
FOURTEENTH AMENDMENT
TO
OFFERING PLAN OF
COOPERATIVE CONVERSION OF
PREMISES KNOWN AS

121-123 East 88th Street
New York, New York

Dated: April 1, 2004

File No. C850134

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED JANUARY 2, 1986 AND THE THIRTEEN PRIOR AMENDMENTS THERETO, AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN AND PRIOR AMENDMENTS.

121-123 East 88th Street
New York, New York

APARTMENT CORPORATION:

121-123 East 88th Street Apartments, Inc.

HOLDER OF UNSOLD SHARES:

Aval Company, LLC

**FOURTEENTH AMENDMENT TO OFFERING PLAN
OF COOPERATIVE OWNERSHIP**

This amendment modifies and supplements the terms of the offering plan dated January 2, 1986 and the thirteen prior amendments thereto and should be read in conjunction with said offering plan and prior amendments. The plan and said prior amendments are hereinafter collectively called the "Plan".

The terms of this Fourteenth Amendment are as follows:

1. List of Unsold Apartments

A list of Unsold Apartments together with the share allocation of each is set forth as Exhibit A hereto. The maximum price for all Unsold Apartments is \$1,300.00 per share, which price is negotiable and subject to change in accordance with the terms of the Plan. The Unsold Apartments are owned by the Holder of Unsold Shares free and clear and are not pledged as collateral to secure any debt. The sole members of Aval Company, LLC are Edward Cohen and Kamran Hakim.

2. Monthly Maintenance Charges and Monthly Rental Receipts for Unsold Apartments

Set forth as Exhibit B hereto is a chart which lists the aggregate number of occupied Unsold Apartments, vacant Unsold Apartments and total Unsold Apartments, including for each category, the number of Unsold Shares, the approximate monthly maintenance charges payable and the approximate monthly rents receivable, all as of January 5, 2004. The approximate aggregate monthly rental income for the Unsold Apartments was \$19,818.44 as of January 5, 2004. The aggregate monthly maintenance charges for the Unsold Apartments were \$11,270.83 as of January 5, 2004. The monthly maintenance charge is \$25.00 per share.

3. Other Financial Obligations of the Holder of Unsold Shares Under the Plan

Except for the payment of maintenance charges on the Unsold Apartments, the Holder of Unsold Shares has no remaining financial obligations to the Apartment Corporation under the Plan. No Unsold Shares are subject to mortgages or financing commitments.

4. Sources of Payment for Financial Obligations by Holder of Unsold Shares Under the Plan

The Holder of Unsold Shares is paying its financial obligations to the Apartment Corporation from a combination of rental receipts, reserves from the sale of Unsold Apartments and its other capital reserves. As of January 15, 2004, the Holder of Unsold Shares was current on all its financial obligations to the Apartment Corporation and has been current during the twelve months preceding the filing of this Amendment.

5. Status of Financial Obligations Under Offering Plans In Which The Holder of Unsold Shares' Principals Own More Than Ten Percent of the Shares or Units

Set forth as Exhibit C hereto is a list of other buildings subject to offering plans in which the Holder of Unsold Shares' respective principals are also principals in a sponsoring entity which owns more than 10% of the shares or units. Copies of the offering plans for these buildings are on file with the Department of Law and are available for public inspection. The respective sponsors of each of the other offerings listed on Exhibit C are current in their financial obligations to the cooperative, condominium or homeowners association, as the case may be.

6. Board of Directors*

The current members of the Board of Directors are as follows:

Jain Fenton	President
Lillian Rivera-Santos	Vice President
Mirtha Aguirre	Secretary

Mirtha Aguirre represents the Holder of Unsold Shares. The Holder of Unsold Shares is entitled to two seats. The Holder of Unsold Shares does not control the Board of Directors.

*Jeffrey Grayzel sold his apartment on March 3, 2004. Pursuant to the By-laws, he is no longer a member of the Board or an officer.

7. 2002 Financial Statement and 2004 Budget

Set forth as Exhibit D annexed hereto is a copy of the Apartment Corporation's 2002 financial statement prepared by Yohalem Gillman & Company, LLP Certified Public Accountants, 477 Madison Avenue, New York, New York 10022 and a copy of the 2004 budget.

8. Maintenance

Effective January 1, 2004, the Apartment Corporation increased the monthly maintenance from \$23.00 to \$25.00 per share per month for each shareholder.

9. Assessment

Effective January 1, 2004, the Apartment Corporation imposed an assessment for the month of January in the amount of \$2.50 on each shareholder. This assessment, to be billed in January 2004 and paid by March 1, 2004, is a one time assessment that was enacted to pay for future capital repairs to the premises.

