Notice or, having sent the Notice, Seller fails to complete the restoration within the Restoration Period, then Purchaser's sole remedy is either to:

8.5.1 cancel this Contract in accordance with Par. 16 and recover all sums theretofore paid on account of the Purchase Price; or

8.5.2 complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller, but with the right to receive any "Net Insurance Proceeds" as defined in Par. 8.6 together with an assignment to Purchaser, without recourse to Seller, of any uncollected proceeds, which assignment shall be delivered by Seller at Closing.

8.6 "Net Insurance Proceeds" are proceeds of Seller's insurance covering the Loss which is attributable to the Unit and Property after deducting legal and other collection expenses incurred by Seller and any sums paid or incurred by Seller for restoration.

8.7 If Purchaser fails to exercise one of Purchaser's options pursuant to Par. 8.5 by Notice to Seller within 7 business days after Seller gives the Election Notice or within 7 business days after the Restoration Period expires (in the event Seller fails to complete the restoration within the Restoration Period), then Purchaser will be deemed to have conclusively elected the option to complete the purchase pursuant to Par. 8.5.2.

8.8 If Purchaser is given possession of the Unit prior to Closing:

8.8.1 Purchaser assumes all risk of Loss to the Unit and Property prior to Closing from fire or other cause not the fault of Seller or Seller's contractors, agents, employees or servants; and

8.8.2 Purchaser shall be obligated to complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller and without delay.

8.9 Notwithstanding anything to the contrary in Par. 8.1, Purchaser shall have the right to cancel this Contract in accordance with Par. 16 if, prior to Closing and while Seller is in possession, through no fault of Purchaser or Purchaser's contractors, agents, employees and servants, either:

8.9.1 a Loss occurs to the Unit which would cost more than 10% of the Purchase Price to restore; or

8.9.2 more than 10% of the units in the Premises are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Unit is damaged.

8.10 Purchaser shall be deemed to have waived Purchaser's right to cancel under Par. 8.9 if Purchaser fails to elect to cancel by Notice to Seller given within 7 business days after Seller gives Notice to Purchaser of the event which gives rise to Purchaser's right to cancel. In the event Purchaser waives or is deemed to have waived this right to cancel, the provisions of Par. 8.5.2 shall apply.

9. Closing Location

The Closing shall be held at the location designated by the Corporation, or (if none is designated), at the office of Seller's attorney.

10. Closing

10.1 At Closing, Seller shall deliver:

10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;

10.1.2 Seller's counterpart original of the Lease and a duly executed assignment thereof to Purchaser in the form required by the Corporation;

10.1.3 a written statement by an officer of the Corporation or its authorized agent consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts and payment status of the Maintenance and any Assessments;

10.1.4 executed FIRPTA document(s) (defined in Par. 26);

10.1.5 keys to the Unit, building entrances, garage, mailbox and any locks in the Unit;

10.1.6 if requested, an assignment to Purchaser of Seller's interest in the Property;

10.1.7 Net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable; and

10.1.8 instruments or other documents required under Par. 4.1.2, if any.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with Par. 2.2.2;

10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in the form required by the Corporation; and

10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be cancelled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall provide the information necessary for Internal Revenue Service ("IRS") Form 1099-S or other similar form required.

10.4 At Closing, Seller shall provide, and the Parties shall execute, all documents necessary to comply

with any applicable transfer and/or gains tax filings.

11. Closing Fees, Taxes and Apportionments

11.1 At Closing, Seller shall pay, if applicable:

11.1.1 the processing fee(s) of the Corporation, its attorneys, and/or agents, except as set forth in Par. 11.2.3;

11.1.2 the cost of stock transfer stamps;

11.1.3 the transfer tax and transfer gains tax.

11.2 At Closing, Purchaser shall pay:

11.2.1 the sales taxes, if any, on this sale, other than the transfer stamps as provided for in Par. 11.1.2;

11.2.2 the cost of any title search; and

11.2.3 any fee to the Corporation or its agents and/or attorneys relating to Purchaser's financing.

11.3 At Closing, the Filp Tax, if any, shall be paid by the Party specified in Par. 1.15.

11.4 At Closing, the Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance and any other periodic charges due the Corporation (other than Assessments).

