

**TO ALL TENANTS OF ROSEDALE GARDENS, INC.
NOTICE OF APPLICATION FOR RENTAL INCREASE**

**NEW YORK CITY DEPARTMENT OF HOUSING
PRESERVATION AND DEVELOPMENT**

X

In the Matter of the Application of
Rosedale Gardens, Inc.,

**NOTICE OF APPLICATION
FOR CARRYING CHARGE
INCREASE**

for an increase of the maximum average
monthly carrying charges from the present
maximum average monthly carrying charges of
\$154.81 per room to \$180.35 per room (16.5%) in the
first year, from \$180.35 per room to \$188.47 per
room (4.5%) in the second year, from \$188.47 per room to
\$193.18 per room (2.5%) in the third year,
the second and third increase to be based on then current
finances, pursuant to the provisions of Article 2
of the Private Housing Finance Law.

X

TO: ALL TENANT-STOCKHOLDERS OF ROSEDALE GARDENS, INC.:

PLEASE TAKE NOTICE, that upon the annexed application of Rosedale Gardens, Inc.

("Rosedale"), the Department of Housing Preservation and Development of the City of New

York will be requested to approve an increase in the maximum average monthly carrying

charges, inclusive of utilities, in the housing development of Rosedale of \$154.81 per room to

\$180.35 per room (16.5%) in the first year, from \$180.35 per room to \$188.47 per room (4.5%)

in the second year, from \$188.47 per room to \$193.18 per room (2.5%) in the third year,

the second and third increase to be based upon on the financial circumstances as determined by
the Board of Directors of Rosedale at that time.

PLEASE TAKE FURTHER NOTICE that a public hearing will be held at _____ on

_____, the _____ day of _____, 2015 at the _____

as designated by HPD in the attached cover letter from HPD and at that time evidence will be introduced in support of said application by the undersigned. Interested parties may appear in person to comment or may provide written comments to HPD.

YOU MAY APPEAR IN PERSON OR BY ATTORNEY.

Dated: Bronx, New York
August //, 2015

Rosedale Gardens, Inc.

By: Virmelle C Buntin
Virmelle Buntin, President

Kagan Lubic Lepper
Finkelstein & Gold, LLP
Attorneys for Rosedale Gardens, Inc.
200 Madison Avenue, 24th floor
New York, New York 10016-4001
(212) 252-0300

NEW YORK CITY DEPARTMENT OF HOUSING
PRESERVATION AND DEVELOPMENT

X

In the Matter of the Application of
Rosedale Gardens, Inc.,

APPLICATION

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monthly carrying charges from the present
maximum average monthly carrying charges of
\$154.81 per room to \$180.35 per room (16.5%) in the
first year, from \$180.35 per room to \$188.47 per
room (4.5%) in the second year, from \$188.47 per room to
\$193.18 per room (2.5%) in the third year,
the second and third increase to be based on then current
finances, pursuant to the provisions of Article 2
of the Private Housing Finance Law.

X

TO: THE CITY OF NEW YORK DEPARTMENT OF HOUSING PRESERVATION AND
DEVELOPMENT ("HPD"):

Applicant, Rosedale Gardens, Inc., by its attorneys, Kagan Lubic Lepper Finkelstein &
Gold, LLP, respectfully shows and alleges that:

1. Rosedale Gardens, Inc. ("Rosedale"), is a mutual housing company duly organized
under the City-Aided Limited Profit Housing Companies Law pursuant to Article 2 of the Private
Housing Finance Law of the State of New York on June 19, 1961. Rosedale owns and operates a
limited profit housing development on the premises known as 1760 Bruckner Boulevard, 1770
Bruckner Boulevard, 1790 Bruckner Boulevard, and 1810 Bruckner Boulevard, in the Borough
of Bronx, City and State of New York. The Rosedale development contains 407 apartments
comprised of 1883.5 rental rooms (1878.0 excluding the rent-free staff apartment).
2. The first building was completed for occupancy in the summer of 1961 and
occupancy commenced shortly thereafter.