10. Tax Certiorari Proceedings

The Apartment Corporation is protesting the real estate taxes assessed to the Property for the 2003/2004 tax year. The certiorari proceeding is being handled by the firm of Wormser Kiely Galef & Jacobs LLP, 825 Third Avenue, New York, New York 10022. The tax certiorari proceedings are still pending.

11. Effective Period for Using Plan is Extended

The Plan may be used for twelve (12) months from the date this amendment is duly accepted for filing and thereafter said period is to be extended by a further amendment to the Plan.

12. Incorporation of Plan

The Plan, as modified and supplemented hereby, is incorporated herein by reference with the same effect as if set forth at length.

13. Definitions

All terms used in this Fourteenth Amendment not otherwise defined herein shall have the same meanings ascribed to them in the Plan.

14. No Material Changes

Except as set forth in this Fourteenth Amendment, there have been no material changes to the Plan.

**Dated: New York, New York
April 1, 2004**

**APARTMENT CORPORATION:
121-123 East 88th Street Apartments, Inc.**

**HOLDER OF UNSOLD SHARES:
Aval Company, LLC**

**EXHIBIT A
UNSOLD APARTMENTS
AS OF JANUARY 5, 2004**

121 East 88th Street

<u>Apt.</u>	<u>No. of Shares</u>	<u>Monthly Maintenance</u>
1A	250	\$ 520.83
1B	310	645.83
1C	230	479.16
2B	315	656.25
2C	330	687.50
3C	325	677.08
4B	305	635.42
4C	320	666.67

123 East 88th Street

<u>Apt.</u>	<u>No. of Shares</u>	<u>Monthly Maintenance</u>
1C	315	\$ 656.25
2A	300	625.00
2B	305	635.42
3A	295	614.58
3B	300	625.00
3C	315	656.25
4A	290	604.17
4C	310	645.83
5B	290	604.17
5C	305	635.42
		<u>\$11,270.83</u>

Total: 18 Apartments 5,410 shares

EXHIBIT B

Unsold Apartments Financial Obligation Chart as of January 5, 2004

	<u>Occupied</u>	<u>Vacant</u>	<u>Total</u>
Unsold Apartments:	17	1	18
Unsold Shares:	5,095	315	5,410
Monthly Maintenance Charges Payable:	\$10,614.58	\$656.25	\$11,270.83
Approximated Rental Income Receivable:	\$19,818.44	\$0	\$19,818.44
Net Monthly Income (Loss):	\$9,203.86	(\$656.25)	\$ 8,547.61

EXHIBIT C

Other Offering Plans in Which the Holder of Unsold Share's Principals are Also Principals in a Sponsoring Entity which Owns More Than 10% of the Units or Shares

Offering Plan of Cooperative
or Condominium Ownership of Premises

Holder of Unsold Shares' Principals

531 East 88th Street

Kamran Hakim

121-123 East 88th Street
New York, New York
New York, New York

Edward Cohen, Kamran Hakim

EXHIBIT D

121-123 EAST 88TH STREET APARTMENTS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

121-123 EAST 88TH STREET APARTMENTS, INC.

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Independent Auditor's Report

Shareholders
121-123 East 88th Street Apartments, Inc.

We have audited the accompanying balance sheets of 121-123 East 88th Street Apartments, Inc. as of December 31, 2002 and 2001, 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 121-123 East 88th Street Apartments, Inc. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 5, the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

Yohalem Gillman & Company LLP

New York, New York
March 20, 2003

121-123 EAST 88TH STREET APARTMENTS, INC.

BALANCE SHEETS

	DECEMBER 31,	
	2002	2001
ASSETS		
Property		
Land	\$ 277,938	\$ 277,938
Building and improvements	760,960	760,960
	<u>1,038,898</u>	<u>1,038,898</u>
Less accumulated depreciation	505,278	474,523
	<u>533,620</u>	<u>564,375</u>
Other assets		
Cash	19,886	41,479
Escrow deposit	15,527	5,755
Prepaid expenses	22,255	18,786
Deferred loan costs net of amortization	9,432	10,303
	<u>67,100</u>	<u>76,323</u>
	<u>\$ 600,720</u>	<u>\$ 640,698</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage note payable	\$ 448,630	\$ 475,990
Accounts payable and accrued expenses	6,877	15,448
Due to sponsor	18,645	12,694
	<u>474,152</u>	<u>504,132</u>
Shareholders' equity		
Common stock, \$1 par value; 8,760 shares authorized, issued and outstanding	8,760	8,760
Additional paid-in capital	349,510	349,510
Accumulated deficit	(231,702)	(221,704)
	<u>126,568</u>	<u>136,566</u>
Total shareholders' equity	<u>\$ 600,720</u>	<u>\$ 640,698</u>

See accompanying notes.

