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June 26, 2014

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Re: 425 East 86 Apartments Corp. (the "Corporation")
425 East 86th Street, Apt. PH-A
J. Armand Musey

Dear Mr. Cohen:

As you know, we have been trying for some time to resolve the differences between the Board of Directors of the Corporation (the "Board") and Mr. Musey with regard to various matters, including but not limited to, the recently adopted Terrace Rules.

We have tried to re-write those Terrace Rules but we have encountered difficulty in editing them. We understand, however, that, prior to the recently adopted Terrace Rules, there were Terrace and Roof Rules governing their use in effect for many years. Those Rules seemed to have worked and caused little dispute. We believe it would be most appropriate for the Board to revert back to those original Terrace and Roof Rules, with the understanding that any proposals in the future to modify or amend those Terrace and Roof Rules will be governed by reasonableness and in consultation with the residents of the two apartments affected and, as necessary, an independent engineer. To address any concerns that the Board may have with respect to liability and building damage, Mr. Musey is offering to maintain adequate umbrella coverage with the coop corporation named as an additional insured.

Other issues concern the fact that the terrace is not habitable as the delicate membrane has yet to be covered and the roof still is not habitable due to lack of a parapet or protective railing. Without question, the Proprietary Lease places the responsibility on the Corporation/Board to cover the terrace membrane and to make the roof habitable. Regarding the membrane cover, we do acknowledge a prior

conversation wherein you noted that if Mr. Musey desires a membrane cover over and above the minimum that the Corporation would provide, the parties should discuss it among themselves and reach some form of agreement. In addition, we understand that three doors from the Terrace to the apartment need to be replaced but the Board has agreed to replace only one of those doors. With all three in questionable condition, we cannot understand why only one was chosen as all three are in similar condition and it makes more sense to do the replacement all at once instead of piecemeal.

We also need to point out that there is both a terrace and a roof that our client has access to and exclusive use of pursuant to the Proprietary Lease. The Board seems to ignore Mr. Musey's rights to the roof, however, the Proprietary Lease is quite clear as to his rights thereof.

Mr. Musey purchased an apartment under the notion that there were a certain set of rules governing both the building and his relationship with the Corporation. Unfortunately, the Board has acted to change those set of rules as if Mr. Musey and the corporate documentation were not considered as part of the process. We believe they are both relevant and both need to be acknowledged and made part of the process. As a result, we demand that the Board: (i) revoke the recently issued Terrace Rules in their entirety; (ii) install a protective surface over the terrace membrane so our client can use the terrace; (iii) agree to replace all three exterior access doors; (iv) install a railing complying with applicable regulations along the perimeter of the roof ensuring that it is habitable; and (v) provide our client with a 50% rebate of the maintenance he has been paying from the end of July 2013, the date of the new rules depriving him of use of the terrace and roof, until such time as they are both habitable.

If the Board does not agree to undertake the foregoing demands by July 8, 2014, we have been instructed to file the complaint that was previously provided to you.

We believe that our client has a strong case for substantial actual and punitive damages against the Board and our client is quite comfortable pursuing a litigation path if necessary. However, our client views the building as his long term home and would prefer to settle this issue amicably with prompt receipt of the benefits of the bargain of his purchase of the shares of stock in the co-op corporation and the proprietary lease to the apartment and being made whole for the costs of enforcing those rights. We would also like to avoid any unfavorable publicity that litigation involving an apartment with this history would likely bring the building and the difficulties it might cause for the coop corporation and its shareholders to conduct ordinary business such as sales of apartments.

We also understand that among the shareholders of the coop there are various rumors pertaining to Mr. Musey's intentions, one of which is that Mr. Musey is seeking to have the Board pay for the renovations to his apartment. This and other rumors are untrue and unfortunate and we expect that, during this interim period where we are attempting to settle our differences, the Board will not discuss this issue with other shareholders and will not to render any disparaging remarks regarding Mr. Musey. Mr.

Musey has not made any such disparaging remarks and agrees not to do so during this interim period.

We hope that you'll agree this is a compelling offer for the Board given their likely exposure in litigation.

We await the response of your client.

Very truly yours,

HINMAN, HOWARD & KATTELL, LLP

By 
Stuart Sugarman