11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned, but shall be paid by the Party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right to and elected to pay the Assessment in installments.

11.6 Each party covenants to the other that it will timely pay any taxes for which it is primarily liable pursuant to law. This Par. 11.6 shall survive Closing.

12. Broker

12.1 Each Party represents to the other that such Party has not dealt with any other person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker named in Par. 1.10.

12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker shall not be deemed to be a third-party beneficiary of this provision.

12.3 This Par. 12 shall survive the Closing.

13. Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole remedy shall be to terminate this Contract and retain the Contract Deposit as liquidated damages, except there shall be no limitation on Seller's remedies for a breach of Par. 12.1. In case of Purchaser's misrepresentation or default, Seller's damages would be impossible to ascertain and the Contract Deposit constitutes a fair and reasonable amount of compensation.

13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.

13.3 Each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of the representations or covenants stated to survive Closing. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This Par. 13.3 shall survive the Closing.

13.4 Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the Lease obligations assumed by Purchaser. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This indemnity does not include or excuse a breach of any representation or covenant by Seller in Par. 4.1. This Par. 13.4 shall survive the Closing.

13.5 In the event any instrument for the payment of the Contract Deposit fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Contract, provided Seller gives Purchaser Notice of such failure of collection and, within 3 business days after Notice is given, Escrowee does not receive from Purchaser an unendorsed certified check, bank check or immediately available funds in the amount of the uncollected funds. Failure to cure such default shall entitle Seller to the remedy in Par. 13.1 and to retain all sums as may be collected and/or recovered.

14. Entire Agreement; Modification

14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to Par. 28, are merged in this Contract, which alone fully and completely expresses their agreement.

14.2 A provision of this Contract may be changed or waived only in writing signed by the Party (or Escrowee) to be charged.

14.3 The Attorneys may extend in writing any of the time limitations stated in this Contract.

15. No Assignment by Purchaser

15.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder and any purported assignment shall be null and void.

15.2 This Contract shall bind and inure to the benefit of the Parties hereto and their respective heirs, personal and legal representatives and successors in interest.

16. Cancellation for Other than Default or Misrepresentation

If Seller shall be unable to transfer the Lease and the Shares in accordance with this Contract for any reason not due to Seller's willful acts or omissions, then the sole obligation of Seller shall be to refund to Purchaser the Contract Deposit and reimburse Purchaser for the actual costs incurred for Purchaser's title or abstract search. Upon making such refund, this Contract shall be cancelled and neither Party shall have any further claim against the other hereunder.

17. Notices

17.1 Any notice or demand ("Notice") shall be in writing and either delivered by hand or overnight delivery or sent by certified or registered mail to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at the addresses set forth in Par. 1, or to such other address as shall hereafter be designated by Notice given pursuant to this Par. 17.

17.2 Each Notice shall be deemed given on the same day if delivered by hand or on the following business day if sent by overnight delivery, or the second business day following the date of mailing.

17.3 The Attorneys are authorized to give any Notice specified in this Contract on behalf of their respective clients.

17.4 Failure to accept a Notice does not invalidate the Notice.

18. Margin Headings

The margin headings do not constitute part of the text of this Contract.

19. Financing Contingency (delete if inapplicable)

19.1 Purchaser may cancel this Contract and recover the Contract Deposit by following the procedure in Par. 19.4 if after complying with Purchaser's "Financing Obligations" in Par. 19.2 below and Purchaser's other obligations under this Contract:

19.1.1 Purchaser fails through no fault of Purchaser to obtain from an "Institutional Lender" (defined in Par. 19.5.1) a "Loan Commitment Letter" (defined in Par. 19.5.2) for financing on the Loan Terms and within the time period stated in Par. 1.16 (the "Loan"); or

19.1.2 the Institutional Lender and the Corporation cannot agree on the terms of an agreement for the protection of the Institutional Lender (commonly called a recognition agreement), if required by the Institutional Lender.

