
**SIXTEENTH AMENDMENT
TO
OFFERING PLAN OF
COOPERATIVE CONVERSION OF
PREMISES KNOWN AS**

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

Dated: March 15, 2006

File No. C850134

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED JANUARY 2, 1986 AND THE FIFTEEN 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

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

This amendment modifies and supplements the terms of the offering plan dated January 2, 1986 and the fifteen 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 Sixteenth 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 \$1,500.00 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 November 28, 2005. The approximate aggregate monthly rental income for the Unsold Apartments was \$8,725.01 as of November 28, 2005. The aggregate monthly maintenance charges for the Unsold Apartments were \$8,950.00 as of November 28, 2005. The annual maintenance charge is \$30.00 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 December 31, 2005, 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:

Lillian Rivera-Santos	President
Jain Fenton	Vice President
Richard Ciotti	Treasurer
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.

7. 2004 Financial Statement

Set forth as Exhibit D annexed hereto is a copy of the Apartment Corporation's 2004 financial statement prepared by Zeidman, Lackowitz, Prisant & Co., LLP Certified Public Accountants, Two Roosevelt Avenue, Syosset, New York 11791-3064. The 2005 financial statement is not yet available. The 2006 budget has not yet been approved by the Board of Directors.

8. New Mortgage

On December 8, 2005, the Apartment Corporation, entered into a new first mortgage with Independence Community Bank. The following is a summary of certain provisions of the New First Mortgage:

Date of Mortgage:	December 8, 2005
Mortgagor:	121-123 East 88 th Street Apartments, Inc.
Mortgagee:	Independence Community Bank
Principal Amount:	\$800,000.00
Term:	Ten (10) years
Interest Rate:	5.32% percent per annum fixed for the loan term
Maturity Date:	January 1, 2016
Monthly Payment:	\$4,452.38 consisting of principal and interest due and payable on the first day of each and every month commencing February 1, 2006, through and including January 1, 2016
Grace Period:	Fifteen (15) days after due date
Late Payment Charge:	Five (5%) of each payment overdue
Prepayment:	The loan may be prepaid at any time during the loan term, provided that at least thirty (30) days' and no more than sixty days' advance written notice is given to the Mortgagee subject to a yield maintenance penalty. There is no prepayment penalty if the loan is prepaid within the last 60 days of the mortgage term.

9. New Credit Line Second Mortgage

On December 8, 2005, the Apartment Corporation, entered into a new credit line second mortgage with Independence Community Bank to be opened simultaneously with the closing of the first mortgage loan. The following is a summary of certain provisions of the New Credit Line Second Mortgage:

Date of Mortgage:	December 8, 2005
Mortgagor:	121-123 East 88 th Street Apartments, Inc.
Mortgagee:	Independence Community Bank
Principal Amount:	\$1,000,000.00
Term:	Ten (10) years
Interest Rate:	6.70%, to be adjusted on March 1, 2006 and the first day of every June, September, December and March thereafter. The Interest Rate shall be the sum of the (i) Index (the London Interbank offered Rate for deposits in U.S. dollars for 3 month contracts as published in the "Money Rates" section of The Wall Street Journal and rounded to the nearest basis point (.01%) and (ii) the Margin (two and one-quarter percent, i.e., 225 basis points); but in no event lower than 6.70%.

Maturity Date:	January 1, 2016
Monthly Payment:	Monthly payments of interest only shall be paid by Borrower on the first day of the calendar month immediately following the month in which Borrower receives the first Advance under the Loan Agreement and on the first day of each and every calendar month thereafter through and including December 1, 2015 with the principal balance remaining unpaid, together with accrued interest thereon, to be paid on the Maturity Date.
Grace Period:	Fifteen (15) days after due date
Late Payment Charge:	Five (5%) of each payment overdue
Prepayment:	At any time during the loan term, Borrower may prepay any outstanding advances, in whole or in part, with accrued interest to the date of such prepayment on the amount prepaid, without premium or penalty.