3. The corporation receives the maximum tax exemption (shelter rent) provided by law.

4. The present average monthly carrying charges, including utilities, are \$154.81 per rental room.

5. There is at present no income from non-dwelling spaces other than from interest on investments, energy credits, parking spaces, air-conditioner fees, appliance fees and storage units. The sole source of such income are the tenant-shareholders at Rosedale.

6. There are currently issued and outstanding 131,152 shares of common stock having a par value of \$10.00 per share.

7. The total assessed value of the land and improvements of the development for fiscal year July 1, 2015 - June 30, 2016, is \$4,530,600.00 consisting of an assessed value of \$1,026,000.00 for the land and \$3,504,600.00 for the improvements. The transition assessed valuation of the land and improvements for fiscal year July 1, 2015 - June 30, 2016 is \$4,336,380.00 consisting of \$1,026,000.00 for the land and \$3,310,380.00 for the improvements.

8. It has been six years since HPD's last order (dated August 10, 2009) granting Rosedale an increase in the maximum carrying charges per room.

9. The carrying charges, as presently fixed, are insufficient to cover payments which must be made by the applicant to meet all its expenses as described by Section 31 of the Private Housing Finance Law. It is the judgment of the directors and officers of Rosedale that the proposed carrying charge increase is in the best interest of Rosedale and that it will be adequate

to enable Rosedale to meet all of its financial commitments as prescribed by Section 31 of the Private Housing Finance Law.

10. It is also the judgment of the directors and officers of Rosedale that the proposed increases are in the best interests of Rosedale and its tenant-shareholders, and if leave to adopt them is approved as requested, it will enable Rosedale to satisfy its responsibilities to provide its tenant-shareholders with safe and sanitary housing accommodations, to meet the financial obligations of the applicant, and to prevent the deterioration of the financial position of Rosedale.

11. The insufficiency of the presently authorized maximum carrying charges to cover the payments authorized under Section 31 of the Private Housing Finance Law is due to changes and conditions or causes beyond the control of Rosedale.

12. Rosedale hereby submits the following exhibits and schedules, in support of its application:

- Exhibit A - Application for Rent/Carrying Charge Increase w/ Schedules A-F, prepared by Jack Lawrence & Company, Division of Palmetto, Mollo, Molinaro, & Passarello, LLP
- Exhibit B - Resolution signed by Rosedale's Secretary of the Board of Directors indicating Board approval for said carrying charge increase
- Exhibit C - Current schedule of maintenance charges, surcharges and other costs and expenses
- Exhibit D - Financial statements for fiscal years ended June 30, 2014 and 2013

WHEREFORE, Rosedale respectfully requests that a public hearing, pursuant to notice as required by law, be directed at which the applicant may submit evidence in support of its application, and that an order be issued by the Department of Housing Preservation and Development, approving an increase of sixteen point five percent (16.5%) percent of the

maximum monthly apartment carrying charges of the development in the sum of \$25.54 from \$154.81 per average rental room per month to \$180.35 per average rental room per month, inclusive of utilities, for the first year, four point five (4.5%) in the sum of \$8.12 from \$180.35 per average rental room per month to \$188.47 per average rental room per month, inclusive of utilities, depending on the financial circumstances of Rosedale as determined by its Board, for the second year, and two point five (2.5%) in the sum of \$4.71 from \$188.47 per average rental room per month to \$193.18 per average rental room per month, inclusive of utilities, depending on the financial circumstances of Rosedale as determined by its Board, for the third year, or by such other amount that the New York City Department of Housing Preservation and Development shall determine to be sufficient to cover the applicant's expenses contemplated and prescribed by Section 31 of the Private Housing Finance law, effective at the earliest possible date.

Dated: Bronx, New York
August //, 2015

Rosedale Gardens, Inc.