19.2 Purchaser's right to cancel under Par. 19.1 and recover the Contract Deposit is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations":

19.2.1 Purchaser must apply in good faith for the Loan from an Institutional Lender within 7 business days after a fully executed counterpart of this Contract is given to Purchaser;

19.2.2 the Loan application must contain truthful, accurate and complete information as required by the Institutional Lender; and

19.2.3 Purchaser must comply with all requirements of the Institutional Lender to obtain the Loan Commitment Letter and to close the Loan.

19.3 Purchaser may also cancel this Contract and recover the Contract Deposit in accordance with the procedure in Par. 19.4 if:

19.3.1 the Closing is adjourned by Seller or the Corporation for more than 30 business days from the date set for Closing in Par. 1.11; and

19.3.2 the Loan Commitment Letter expires on a date more than 30 business days after the date set for Closing in Par. 1.11 and before the new date set for Closing pursuant to Par. 19.3.1; and

19.3.3 Purchaser is unable in good faith to obtain from the Institutional Lender an extension or a new Loan Commitment Letter for the Amount Financed stated in Par. 1.16 or the same principal amount stated in the expired Loan Commitment Letter, whichever is lower, without paying any additional fees to the Institutional Lender (unless Seller, within 5 business days after receipt of Notice of such fees, gives Notice that Seller will pay such fees and pays them when due). All other substantive Loan terms may be materially no less favorable than in the expired Loan Commitment Letter.

19.4 In order to cancel pursuant to Par. 19.1 or 19.3, Purchaser shall give Notice of cancellation to Seller within 7 business days after the right to cancel arises. Purchaser's failure to timely give such Notice of cancellation will be deemed a conclusive waiver of such right to cancel. In case of cancellation pursuant to Par. 19.1, a copy of any loan refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the Institutional Lender shall accompany the Notice of cancellation, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Par. 19.3, a copy of all written communications between the Institutional Lender and Purchaser concerning the extension or new loan commitment shall accompany the Notice of cancellation (or a copy of any letter refusing to extend the loan commitment or make a new loan commitment received by Purchaser after sending the cancellation Notice shall be sent to Seller promptly after receipt). Purchaser's obligation under this Par. 19.4 shall survive the cancellation of this Contract.

19.5 The definitions for certain terms used in this Par. 19 are:

19.5.1 an "Institutional Lender" is any bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, insurance company or governmental entity which is duly authorized to issue a loan secured by the Shares and Lease in the state where the Unit is located and is then currently extending similarly secured loan commitments; and

19.5.2 a "Loan Commitment Letter" is a written offer to make the Loan with or without recourse, and whether or not conditional upon any factor other than an appraisal satisfactory to the Institutional Lender. An offer to make the Loan which is conditional on obtaining a satisfactory appraisal shall only become a Loan Commitment Letter upon such condition being met.

20. Singular/Plural and Joint/Several

The use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires. If more than one entity is selling or purchasing the Unit, their obligations shall be joint and several.

21. No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Computational errors shall survive and be corrected after Closing.

22. Inspections

Purchaser shall have the right to inspect the Unit at reasonable times upon reasonable request to Seller, and within 48 hours prior to Closing.

23. Governing Law

This Contract shall be governed by the laws of the State of New York. Any action or proceeding arising out of this Contract shall be brought in the county where the Unit is located and the Parties hereby consent to said venue.

24. Removal of Liens

24.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to Closing, a list of Liens, if any, which may violate Par. 4.1.
24.2 Seller shall have a reasonable period of time to remove any such Lien.

25. Cooperation of Parties

25.1 The Parties shall each cooperate with the other, the Corporation, Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to close.

25.2 The Parties shall timely file or pre-file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings will be true and complete. This Par. 25.2 shall survive the Closing.

26. FIRPTA and Gains Tax

26.1 The Parties shall comply with IRC §§ 897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Purchaser at or prior to Closing a Certification of Non-foreign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by Closing, the Purchaser shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the IRS. In the event of such withholding by Purchaser, Seller's obligations hereunder, including (but not limited to) the transfer of ownership of the Shares and Lease, shall not be excused or otherwise affected. In the event of any claimed over-withholding, Seller shall be limited solely to an action against the IRS for a refund. Seller hereby waives any right of action against Purchaser on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-filing is required by law, Purchaser shall simultaneously herewith deliver to Seller a completed and executed Transferee Questionnaire or the equivalent thereof.