10. Sale of Apartments

At the meeting of the Board of Directors of the Apartment Corporation held on November 10, 2005, the Board voted to adopt a policy not to approve sales of apartments to investors. Prospective purchasers of cooperative units must use the apartment as a primary residence.

11. Subletting

At the meeting of the Board of Directors of the Apartment Corporation held on November 10, 2005, the Board voted to change the policy relating to subleasing. Any shareholder who wishes to sublease their apartment must reside in the building for a minimum of two years before obtaining the Board's permission to sublease. Upon the Board's written consent to the sublease, shareholders may sublet for a maximum of two years during the period of the shareholder's ownership. Pursuant to the Bylaws and the Proprietary Lease, Board approval is required for all sub-leases. Shareholders already residing in the cooperative as of the date of the resolution will continue to be subject to the existing subletting rules.

12. House Rule Number 5

At the meeting of the Board of Directors of the Apartment Corporation held on November 10, 2005, the Board voted to enforce the existing House Rule Number 5, which provides that all renovation and construction work that is done in the apartments may only occur on weekdays between the hours of 8:30 A.M. and 5 :00 P.M., and to adopt a policy that any shareholder whose contractor fails to comply with this rule will be fined \$500.00.

13. Extension of Proprietary Lease

Effective May 19, 2005, the Board of Directors of the Apartment Corporation unanimously consented to extend the term of the proprietary lease from December 31, 2036 to December 31, 2111.

14. Tax Certiorari Settlement

On October 7, 2005, the Apartment Corporation agreed to accept a settlement offered by the New York City Tax Commission in the tax certiorari proceedings for the 2005/2006 tax year. The tentative actual assessment in the amount of \$666,000 for 121 East 88th Street will be reduced to a final actual assessment in the amount of \$375,500 representing an actual assessment reduction of \$290,500, while the tentative actual assessment for 123 East 88th Street in the amount of \$441,900 will be reduced to a final actual assessment in the amount of \$368,000 representing an actual assessment reduction of \$73,900. It has not been determined if the Apartment Corporation will receive a refund check for the reduction in real estate taxes or whether a credit will be issued on its real estate tax bill.

15. Tax Certiorari Proceedings

The Apartment Corporation is protesting the real estate taxes assessed to the Property for the 2006/2007 tax year. The tax certiorari proceedings are still pending.

16. 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.

17. 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.

18. Definitions

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

19. No Material Changes

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

**Dated: New York, New York
March 15, 2006**

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

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

**EXHIBIT A
UNSOLD APARTMENTS
AS OF NOVEMBER 28, 2005**

121 East 88th Street

<u>Apt.</u>	<u>No. of Shares</u>	<u>Monthly Maintenance</u>
1A	250	\$ 625.00
1C	230	575.00
2B	315	787.50
2C	330	825.00
3C	325	812.50
4C	320	800.00

123 East 88th Street

<u>Apt.</u>	<u>No. of Shares</u>	<u>Monthly Maintenance</u>
2A	300	750.00
2B	305	762.50
3B	300	750.00
4A	290	725.00
4C	310	775.00
5C - V	305	<u>762.50</u>
		<u>\$8,950.00</u>

Total: 12 Apartments 3,580 shares

V = vacant as of November 28, 2005

EXHIBIT B
Unsold Apartments
Financial Obligation Chart
as of November 28, 2005

	<u>Occupied</u>	<u>Vacant</u>	<u>Total</u>
Unsold Apartments:	11	1	12
Unsold Shares:	3,275	305	3,580
Monthly Maintenance Charges Payable:	\$8,187.50	\$762.50	\$8,950.00
Approximate Rental Income Receivable:	\$8,725.01	\$0	\$8,725.01
Net Monthly Income (Loss):	\$537.51	(\$762.50)	(\$224.99)

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 FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003**

121-123 EAST 88TH STREET APARTMENTS, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
121-123 East 88th Street Apartments, Inc.
3 West 57TH Street – 7th Floor
New York, NY 10019

We have audited the accompanying balance sheets (with supporting schedules) of 121-123 EAST 88TH STREET APARTMENTS, INC. as of December 31, 2004 and 2003 and the related statements of operations (with supporting schedules), changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 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, 2004 and 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.