By: 
Virmelle Buntin, President

Kagan Lubio Lepper
Finkelstein & Gold, LLP
Attorneys for Rosedale Gardens, Inc.
200 Madison Avenue, 24th floor
New York, New York 10016-4001
(212) 252-0300

VERIFICATION

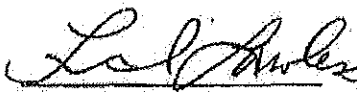
STATE OF NEW YORK)
) ss.
COUNTY OF BRONX)

Virmelle Buntin, being duly sworn, deposes and says:

Deponent is the President of Rosedale Gardens, Inc., the applicant in the foregoing application and has read said application, and the contents of said application by said applicant subscribed are true to the knowledge of deponent, except as to those matters therein stated to be alleged on information and belief, and as to those matters, deponent believes the same to be true. The reason this verification is not made by the applicant in person is that applicant is a domestic cooperative corporation. Your deponent is an officer thereof, to wit its President, and the above-stated is from personal knowledge, from the books and records of Rosedale Gardens, Inc., and from conversations and consultations with the Corporation's agents, employees and professionals.


Virmelle Buntin, President

Sworn to before me
this 17th day of August, 2015


Notary Public
BRAND LAWLESS
Notary Public, State of New York
No. 02LA498623
Qualified in Westchester County
Commission Expires March 20, 2019

City of New York
DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
DIVISION OF HOUSING SUPERVISION
MITCHELL-LAMA PROGRAM

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APPLICATION FOR RENT / CARRYING CHARGE INCREASES

☒ Cooperative
☐ Rental

Development Name: Rosedale Gardens, Inc.
Address (es): 1810 Bruckner Blvd., Bronx, N.Y. 10473
Borough: Bronx, N.Y. No. of Separate Buildings: 4
Tax Block/Lot (s): Block 3663 Lot 2

<u>Apartment Breakdown:</u>	<u>No. Units</u>	<u>No. Rooms</u>
Residential Apartments	408	1,878.0
Professional Apartments		
Rent-free Staff Apartments	1	5.5
Other:		
Total	407	1883.5

No. of commercial spaces / type: 0

No. of boilers: 0

Heating fuel: _____ Oil Type: _____ Interruptible: _____

No. of Elevators: 8

Tax Exemption: ☐ 80% A.V.
☒ Taxes = 10% Shelter Rent
☐ Other:

No. of Housing Co. Employees:

Superintendents	1
Handyman	2
Office	2
Porters	4
Utility Man	1
Total	10

Management Co.: Name First Service Residential
Address 622 Third Avenue, New York, NY 10017
Phone 212-634-8900
Site Manager: Bernice Yelverton

Fire Insurance: Coverage: \$40,000,000
Carrier: Aspen American Insurance Co.

Development Rosedale Gardens, Inc

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Reserve Bank Accounts: At 06-30-14

Bank Name	Account No.	Current Balance	Check if HPD Signature Required
Dime Savings Bank	876022661	\$337,884	
TOTAL		\$337,884	

Average Rent/Carrying Charges per Room per Month (Including Utilities):

Current Gross Annual Rent/c.c. /No. of Rental Rooms/12 = \$ 154.81
Proposed Increase (s):

	% Increase	New Rent/C.C. Per Room Per Month
First Year	18.50%	\$ 180.35
Second Year	4.50%	\$ 188.47
Third Year	2.50%	\$ 193.18

Application Prepared By:

Name Jack Lepper, Esq

(As Assisted By Jack Lawrence & Company a Division of
Palmetto, Mollo, Molinaro & Passarelli, LLP)

Title Attorney

Firm Kagan Lubig Lepper Finkelstein & Gold, LLP

Telephone No. 212-252-0300

Date _____

**SCHEDULE A: PROJECTED INCOME AND EXPENSES INCLUDING PROPOSED RENT/CARRYING
CHARGE INCREASES**

Note: Proposed rent/carrying charge increases must be sufficient
so that total income equals or exceeds total expenses.