27. Additional Conditions

27.1 Purchaser shall not be obligated to close unless at the time of the Closing:

27.1.1 the Corporation is duly incorporated and in good standing; and

27.1.2 the Corporation has fee or leasehold title to the Premises whether or not marketable or insurable; and

27.1.3 there is no pending in rem action or foreclosure action of any underlying mortgage affecting the Premises.

27.2 Purchaser shall give Seller Notice of any failure of any of the conditions in Par. 27.1. If any condition in Par. 27.1 is not true and is not cured within a reasonable period of time after giving said Notice, then either Seller or Purchaser shall have the option to cancel this Contract pursuant to Par. 16.

28. Escrow Terms

The Escrow is subject to the terms of the offering plan; see rider for additional escrow terms.

28.1 Escrowee acknowledges receipt of the check for the Contract Deposit, subject to collection.

28.2 The check for the Contract Deposit shall be deposited by Escrowee in a non-interest bearing escrow account and the proceeds held and disbursed in accordance with the terms of this Contract. Upon Closing, Escrowee shall deliver the Contract Deposit to Seller. In all other cases, if either Party makes a demand upon Escrowee for delivery of the Contract Deposit, Escrowee shall give Notice to the other Party of such demand. If a Notice of objection to the proposed payment is not received from the other Party within 7 business days after the giving of Notice by Escrowee, time being of the essence Escrowee is hereby authorized to deliver the Contract Deposit to the Party who made the demand. If Escrowee receives a Notice of objection within said period, or if for any other reason Escrowee in good faith elects not to deliver the Contract Deposit, then Escrowee shall continue to hold the Contract Deposit and thereafter pay it to the Party entitled when Escrowee receives (a) a Notice from the objecting Party withdrawing the objection, or (b) a Notice signed by both Parties directing disposition of the Contract Deposit or (c) a judgment or order of a court of competent jurisdiction.

28.3 In the event of any dispute or doubt as to the genuineness of any document or signature, or uncertainty, as to Escrowee's duties, then Escrowee shall have the right either to continue to hold the Contract Deposit in escrow or to pay the Contract Deposit into court pursuant to relevant statute.

28.4 The parties agree jointly to defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee against and from any claim, judgment, loss, liability, cost or expense resulting from any dispute or litigation arising out of or concerning Escrowee's duties or services hereunder. This indemnity includes, without limitation, disbursements and reasonable attorneys' fees either paid to retain attorneys or representing the fair value of legal services rendered by Escrowee to itself.

28.5 Escrowee shall not be liable for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrowee's own gross negligence or willful misconduct.

28.6 The Parties acknowledge that Escrowee is merely a stakeholder. Upon payment of the Contract Deposit pursuant to Par. 28.2 or 28.3 Escrowee shall be fully released from all liability and obligations with respect to the Contract Deposit.

28.7 In the event Escrowee is the attorney for either Party, Escrowee shall be entitled to represent such Party in any lawsuit.

28.8 Escrowee shall serve without compensation.

28.9 The signing of this Contract by Escrowee is only to evidence Escrowee's acceptance of the terms and conditions of this Par. 28.

29. Binding Effect

This Contract shall not be binding unless a fully executed counterpart thereof has been delivered to each of the Parties.

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written

ESCROW TERMS AGREED TO:

SELLER:

PURCHASER:

Stephen C. Monaco, Esq.

RIDER TO CONTRACT OF SALE BETWEEN
GUARDIAN TOWERS, LLC, AS SELLER,
AND,
, AS PURCHASER,
DATED: _____

THE GENDER AND NUMBER USED IN THIS AGREEMENT ARE USED AS A REFERENCE TERM ONLY AND SHALL APPLY WITH THE SAME EFFECT WHETHER THE PARTIES ARE OF THE MASCULINE OR FEMININE GENDER, CORPORATE OR OTHER FORM, AND THE SINGULAR SHALL LIKEWISE INCLUDE THE PLURAL.

