GARTH MANOR

October 10, 1995

281 SCARSDALE CORP.
281 Garth Road • Scarsdale, New York 10583

SHAREHOLDER UPDATE
SUBLEASING POLICY

The increase in sublease fees that were scheduled to become effective October 1, 1994 and 1995 have been revised, the reduced fees appear in this update of 281 Scarsdale Corp.'s subleasing policy.

1) Shareholder(s) must submit a letter to the Board requesting the right to sublet with the reason stated (e.g., hardship, job relocation, etc.) before the request to sublease can be considered.

2) Following the request to sublease, the shareholder(s) must then meet with the Board to receive approval to sublease his or her apartment.

3) The subleasing shareholder(s) will be required to sign a statement that the subtenant's rent will be paid directly to the Corporation if the shareholder(s) defaults on a maintenance payment.

4) All subleases shall be for a period of twelve (12) months. Shareholder(s) shall provide the Board with the complete sublease request at least forty-five (45) days prior to the sublease start date. The Board will respond within twenty-one (21) days of receipt of the request and provide, in writing, a notice of sublease acceptance or rejection. If acceptance, the Board will interview the proposed subtenant(s) and review financial data, previously submitted.

On approval, the shareholder(s) shall provide the Board with the annual sublease fee at least fifteen (15) days prior to the sublease start date. The shareholder(s) shall also have a set of keys for all locks on the apartment door in our key cabinet before any sublease will be approved.

Shareholders may also submit a sublease renewal application to the Board. This request to renew an existing sublease must be made sixty (60) days prior to the expiration of the current sublease. The Board must receive the renewal application, lease, sublet fee and application processing fee sixty (60) days prior to the expiration of the existing sublease. Failure to meet the sixty (60) day requirement will result in automatic rejection of the renewal request unless a penalty equal to one-half month's maintenance is paid with the sublet fee.

The new schedule of non-refundable sublease fees, paid annually in advance, whether for the same or different sublessees, is as follows:

a) Three (3) months' maintenance charge for any sublease that begins between October 1, 1994 and September 30, 1995 (revised 2/3/95 - reduced from 3 1/2 months maintenance)

b) Three (3) months' maintenance charge for any sublease that begins October 1, 1995 (revised 2/3/95 - reduced from 4 months maintenance)

NOTE: No sublease fee will be less than $750.00 per twelve (12) month period.

6) Should a shareholder(s) for some reason terminate or replace a sublessee prior to expiration of the then current sublease, the sublease fee is not refundable and any new sublease will require a new application and payment of a new sublease fee.

7) All keys to the garage and garage door remotes must be returned to management at the expiration of the sublet. All key and remote fees are non-refundable.

8) No shareholder(s) may sublease an apartment during the twenty-four (24) month period following purchase.

BOARD OF DIRECTORS