	ACTUAL LAST FISCAL YEAR ENDED 6/30/2014	PROJECTION PERIODS		
		FY ENDED 9/30/2016	FY ENDED 9/30/2017	FY ENDED 9/30/2018
INCOME				
1. Gross Residential Rents-Note 2 (including Utilities)	3,488,797	3,488,797	3,488,797	3,488,797
2. Excess 238 Income Retained	0	0	0	0
3. Other Income (Schedule B, Page 4/8)	387,738	389,698	393,584	397,714
4. TOTAL GROSS INCOME	3,876,535	3,878,495	3,882,381	3,886,511
5. Vacancy/Loss	(51,679)	(52,332)	(52,332)	(52,332)
6. TOTAL INCOME	3,818,655	3,826,163	3,830,049	3,834,179
EXPENSES				
7. Operating Expenses (Schedule C, Page 5/6)	1,788,354	1,913,049	2,052,096	2,126,976
8. Utility Costs (Schedule D, Page 6/6)	1,371,460	1,421,597	1,444,629	1,468,122
9. Real Estate Taxes-Note 8	238,962	240,015	238,081	238,124
10. Interest and Amortization (Schedule E, Page 6/6)	633,475	634,210	634,210	634,210
11. Actual Allocation to Reserves (Schedule F, Page 6/8)	85,480	104,664	104,664	104,664
12. TOTAL EXPENSES	4,097,751	4,313,535	4,475,680	4,569,096
13. NET CASH FLOW (DEFICIT)	(279,096)	(487,372)	(645,631)	(734,917)
14. Reserve Account Balances (Before Expansions) (Total)	837,964	442,628	547,292	851,956

See the accompanying accountants' report and notes

SCHEDULE B - OTHER INCOME

	ACTUAL LAST FISCAL YEAR ENDED 6/30/2014	PROJECTION PERIODS		
		FY ENDED 9/30/2016	FY ENDED 9/30/2017	FY ENDED 9/30/2018
1. Professional Apts.	0	0	0	0
2. Commercial Spaces	0	0	0	0
3. Garage	0	0	0	0
4. Parking Spaces-Note 3	87,820	89,888	89,880	89,880
5. Community Rooms	0	0	0	0
6. Swimming Pool	0	0	0	0
7. Air Conditioners	67,858	70,943	72,382	73,810
8. Washing Machines	0	0	0	0
9. Laundry Rooms	0	0	0	0
10. Other Vending Machines	0	0	0	0
11. Tenant Television	0	0	0	0
12. Storage Rentals	4,218	4,410	4,611	4,820
13. Interest On Investments - Operations	31,925	31,900	31,900	31,900
14. Other (Describe)-Note 5	72,931	76,249	79,719	83,949
15. Surcharges	88,874	88,175	88,411	84,883
16. Miscellaneous Income	26,814	28,139	28,701	29,275
TOTAL OTHER INCOME	381,738	389,698	393,684	397,714

See the accompanying accountants' report and notes

SCHEDULE C: OPERATING EXPENSES

	ACTUAL LAST FISCAL YEAR ENDED 8/30/2014	PROJECTION PERIODS		
		FY ENDED 9/30/2016	FY ENDED 9/30/2017	FY ENDED 9/30/2018
Supplies-Note 1	187,717	188,258	200,183	204,187
Extermination-Note 1	46,808	42,687	43,540	44,411
Painting and Decorating	0	0	0	0
Landscaping-Note 1	50,186	62,480	63,530	54,600
Repairs and Maintenance/Capital Improvements:				
Plumbing-Note 1	20,023	20,934	21,353	21,780
Electrical-Note 1	0	0	0	0
Heating System	0	0	0	0
Roof	0	0	0	0
Masonry	0	0	0	0
Other-Note 1	178,832	188,760	190,485	194,308
Capital Expenditure - Extraordinary Repair Items	0	80,000	150,000	184,000
Elevator				
Contract-Note 1	38,874	41,783	42,628	43,481
Repairs-Note 1	240	251	288	281
Personnel - Note 10				
Maintenance Salaries	103,803	108,528	110,897	112,810
Security Salaries	64,628	67,481	68,810	70,188
Office Salaries	89,077	72,220	73,684	75,138
Other Salaries (Super, Janitorial, etc.)	225,384	235,849	240,362	245,170
Payroll Taxes	36,853	40,621	41,433	42,282
Employee benefits	114,843	120,173	122,676	125,028
Security Contract-Note 4	210,483	220,038	224,440	228,829
Legal (Retainer and Collection Expense)-Note 1	65,381	68,368	68,734	71,128
Accounting-Note 1	22,322	23,338	23,804	24,280
Management fee-Note 1	101,228	105,834	107,851	110,170
Insurance-Note 6	158,130	178,515	183,870	188,385
Office expenses-Note 1	77,814	81,145	82,768	84,421
Other	0	0	0	0
TOTAL	1,789,354	1,913,048	2,062,086	2,125,978