- R 1. Wherever the provisions of this Rider are in conflict or may be construed to be in conflict with the terms of the proposed Contract of Sale, the terms of this Rider shall control.
- R 2. PURCHASER has received, at least three (3) full business days before PURCHASER'S execution of this Contract of Sale, and PURCHASER has read and hereby accepts the Offering Plan as amended, (collectively, the "Plan"), the terms of which are hereby incorporated by reference into this contract. This sale is subject to the applicable provisions of the Plan. PURCHASER represents that he has never been denied as a purchaser in a coop corporation.
- R 3. Supplementing Paragraph "10" of this Agreement, at closing the SELLER shall deliver to PURCHASER all documents reasonably necessary to transfer the Shares, Lease and all personal property to PURCHASER. Said delivery shall be deemed to be a full performance and discharge of every agreement and obligation on the part of SELLER to be performed pursuant to the provisions of this Agreement except those, if any, which are herein specifically stated to survive the Closing Date.
- R 4. This Contract is not subject to sale of PURCHASER'S present residence or any other property owned by the PURCHASER. PURCHASER knows of no reason why his application for a loan should be denied relating to any employment, income, judgment, or bankruptcy related concerns. PURCHASER represents that he has sufficient liquid assets to cover the balance of the purchase price (after crediting the proceeds of the loan referred to above), title company expenses,

lender's fees, and other closing costs. PURCHASER acknowledges that SELLER is relying upon these representations.

- R 5. SELLER herein shall not be responsible for improvements or repairs to the property if any request is made for same by the PURCHASER'S lending institution, or any other person or organization on behalf of the PURCHASER, except as provided herein.
- R 6. In the event that the down payment check given hereunder is not honored for any reason whatsoever, SELLER may repudiate and cancel this Contract by notice, as provided herein, and may pursue all remedies against PURCHASER as provided by law. In the alternative, SELLER may require that PURCHASER deliver an official bank or certified check to SELLER'S attorney for the amount of the down payment plus the amount of any bank charged imposed and a \$50.00 handling fee made payable to SELLER'S attorney.
- R 7. In the event of a cancellation of this Contract for whatever reason, PURCHASER shall return to the SELLER all coop documents including but not limited to the offering plan, amendments and financial statement provided to PURCHASER, PURCHASER'S lender or attorney within five (5) days of cancellation, or the SELLER'S attorney shall be authorized to deduct and pay to SELLER the sum of \$200.00 from the Contract deposit to cover the replacement cost of same.
- R 8. PURCHASER'S attorney or its designee (which may be PURCHASER'S lender, if any) is hereby designated as the "real estate reporting person" with respect to this transaction and is responsible for the completion and filing of Form 1099-S, the HUD-1 form or such other successor form as may be prescribed by the Internal Revenue Service and for fulfilling all the obligations and requirements of Section 6045(e) of the Internal Revenue Code of 1986, as amended.
- R 9. In the event closing is held out of Westchester County, then the PURCHASER shall reimburse the SELLER for legal fees incurred by the SELLER as a result thereof in the amount of \$100.00 for a closing within a radius of 20 miles of White Plains and \$200.00 for a closing outside of that radius, in no event more than 40 miles.
- R 10. PURCHASER agrees that he shall be responsible for the replacement of any checks paid to the SELLER at the closing of title for the balance of the purchase price and any tax adjustments, in the event that any such checks are returned to the SELLER due to insufficient funds or any other reason, whether such checks

shall have been tendered by the PURCHASER, the PURCHASER'S lending institution or any other party acting on behalf of the purchaser or the lending institution. The terms of this paragraph shall survive delivery of the deed.