121-123 EAST 88TH STREET APARTMENTS, INC.**STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**

	YEARS ENDED DECEMBER 31,	
	2002	2001
Revenue		
Maintenance income from tenant/shareholders	\$ 176,076	\$ 176,076
Special assessment	--	17,520
Sponsor/tenant assessment	11,311	9,641
	<u>187,387</u>	<u>203,237</u>
Cost and expenses		
Fixed costs and other charges	111,371	105,362
Operating	44,355	43,754
General and administrative	15,853	15,342
	<u>171,579</u>	<u>164,458</u>
Income before depreciation	15,808	38,779
Depreciation and amortization	31,626	30,017
(Loss) profit from operations before other income	(15,818)	8,762
Other income	5,820	8,565
Net (loss) profit	(9,998)	17,327
Accumulated deficit - beginning of year	(221,704)	(239,031)
Accumulated deficit - end of year	<u>\$ (231,702)</u>	<u>\$ (221,704)</u>

See accompanying notes.

121-123 EAST 88TH STREET APARTMENTS, INC.

STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,	
	2002	2001
Cash flows from operating activities		
Net (loss) profit	\$ (9,998)	\$ 17,327
<i>Adjustments to reconcile net (loss) profit to net cash provided by operating activities:</i>		
Depreciation and amortization	31,626	30,017
(Increase) decrease in escrow deposit	(9,772)	97
Increase in prepaid expenses	(3,469)	(1,069)
Decrease in maintenance receivable	--	7,580
(Decrease) increase in accounts payable and accrued expenses	(8,571)	2,348
Decrease (increase) in due to sponsor	5,951	(7,154)
	<u>15,765</u>	<u>31,819</u>
Net cash provided by operating activities	<u>5,767</u>	<u>49,146</u>
Cash flows from financing activities		
Repayment of mortgage note payable	<u>(27,360)</u>	<u>(25,642)</u>
Cash flow from investing activities		
Improvements to buildings	<u>--</u>	<u>(78,650)</u>
Decrease in cash	(21,593)	(55,146)
Cash - beginning of year	<u>41,479</u>	<u>96,625</u>
Cash - end of year	<u>\$ 19,886</u>	<u>\$ 41,479</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 29,986</u>	<u>\$ 31,851</u>

See accompanying notes.

121-123 EAST 88TH STREET APARTMENTS, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002 AND 2001

1. Organization

121-123 East 88th Street Apartments, Inc. commenced operations as a cooperative housing corporation in March 1986. The Corporation owns and operates the building located at 121-123 East 88th Street, New York, New York. The building consists of 30 residential apartments (8,760 shares) of which 18 (5,410 shares) are owned by the sponsor.

2. Summary of Significant Accounting Policies

Property and Depreciation

Property is recorded and carried at cost less an appropriate allowance for depreciation. Property transferred to the Corporation in exchange for its common stock was recorded at the transferor's adjusted basis. Expenditures for betterments, including major structural repairs, are capitalized. Expenditures for other repairs and maintenance are charged to expense as incurred. Upon retirement or disposition of depreciable property, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized in income. Depreciation is computed by the straight-line method over the useful life of the property.

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 December 31, 2002 and 2001 is patronage income within the meaning of Subchapter T.

The Corporation is subject to state and local corporation taxes based on the fair market value of the property.

Use of Estimates in Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Mortgage Note Payable

The mortgage note requires monthly payments of \$4,791 including interest at 6.5 percent per annum, and matures on November 1, 2013.

At December 31, 2002 and 2001, the balance in the escrow account was \$8,548 and \$5,755, respectively.

121-123 EAST 88TH STREET APARTMENTS, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002 AND 2001

3. Mortgage Note Payable (continued)

Principal payments on the mortgage note are due as follows:

2003	\$	29,350
2004		31,315
2005		33,413
Thereafter		<u>354,552</u>
	\$	<u>448,630</u>

Interest expense for the years ended December 31, 2002 and 2001 amounted to \$29,995 and \$31,851, respectively.