See the accompanying accountants' report and notes

SCHEDULE D: UTILITY EXPENSES

	ACTUAL LAST FISCAL YEAR ENDED 6/30/2014	PROJECTION PERIODS		
		FY ENDED 6/30/2016	FY ENDED 6/30/2017	FY ENDED 6/30/2018
Heating Fuel: Gas	0	0	0	0
Steam	270,000	270,000	270,000	270,000
Gas & Electricity-Note 9	717,185	749,817	764,818	780,110
Water and Sewer-Note 11	884,285	401,780	400,815	418,012
TOTAL UTILITIES	1,371,480	1,421,597	1,444,825	1,468,122

SCHEDULE E: INTEREST AND AMORTIZATION (DEBT SERVICE) - Note 7

Mortgage Debt Service	36,896.08	442,753	443,365	443,365	443,365
Mortgage 8A loan	15,893.50	180,722	180,845	180,845	180,845
	0	0	0	0	0
TOTAL DEBT SERVICE		623,475	624,210	624,210	624,210

SCHEDULE F: ACTUAL ALLOCATION TO RESERVES - Note 16

Replacement Reserve (1)	86,400	104,864	104,864	104,864
TOTAL	86,400	104,864	104,864	104,864

(1) Projected Replacement Reserve requirement based on HPD formula of 3% of rent roll.

See the accompanying accountants' report and notes

ROSEDALE GARDENS, INC.
COMPUTATION OF PROJECTED RENT INCREASES
FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2016 TO 2018

	PROJECTION FOR RENT INCREASE FOR THE FISCAL YEARS ENDED		
	9/30/2016	9/30/2017	9/30/2018
ESTIMATED / PROJECTED DEFICIT (Page 3, Line 13)	(487,378)	(843,831)	(734,917)
PROJECTED RENT INCREASE EFFECTIVE 10/01/16	675,652	575,652	575,652
PROJECTED RENT INCREASE EFFECTIVE 10/01/16	0	182,900	182,900
PROJECTED RENT INCREASE EFFECTIVE 10/01/17	0	0	105,184
RESERVES 3% ON INCREASE	(17,270)	(22,757)	(25,942)
SHELTER RENT 10% ON INCREASE	(57,386)	(75,855)	(88,474)
REVISED SURPLUS/(DEFICIT)	<u>13,441</u>	<u>16,309</u>	<u>17,403</u>
ANNUAL RENT BASED ON PROJECTED INCREASES	<u>4,064,448</u>	<u>4,247,348</u>	<u>4,353,532</u>
PROJECTED RENT % INCREASE	<u>18.50%</u>	<u>4.50%</u>	<u>2.50%</u>
RENT PER ROOM PER MONTH AFTER THE INCREASES (1878 R.R's)	<u>180.35</u>	<u>188.47</u>	<u>193.18</u>

See the accompanying accountants' report and notes.