121-123 EAST 88TH STREET APARTMENTS, INC. has not presented the supplementary information on future major repairs and replacements 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.

Zeidman, Lackowitz, Prisand & Co., LLP

March 18, 2005

121-123 EAST 88TH STREET APARTMENTS, INC.
BALANCE SHEETS
AS OF DECEMBER 31,

	2004	2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 19,283	\$ -
Accounts receivable	-	460
Mortgage escrow	7,662	5,913
Insurance refund receivable	1,056	-
Violation escrow	6,000	6,000
Prepaid expenses	35,458	29,690
	69,459	42,063
Property and Improvements:		
Land	277,937	277,937
Building	621,550	621,550
Building improvements	315,130	315,130
	1,214,617	1,214,617
Less: Accumulated depreciation	740,797	711,257
	473,820	503,360
Other Assets and Deferred Charges:		
Reserve fund	20,656	16,721
Deferred mortgage closing costs, net	7,690	8,561
	28,346	25,282
Total Assets	\$ 571,625	\$ 570,705

The accompanying notes are an integral part of these balance sheets.

121-123 EAST 88TH STREET APARTMENTS, INC.
BALANCE SHEETS
AS OF DECEMBER 31,

	<u>2004</u>	<u>2003</u>
LIABILITIES		
Current Liabilities:		
Mortgage payable - current portion	\$ 33,233	\$ 31,147
Cash overdraft	-	7,133
Accounts payable	9,367	14,289
Income taxes payable	1,140	1,304
Advance maintenance	656	470
Other current liabilities	5,614	6,324
	<u>50,010</u>	<u>60,667</u>
Long-term and Other Liabilities:		
Mortgage payable - net of current portion	355,059	388,292
Due to Sponsor	18,646	18,646
	<u>373,705</u>	<u>406,938</u>
Total Long-term and Other Liabilities	373,705	406,938
Total Liabilities	<u>423,715</u>	<u>467,605</u>
STOCKHOLDERS' EQUITY		
Common stock - \$1 par value, 8,760 shares authorized, issued and outstanding	8,760	8,760
Additional paid-in capital	406,450	349,510
Accumulated deficit	(267,300)	(255,170)
	<u>147,910</u>	<u>103,100</u>
Total Stockholders' Equity	147,910	103,100
Total Liabilities and Stockholders' Equity	<u><u>\$ 571,625</u></u>	<u><u>\$ 570,705</u></u>

The accompanying notes are an integral part of these balance sheets.

**SUPPORTING SCHEDULES - BALANCE SHEETS
AS OF DECEMBER 31,**

	<u>2004</u>	<u>2003</u>
Prepaid Expenses:		
Prepaid real estate tax	\$ 20,712	\$ 20,049
Prepaid insurance	8,192	3,410
Prepaid water and sewer charges	6,554	6,231
	<u>35,458</u>	<u>29,690</u>
Total Prepaid Expenses	<u>\$ 35,458</u>	<u>\$ 29,690</u>

The accompanying notes are an integral part of these schedules.

121-123 EAST 60TH STREET
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
REVENUE		
Maintenance - apartments	\$ 219,000	\$ 201,480
Sublet fees	5,000	5,000
Flip tax	9,120	-
Late and other fees	270	972
Interest income	158	108
Miscellaneous income	14,981	-
	<u>248,529</u>	<u>207,560</u>
Total Revenue		
 COST OF OPERATIONS		
Taxes	81,479	75,851
Operating expenses	64,000	64,636
Repairs and maintenance	42,182	16,410
Financial expenses	26,178	28,143
Administrative expenses	16,409	14,857
	<u>230,248</u>	<u>199,897</u>
Total Cost Of Operations		
Operating income before depreciation and amortization	18,281	7,663
Less: Depreciation and amortization	<u>30,411</u>	<u>31,131</u>
Net loss for the year	<u><u>\$ (12,130)</u></u>	<u><u>\$ (23,468)</u></u>

The accompanying notes are an integral part of these statements.