- R 11. The premises may be affected by exemptions and/or abatement of taxes. No representation is made that same will continue up to or upon transfer of title.
- R 12. The parties agree that any errors in making final adjustments shall be corrected within thirty (30) days after written notification of such error by either party to the other or to their respective attorney, and this representation shall survive closing of title notwithstanding delivery and acceptance of the coop stock certificate and proprietary lease.
- R 13. With respect to paragraph 3.4 of the printed form, the extent of SELLER'S responsibility to repair or replace any one appliance shall be \$100.00.
- R 14. The parties agree to cooperate in apportioning among themselves any refund payment, whether received from the coop corporation or any municipal taxing authority (such as, but not limited to a STAR Program refund). This provision shall survive transfer of ownership.
- R 15. If litigation is commenced by any party regarding any money held in escrow by SELLER'S attorney, the parties agree that the SELLER'S attorney shall not be made a party to any lawsuit regarding the release of said escrow, provided he has not violated the escrow provisions contained in paragraph 28.
- R 16. If any party obtains a judgment against any other party by reason of a breach of any of the terms of this Contract, reasonable attorney's fees and disbursements as fixed by the court shall be included in such judgment.
- R 17. PURCHASER shall be solely responsible to ensure that its loan commitment and/or rate lock expiration date, if any, shall not expire prior to any anticipated closing date, whether stated herein or mutually agreed to after contract signing. It will be the responsibility of the PURCHASER to obtain any extension of his loan commitment and/or rate lock, and to pay any fees necessary to obtain such extension(s).
- R 18. Every PURCHASER of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced

intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The SELLER of any interest in residential real property is required to provide the PURCHASER with any information on lead-based paint hazards from risk assessments or inspections in the SELLER'S possession and notify the PURCHASER of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

- R 19. This contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the PURCHASER'S expense until 9:00 p.m. on the 10th calendar day after the date of this contract. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA Pamphlet "Protect Your Family From Lead in Your Home" for more information). This contingency will terminate at the above pre-determined deadline unless the PURCHASER (or PURCHASER'S agent) deliver to the SELLER (or SELLER'S agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report. The SELLER may, at the SELLER'S option, within five days after delivery of the addendum, elect in writing whether to correct the condition(s) with a certification from a risk assessor or inspection demonstrating that the condition has been remedied before the closing date. If the SELLER does not elect to make the repairs, or if the SELLER makes a counter-offer, the PURCHASER shall have three (3) days to respond to the counter-offer to remove this contingency and take the property in "as is" condition or this contract shall become void. The PURCHASER may remove this contingency at any time without cause. PURCHASER acknowledges receiving the required lead paint Disclosure To Buyer Notice, and same is made a part of this contract. The contract shall be dated by SELLER on the date he signs the contract.
- R 20. IF PURCHASER fails to close title in accordance with this agreement through no fault of SELLER, notwithstanding that there may be a conflict over which party is entitled to the down payment monies, PURCHASER authorizes Seller to place the property back on the market and releases any claims that PURCHASER may have against the shares and proprietary lease.
- R 21. Acceptable Funds. All money payable under this contract, unless otherwise specified, shall be paid by:
- a. Cash, but not over \$1,000.00;
 - b. Good certified check of PURCHASER drawn on or official check issued by any bank, savings bank, trust company or savings and loan association

having a banking office in the State of New York, unendorsed and payable to the order of SELLER, or as SELLER may otherwise direct upon not less than 1 business days notice (by telephone or otherwise) to PURCHASER;

- c. As to money other than the purchase price payable to SELLER at Closing, uncertified check of PURCHASER up to the amount of \$500.00; and
- d. As otherwise agreed to in writing by SELLER or SELLER'S attorney.

R 22. The Escrow Agent shall deposit and handle the Contract Deposit in accordance with the terms and provisions of Paragraph 13 of the 39th Amendment to the Plan converting the Premises to cooperative ownership. Purchaser acknowledges having read the terms of such Amendment and the escrow provisions contained therein and agrees to be bound by same.

A. Stephen C. Monaco, Esq., with an address at 35 East Grassy Sprain Road, Suite 204, Yonkers, New York 10710, telephone number (914) 961-1448, shall serve as escrow agent ("Escrow Agent") for Seller and Purchaser. Escrow Agent is an attorney admitted to practice law in the State of New York, and will serve as signatory on the account. The Escrow Agent is not the Seller, Selling Agent, Managing Agent, or a principal thereof, or have any beneficial interest in any of the foregoing.

B. Escrow Agent and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of the Contract or otherwise concerning the maintenance of release of the Contract Deposit from escrow.