CASH FLOW REFLECTING PROJECTED RENT INCREASES

	PROJECTIONS		
	FY ENDED 9/30/2016	FY ENDED 9/30/2017	FY ENDED 9/30/2018
INCOME			
1. Gross Residential Rents - Note 2 (Including Utilities)	4,064,449	4,247,349	4,353,532
2. Excess 236 Income Retained	0	0	0
3. Other Income (Schedule B, Page 4/8)	399,896	393,684	397,714
4. TOTAL GROSS INCOME	4,464,344	4,640,933	4,751,246
5. Vacancy/Loss	(82,332)	(82,332)	(82,332)
6. TOTAL INCOME	4,401,812	4,588,601	4,698,914
EXPENSES			
7. Operating Expenses (Schedule C, Page 5/8)	1,919,049	2,052,096	2,126,976
8. Utility Costs (Schedule D, Page 6/8)	1,421,597	1,444,629	1,498,122
9. Real Estate Taxes - Note 8	240,016	238,081	238,124
10. Shelter Rent Factor @ 10% - Note 8	57,565	75,665	89,474
10a Reserve Factor @ 3%	17,270	22,767	28,942
11. Interest & Amortization (Schedule E, Page 6/8)	634,210	634,210	634,210
12. Actual Allocation to Reserves (Schedule F, Page 8/8)	104,684	104,684	104,684
13. TOTAL EXPENSES	4,888,371	4,572,292	4,801,512
14. Working Capital Deficit at 9/30/14	0	0	0
15. NET CASH FLOW (DEFICIT)	13,441	16,309	17,403
CUMULATIVE CASH FLOW SURPLUS/(DEFICIT)	13,441	29,749	47,152

See the accompanying accountants' report and notes.

**SECRETARY'S CERTIFICATE OF ADOPTION OF RESOLUTION
OF THE BOARD OF DIRECTORS
OF ROSEDALE GARDENS, INC.**

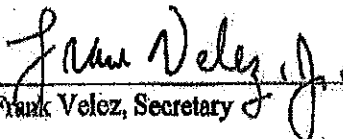
I, the undersigned, am the duly elected Secretary of Rosedale Gardens, Inc., a corporation organized pursuant to the laws of the State of New York.

In accordance with the authority vested in me, I hereby certify that the following constitutes a true copy of a resolution duly adopted, and not subsequently rescinded or modified, by the Board of Directors of the aforesaid corporation in accordance with the corporate By-Laws and recorded in the minutes of the meeting of the said Board of Directors duly held on June 9, 2015 at which a quorum was present.

RESOLVED, that the Corporation will seek an increase in the maximum average monthly carrying charges, inclusive of utilities, in its housing development from the present monthly carrying charges of \$154.81 per room to \$180.35 per room in the first year, from \$180.35 to \$188.47 per room in the second year, and from \$188.47 to \$193.18 per room in the third year, based on then current finances, pursuant to the provisions of Article 2 of the Private Housing Finance Law.

This resolution shall not become effective unless approved, in writing, by the Department of Housing Preservation and Development of the City of New York.

IN WITNESS WHEREOF, the undersigned has affixed her hand and the seal of the corporation on this 12th day of August, 2015.


Frank Velez, Secretary

State of New York)
 Bronx) ss.
County of New York)

On the 12th day of August, in the year 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared **Frank Velez Jr** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) as Secretary of Rosedale Gardens, Inc., and that by his/her/their signature(s) on the instrument, the individual(s), or the person(s) upon behalf of which the individual(s) acted, executed the instrument.

JAHARA PEREZ
NOTARY PUBLIC, State of New York
No. 01PE6127834
Qualified in Bronx County
Commission Expires May 31, 2017


Notary Public

To the Board of Directors of
Rosedale Gardens, Inc.

We have compiled the accompanying Projection of Net Cash Flow of Rosedale Gardens Inc. for the years ending September 30, 2016 to 2018 in accordance with standards established by the American Institute of Certified Public Accountants.

The accompanying Projection of Net Cash Flow presents, to the best of management's knowledge and belief, the Company's projected results of operations. It is based on management's assumptions, reflecting conditions it expects would exist and courses of actions it expects would be taken during the projection period.