121-123 EAST 88TH STREET APARTMENTS, INC.
SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
Taxes:		
Real estate taxes	\$ 80,531	\$ 74,392
New York State Franchise Tax	424	903
NYC General Corporation Tax	524	556
	<u>81,479</u>	<u>75,851</u>
Total taxes	<u><u>81,479</u></u>	<u><u>75,851</u></u>
 Operating Expenses:		
Utilities:		
Electricity	\$ 24,435	\$ 24,604
Water and sewer charges	13,043	12,394
	<u>37,478</u>	<u>36,998</u>
 Payroll and related costs	 <u>6,781</u>	 <u>10,938</u>
 Other:		
Insurance	 <u>19,741</u>	 <u>16,700</u>
Total Operating Expenses	 <u><u>\$ 64,000</u></u>	 <u><u>\$ 64,636</u></u>

The accompanying notes are an integral part of these schedules.

**SUPPORTING SCHEDULES - STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2004</u>	<u>2003</u>
Repairs and Maintenance:		
Repairs	\$ 34,139	\$ 12,317
Materials and supplies	7,740	3,768
Exterminating	303	325
	<u>42,182</u>	<u>16,410</u>
Total Repairs and Maintenance	<u><u>\$ 42,182</u></u>	<u><u>\$ 16,410</u></u>
 Financial Expenses:		
Mortgage interest	<u><u>\$ 26,178</u></u>	<u><u>\$ 28,143</u></u>
 Administrative Expenses:		
Professional fees	\$ 9,071	\$ 6,698
Management fees	6,600	6,600
Other administrative expenses	738	1,559
	<u>16,409</u>	<u>14,857</u>
	<u><u>\$ 16,409</u></u>	<u><u>\$ 14,857</u></u>

The accompanying notes are an integral part of these schedules.

**121-123 EAST 88TH STREET
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,**

	2004	2003
COMMON STOCK		
Balance - January 1,	\$ 8,760	\$ 8,760
Transactions during the year	-	-
Balance - December 31,	\$ 8,760	\$ 8,760
 PAID-IN CAPITAL IN EXCESS OF PAR VALUE		
Balance - January 1,	\$ 349,510	\$ 349,510
Capital assessments	56,940	-
Balance - December 31,	\$ 406,450	\$ 349,510
 ACCUMULATED DEFICIT		
Balance - January 1,	\$ (255,170)	\$ (231,702)
Net loss for the year	(12,130)	(23,468)
Balance - December 31,	\$ (267,300)	\$ (255,170)

The accompanying notes are an integral part of these statements.

121-123 EAST 88TH STREET APARTMENTS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net loss for the year	\$ (12,130)	\$ (23,468)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	30,411	31,131
Decrease in accounts receivable	460	6,519
Increase in mortgage escrow	(1,749)	(3,365)
Increase in insurance refund receivable	(1,056)	-
Increase in prepaid expense	(5,768)	(7,435)
Increase (decrease) in accounts payable	(4,922)	7,414
Increase in advance maintenance	186	470
Increase (decrease) in income taxes payable	(164)	1,304
Increase (decrease) in other current liabilities	(710)	6,324
	<u>16,688</u>	<u>42,362</u>
Total Adjustments	4,558	18,894
Net cash provided by operating activities	<u>(3,935)</u>	<u>(3,088)</u>
Cash flows from investing activities:		
Increase in reserve fund	(3,935)	(3,088)
Net cash used by investing activities	<u>(3,935)</u>	<u>(3,088)</u>
Cash flows from financing activities:		
Payment of mortgage payable	(31,147)	(29,192)
Capital assessments	56,940	-
Net cash provided (used) by financing activities	<u>25,793</u>	<u>(29,192)</u>
Net increase (decrease) in cash and cash equivalents	26,416	(13,386)
Cash and cash equivalents at beginning of year	(7,133)	6,253
Cash and cash equivalents at end of year	<u>\$ 19,283</u>	<u>\$ (7,133)</u>
 SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 26,346	\$ 28,301
Income taxes paid	\$ 1,104	\$ 455

The accompanying notes are an integral part of these statements.