4. Related Party Transactions

For the years ended December 31, 2002 and 2001, the Corporation's transactions with an affiliate of the sponsor consisted of the following:

- a) Management fees of \$6,600 in 2002 and 2001, for managing the building.
- b) Insurance reimbursements of \$11,064 in 2002 and \$8,127 in 2001, for the Corporation's share of insurance.
- c) Payroll costs and fringe benefits of approximately \$9,750 in 2002 and 2001, for services its employees provided to the Corporation.
- d) Maintenance income attributable to the sponsor was \$108,741 for 2002 and \$105,657 for 2001.

5. Future Major Repairs and Replacements

The Co-op board (the "Board") has not conducted a formal study to determine the remaining useful lives of the components of common property and current estimates of major repairs and replacements that may be required in the future.

When replacement funds are needed to meet future needs for major repairs and replacements, the Board has the right to increase regular assessments, pass additional special assessments, utilize the funds referred to in Note 6 or delay major repairs and replacements until needed funds are available. The effect on future assessments has not been determined at this time.

6. City of New York Real Estate Tax Abatement

The unit owners of the Corporation have received real estate tax abatements for their respective shares totaling \$46,204 (from 1997 to 2002). The Board has elected to utilize these funds to make needed repairs (see Note 5) instead of crediting the unit owners for their respective share amounts.

Independent Auditor's Report on Supplemental Information

Shareholders

121-123 East 88th Street Apartments, Inc.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole of 121-123 East 88th Street Apartments, Inc. for the years ended December 31, 2002 and 2001, which are presented in the preceding section of this report. The supplemental information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yohalem Gillman & Company LLP

New York, New York
March 20, 2003

121-123 EAST 88TH STREET APARTMENTS, INC.

SUPPORTING SCHEDULES

	YEARS ENDED DECEMBER 31,	
	2002	2001
Fixed costs and other charges		
Interest	\$ 29,985	\$ 31,851
Real estate taxes	58,808	54,392
Water and sewer	11,514	10,992
Insurance	11,064	8,127
Total	<u>\$ 111,371</u>	<u>\$ 105,362</u>
Operating expenses		
Fuel and utilities	\$ 22,384	\$ 27,939
Payroll taxes and fringes	9,750	9,750
Supplies	2,850	2,117
Repairs and maintenance	9,371	3,948
Total	<u>\$ 44,355</u>	<u>\$ 43,754</u>
General and administrative		
Professional fees	\$ 8,602	7,470
Management fees	6,600	6,600
Miscellaneous	651	1,272
Total	<u>\$ 15,853</u>	<u>\$ 15,342</u>

121-123 EAST 88TH STREET APARTMENTS, INC.
PROPOSED BUDGET 2004

MAINTENANCE INCOME:

8760 SHARES @ \$25.00 per share	\$219,000.00
SUB-LET FEES (11X500)	\$ 5,500.00

EXPENSES:

REAL ESTATE TAXES	\$76,000.00	
INSURANCE	\$14,000.00	
WATER & SEWER	\$ 6,500.00	
GAS & ELECTRIC	\$25,000.00	
MANAGEMENT	\$ 6,600.00	
*MORTGAGE PAYMENTS (INTEREST & AMORTIZATION)	\$57,600.00	
REPAIRS & MAINTENANCE	\$12,500.00	
LEGAL & AUDIT	\$ 7,000.00	
FRANCHISE TAXES	\$ 1,500.00	
**PAYROLL & RELATED COSTS	<u>\$10,500.00</u>	
	\$217,200.00	<u>\$224,500.00</u>

\$7,300.00

*\$2000 AMORTIZATION
 \$2800 INTEREST

**SUPER'S SALARY \$700.00 + 25% PAYROLL TAX



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ELIOT SPITZER
Attorney General

DIETRICH L. SNELL
Deputy Attorney General

(212) 416-6384

DAVID D. BROWN, IV
Bureau Chief
Investment Protection Bureau

Aval Company L L C
c/o Snow Becker Krauss, P.C.
Attention: Marc Luxemburg
605 Third Avenue
New York, NY 10158

RE: 121-123 East 88th Street Apartments, Inc
File Number: C 850134 Amendment No: 15
Date Amendment Filed: 03/23/2005 Filing Fee: \$3,473.00
Receipt Number: 71461

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. Since this amendment is submitted after the post closing amendment has been filed, this filing is effective for twelve months from the date of filing of this amendment. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment.

Any misstatement or concealment of material fact in the material submitted as part of this amendment renders this filing void ab initio. This office has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or any waiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this letter is conditioned upon the collection of all fees imposed by law. This letter is your receipt for the filing fee.

Very truly yours,

Lisa Wallace
Assistant Attorney General

J.H.