A compilation is limited to presenting in the form of a projection information that is the representation of management and does not include evaluation of the support for the assumptions underlying the projection. We have not examined the Projection of Net Cash Flow and, accordingly, do not express an opinion or any other form of assurance on the accompanying projection or assumptions. Furthermore, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Jack Lawrence & Company
A Division of Palmetto, Mollo, Molinaro & Passarello, LLP

Melville, New York
June 3, 2015



Your Financial Solutions Partner

A Division of Palmetto, Mollo, Molinaro & Passarello, LLP
91 Broadhollow Road • Melville • NY • 11747-2500 • P: 631.462.7000 • F: 631.462.7001 • www.pmmpllp.com

ROSEDALE GARDENS, INC.

Notes to HPD Rent Increase Projection

For The Years Ending

September 30, 2016 to 2018

NOTE 1 - GENERAL

For all income and expenses where a contract or an actual amount were not available, the projected amounts were based on an inflation factor of 2% (rounded) per annum.

NOTE 2 - MAINTENANCE CHARGES (Including Utilities)

Maintenance Charges are reflected as follows:

	For Year Ended		
	<u>09/30/16</u>	<u>09/30/17</u>	<u>09/30/18</u>
Current HPD approved gross potential	\$3,488,797	\$3,488,797	\$3,488,797
Projected increases (Total - \$2,198,939 See supplement 1/2)	<u>575,652</u>	<u>758,552</u>	<u>864,735</u>
Total	<u>\$4,064,449</u>	<u>\$4,247,349</u>	<u>\$4,353,532</u>

NOTE 3 - PARKING INCOME

Projected amounts are based on 214 spaces at \$35 per space per month commencing 9/1/15 and kept constant thereafter.

NOTE 4 - SECURITY CONTRACT

Projected amounts are based on the security contract currently in effect plus an inflation factor of 2% for subsequent years.

NOTE 5 - OTHER INCOME

Other income includes income from other tenant charges such as repairs, legal and other miscellaneous charges. The projected amounts were based on the above inflation factor.

ROSEDALE GARDENS, INC.

Notes to HPD Rent Increase Projection

For The Years Ending

September 30, 2016 to 2018

NOTE 6 - INSURANCE

The current year's insurance cost is based on policies in force. The subsequent years' projections are based on the inflation factor thereafter.

NOTE 7 - DEBT SERVICE

There are two mortgages. They are as follows:

- (1) First Mortgage Payable -
Annual principal and interest payments are \$ 443,365
- (2) Second Mortgage Payable - 8A loan
Annual principal and interest payments are \$ 190,845

NOTE 8 - REAL ESTATE TAXES

Taxes are based on the Shelter Rent calculation. The real estate tax estimates are as follows:

	For Year Ended		
	<u>09/30/16</u>	<u>09/30/17</u>	<u>09/30/18</u>
<u>Shelter Rent</u>			
Based on current HPD approved gross potential	\$ 240,015	\$ 238,081	\$ 236,124
Add: Amount based on projected increase (Total - \$219,894) - see Supplement 1/2	<u>57,565</u>	<u>73,853</u>	<u>86,474</u>
Total	<u>\$ 297,580</u>	<u>\$ 313,936</u>	<u>\$ 322,598</u>

ROSEDALE GARDENS, INC.

Notes to HPD Rent Increase Projection

For The Years Ending

September 30, 2016 to 2018

NOTE 9 - GAS, AND ELECTRIC

Gas and electric increases are based on the inflation factor of 2% per year.

NOTE 10 - PAYROLL

Payroll is based on the current union contract rates in effect. Any increases beyond the contract dates were estimated based on the above inflation factor.

Payroll taxes are based on the above inflation factor.

Increases in Employee Benefits are estimated using the above inflation factor.

NOTE 11 - WATER AND SEWER

Water and sewer is based on the actual 2013/2014 billing and increased using the inflation factor thereafter.

EXHIBIT "B"

EXHIBIT "A"

ROSEDALE GARDENS, INC.

Projection of Net

Cash Flow (Deficit)

For the Years Ending

September 30, 2016 to 2018

ROSEDALE GARDENS, INC
PROJECTION OF NET CASH FLOW (DEFICIT)

For The Years Ending
September 30, 2016 to 2018

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