C. The Escrow Agent has established the escrow account at Hndson Valley Bank, located at 35 East Grassy Sprain Road, Yonkers, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Stephen C. Monaco, Esq., Attorney Trust Account ("Escrow Account"). The Escrow Account is an IOLA account. The Escrow Account is federally insured by the FDIC at the maximum amount of \$250,000 per deposit for each purchaser. If Escrow Agent receives a deposit in excess of \$250,000 for an individual purchaser, the Escrow Agent must establish multiple accounts on behalf of Seller at various institutions to make sure each account is insured.

D. All Contract Deposits received by Seller shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to or endorsed to the order of Stephen C. Monaco, Esq. as Escrow Agent.

E. No fees of any kind may be deducted from the Escrow Account, and the Seller shall bear all costs associated with the maintenance of the Escrow Account.

F. Within five (5) business days after the Contract has been tendered to Escrow Agent along with the Contract Deposit, the Escrow Agent shall sign the Contract and place the Contract Deposit into the Escrow Account. Within ten (10) business days of placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Seller, confirming the Contract Deposit. The notice shall provide the account number and a statement that the Escrow Account is an IOLA account.

G. The Escrow Agent is obligated to send notice to the Purchaser once the Contract Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Contract Deposit, he or she may cancel the Contract within ninety (90) days after tender of the Contract and Contract Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Contract Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations.

concerning Contract Deposits and requisite notice was timely mailed to the Purchaser.

H. All Contract Deposits are and shall continue to be the Purchaser's money, and may not be co-mingled with any other money or pledged or hypothecated by Seller, as per GBL § 352-h.

I. The Escrow Agent shall release the Contract Deposit if so directed:

- (a) to the Seller pursuant to terms and conditions set forth in the Contract in Paragraph 28 upon closing of title to the Shares; or
- (b) in a subsequent writing signed by both Seller and Purchaser; or
- (c) by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the Deposit, then the Escrow Agent must give both the Purchaser and Seller prior written notice of not fewer than thirty (30) days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said thirty (30) day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (a) through (c) above.

Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the Westchester County Clerk and shall give written notice to both parties of such deposit.

The Seller shall not object to the release of the Deposit to a Purchaser who timely rescinds in accordance with an offer of rescission contained in an Amendment to the Plan.

The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

J. Any provision of any Contract or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Contract, Plan, or any amendment thereto.

K. Escrow Agent shall maintain the Escrow Account under its direct supervision and control.

L. A fiduciary relationship shall exist between Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h).

M. Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under this Contract and which is believed by Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

N. Seller agrees that Seller and its agents, including any selling agents, shall deliver the Deposit received by them prior to closing of the Shares to a designated

attorney who is a member of or employed by Escrow Agent, within two (2) business days of tender of the Deposit by Purchaser.

O. Seller agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(c)(2-b) and 352-(h) and the New York State Department of Law's regulations.

P. Prior to release of the Deposit, Escrow Agent's fees and disbursements shall neither be paid by Seller from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

Q. Seller agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of Escrow Agent's responsibilities arising in connection with this Contract or the performance or non-performance of Escrow Agent's duties under this Contract, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Contract or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

R. The Escrow Agent shall not be bound by any modification of this Contract or its escrow provisions unless there is delivered to the Escrow Agent a written modification signed by the parties. No such modification shall, without the written consent of the Escrow Agent, modify the provisions relating to the duties, obligations or rights of the Escrow Agent. Escrow Agent shall not be liable to Seller for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrow Agent's own gross negligence or willful misconduct.

S. The parties acknowledged that Escrow Agent is merely a stakeholder. Escrow Agent shall serve without compensation. Upon payment of the Contract Deposit pursuant to this Paragraph, Escrow Agent shall be fully released from all liability and obligations with respect to the Contract Deposit.

T. In the event Escrow Agent is the attorney for the Seller, Escrow Agent shall be entitled to represent the Seller in any lawsuit.

U. The signing of this Contract by Escrow Agent is only to evidence Escrow Agent's acceptance of the terms and conditions of this Paragraph R 22.

Escrow Agent:

Stephen C. Monaco, Esq.

Seller: Guardian Towers, LLC

by: _____

Purchaser: