

OPERATING AGREEMENT

OF

VAN COURTLANDT ASSETS LLC

This Operating Agreement is entered into by and among those whose name, signature, address and Social Security number or Federal Identification number appear at the end hereof (referred to herein individually as "Member" and collectively as "Members") as of the date this Agreement has been duly executed by all of the Members:

WITNESSETH:

WHEREAS, the Members are owners as tenants in common of the real property located at and known as 155-165 East Mosholu Parkway North and 171 East Mosholu Parkway North, Bronx, New York (property); and

WHEREAS, the Members do hereby form a New York Limited Liability Company pursuant to Chapter 34 of the Consolidated Laws of the State of New York known as the New York Limited Liability Company Law for the purpose of acquiring, owning, managing and disposing of the aforesaid real property; and

WHEREAS, the Members have simultaneously herewith executed and delivered a Deed transferring their respective interests in the property to the Limited Liability Company; and

WHEREAS, the Members desire to enter into this Operating Agreement to set forth the terms and conditions of such Company and their respective rights and obligations with respect thereto and with respect to each other;

NOW THEREFORE, in consideration of the mutual covenants herein contained and of the foregoing, the Members do hereby agree as follows:

1. The Members do hereby form a Limited Liability Company pursuant to the New York Limited Liability Company Law of the State of New York for the purpose of acquiring, owning, managing and disposing of the real properties located at and known as 155-165 East Mosholu Parkway North and 171 East Mosholu Parkway North, Bronx, New York, and such other activities as may be reasonably related thereto.

The Company shall not own or operate any other real property or own, operate or conduct any other business.

2. The name of the Company shall be VAN COURTLANDT ASSETS LLC (herein sometimes referred to as the "Company").

3. The principal place of business of the Company shall be located at 101 Cedar Lane, Teaneck, New Jersey 07666 or at such other place as the Members may determine.

4. The Secretary of State of the State of New York is designated as the Agent of the Company upon whom process against the Company may be served. The address to which the Secretary of State shall mail a copy of any notice or process is Rinaldo Toporovsky, 101 Cedar Lane, Teaneck, New Jersey 07666.

5. The Company shall begin on the date the Articles of Organization are filed with the New York Secretary of State and shall continue and extend to December 31, 2050 or unless and until sooner terminated or the Company is dissolved pursuant to the provisions of the Laws of the State of New York or in accordance with the provisions of this Agreement.

6. Upon written request sent by Registered or Certified Mail by any one or more of the Members holding a cumulative interest of at least 51 percent to the other, the property shall be sold. If within one (1) month after the mailing of such notice the Members cannot agree in writing concerning the price upon which the property shall be sold, the price shall be determined by an appraisal to be made by a qualified appraiser in the County in which the property is located. Should the Member desiring such sale and the others be unable to agree on an appraiser, each shall name one appraiser, and two so named shall make such appraisal. Should both appraisers be unable to agree on a price within one (1) month after their appointment, they shall name a third appraiser, whereupon the three appraisers shall make an appraisal and the determination of two out of the three shall be binding upon the Members. Should the two appraisers be unable to agree upon a third appraiser, application for appointment of such third appraiser shall be made to the Supreme Court in the County in which the property is located. Upon the establishment of the price by agreement of the Members or by appraisal, the Members shall use their best efforts to sell the property with due dispatch. The Members agree to sign any document or instrument necessary to consummate a sale at the minimum price fixed by the appraiser or such greater price as may have been obtained, if any, and on other commercially reasonable terms. The Member or Members other than the one desiring to sell shall have the opportunity to purchase

provided they sign a contract to do so at a price at least equal to such minimum price prior to any third party entering into negotiations for such a contract.

7. All of the Members shall be entitled to share in the profits and losses in proportion to their capital contributions as set forth below.

Each of the Members shall indemnify the other against any loss, liability, cost or expense (including reasonable attorneys' fees and disbursement and the cost of enforcement of this indemnity) incurred in connection with the property or as a result of being a Member pursuant to this Agreement to the extent such party is required to pay any such loss in excess of his pro rata interest as set forth herein.

8. Title to the real property set forth above shall be held in the name of the Company at all times.

9. The Members shall have a vote equal to their proportionate share of their capital contribution with respect to the management of the Company and all decisions shall be by a vote of at least 51 percent, except, a) those reserved to the Manager, and b) major decisions. Major decisions shall be those relating to sale, mortgaging and leasing all or any part of the property not in the ordinary course of business, and to changes in the Manager and to approval of the Operational Budget (as defined herein) and modifications thereto which exceed \$10,000.00 cumulatively for any year as such changes relate to capital expenditures. Major decisions shall be made by vote of 70 percent or more in interest of the Members.

10. The Manager shall have the right and power to conduct all of the business involved in the purchase, ownership, management and sale of the Company and any of its assets and may execute all necessary documents in connection therewith on behalf of the Members which shall be binding on all of them.

11. Except for the Manager, no Member is required to devote any time to handle the affairs of the business. The Manager shall devote such time as may be necessary for the proper management of the Company. The Manager shall not be liable, responsible or accountable in damages or otherwise to any of the other Members for any acts performed by him in good faith within the scope of this Agreement.

12. a) For the service rendered and to be rendered by the Manager, he shall receive a fee in such amount and in such installments as the Members may agree from time to time. Such payments shall be made out of the gross annual rental received from the property, which fee shall be deemed an expense and deducted prior to the determination of the profits or losses to be shared by the Members.

b) In addition to his other responsibilities, the Manager shall be responsible for the following:

(i) Preparing and distributing to all Members by December 31st of each year a proposed budget for the operation of the property for the next year (the "Operational Budget"), noting specially significant items of expense and concern.

c) The Manager may not assign his right to manage and may not subcontract management of the property except to a company he controls and then only for such period as he remains in control.

13. The fiscal year shall be the calendar year.

14. Proper and usual books of account shall be kept wherein there shall be entered all transactions of the ownership and management of the company. The said books of account and all agreements and records shall be kept at the principal office of the Managing Member and each Member shall at all times during regular business hours have free access to and the right to inspect the same and vouchers and supporting data.

15. No Member shall transfer all or any part of his interest in the company before offering the same to the other in proportion to the others' ownership except that the Members may among themselves and to members of their immediate family (spouses and issue) transfer all or any part of their interest to any or all of the others or to any entity in which said Member retains beneficial ownership without such prior consent or offer being required; provided, however, that upon the death of any Member, his or her interest may be devised or bequeathed by Will, but not otherwise. The transferee of any such interest shall thereupon become a Member in place and stead of the transferor Member which transferee shall agree to and be subject to all of the terms and provisions of this Agreement.

16. Unless otherwise specified, all notices shall be in writing, signed by the sender, and shall be sent Registered or Certified Mail, Return Receipt Requested or by Federal Express or

similar service addressed to the Managing Member, at the place of business as herein provided and to each of the other Members at the addresses hereafter on file with the Managing Member.

17. a) The Manager shall maintain or cause to be maintained at the principal office of the Company or such other place or places as all of the Members from time to time determine, full and accurate records and books of account of the Company's business. Upon reasonable request, each Member shall have the right, during ordinary business hours, to inspect and copy all accounts, books and other relevant Company documents at the requesting Member's expense.

b) The Manager shall timely prepare, or cause the Accountants to prepare, income tax returns required by any taxing authority for the Company, and, in connection therewith and in the discretion of the Members, make any available or necessary elections, including elections with respect to the useful lives and rates of depreciation of the property.

c) The Company shall make the following elections on the appropriate tax returns:

(i) To adopt the calendar year ending December 31st as the Company's fiscal year.

(ii) If a distribution of Company property as described in Section 734 of the Code occurs or if a transfer of Membership Interest as described in Section 743 of the Code occurs, on written request of any Member (at such Member's sole cost and expense), to adjust, pursuant to Section 754 of the Code, the basis of the Company properties.

(iii) To amortize the organizational expenses of the Company and the start-up expenditures of the Company under Section 195 of the Code ratably over a period of sixty (60) months as permitted by Section 709(b) of the Code.

18. a) As soon as reasonably practical, but in no event later than ninety (90) days after the close of each fiscal year of the Company, the Company shall cause to be prepared and furnished to each Member:

(i) The information necessary for the preparation by such Member of his or its Federal, State and other income tax returns.

(ii) The amount in the Capital Account of such Member as of the last day of such fiscal year.

(iii) Such other information as the Managing Member deems reasonably necessary for the Members to be advised of the current status of the Company and its business.

b) No later than sixty (60) days after the receipt of the information set forth in subparagraph (a) above by the Manager, the Company shall cause to be prepared and furnished to each Member a balance sheet and statement of Profit and Loss and Capital Accounts prepared by the Accountants who shall affix their appropriate review statement.

19. The Members shall open and maintain in the name of the Company such bank accounts as may be desired in which shall be deposited all funds of the Company. The authorized signatory of the Company's bank account or bank accounts is Rinaldo Toporovsky.

20. Rinaldo Toporovsky is designated as the "Tax Matters Partner" under Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended, and as the Manager of the Company.

21. Anything in this Operating Agreement to the contrary notwithstanding, it is expressly intended that the entity formed hereby be deemed a partnership as determined by the applicable provisions of the Code, the rules and regulations promulgated thereunder, and other laws pertaining thereto, and that in every respect all of the terms and provisions hereof shall at all times be so construed and interpreted as to give effect to this intent. In the event that the Internal Revenue Service of the United States or any governmental authority having jurisdiction shall in any way or at any time determine that any provision or provisions of this Operating Agreement affects the status of this entity as a partnership for tax purposes, the Members shall amend or supplement the terms and provisions of this Operating Agreement to the extent necessary to comply with the rules, regulations and requirements of the Internal Revenue Service of the United States or any other government authority having jurisdiction, in order that the entity formed hereby be treated as a partnership, be taxable as such, and the Members hereof taxable as partners of a partnership; which modification or amendment shall be retroactively applied to the date of this Operating Agreement.

22. Unless otherwise provided herein, all notices, requests, consents and other communications required or permitted to be given hereunder to the Company or to any of the Members (hereinafter collectively referred to as a "Notice") shall be deemed given only if in writing and a) delivered in person, or b) sent by overnight courier service or other expedited delivery service, or c) by fax, or d) mailed first class Certified or Registered Mail, Return

Receipt Requested, postage prepaid, addressed to the Company at its then principal office and to the Member(s) to whom any such Notice is addressed at the address herein stated for such Member(s) or at such other address as any Member hereafter may designate in a notice to the Company and to the other Members in accordance with the provisions of this Section 22. Notice of change of address of any Member shall not be deemed to have been given until actual receipt by the Company. Notice on behalf of the Company may be given by its attorneys.

23. This Operating Agreement constitutes the entire understanding among the Members, and no waiver or modification of the terms hereof shall be valid unless in writing signed by all of the Members charged and only to the extent therein set forth. Every exhibit, schedule and other appendix attached to this Operating Agreement and referred to herein is hereby incorporated into this Operating Agreement by reference.

24. This Agreement contains the entire understanding between the Members. There are no representations, agreements or understandings, oral or written, by and among the Members hereto relating to the subject matter of this Agreement which are not herein fully expressed. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. This Agreement may not be modified, altered or changed, except by a written agreement executed by all of the Members.

25. Any dispute or controversy arising under, out of, in connection with or in relation to this Agreement and any amendments thereto, or any breach thereof or in connection with the termination of this Agreement, shall be determined and settled by arbitration in New York pursuant to the rules then obtaining of the American Arbitration Association. Any award rendered therein shall be final and binding on each and all of the Members and judgment may be entered thereon in any court of competent jurisdiction.

26. This Agreement shall be binding upon and inure to the benefit of the Members hereto, their respective heirs, administrators and assigns.

27. This Agreement shall supersede and replace any prior agreement related to the foregoing between the Members hereto.

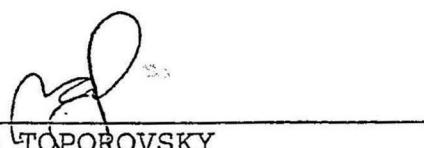
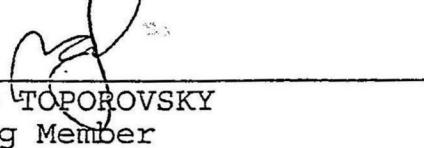
28. The invalidity or unenforceability of any particular provision of this Operating Agreement shall be construed in all

respects as if such invalid or unenforceable provision were omitted.

29. None of the provisions of this Operating Agreement shall be for the benefit of, or enforceable by, any creditor of the Company or any creditor of any Member.

30. The use of the term "his", or similar terms denoting gender, shall mean "his", "her" or "its", as the context requires. The singular number shall be deemed to include the plural and the plural number shall be deemed to include the singular.

IN WITNESS WHEREOF, each of the parties hereto has executed this Operating Agreement as of the day and year written.

<u>NAME</u>	<u>DATE</u>	<u>S.S. NUMBER</u>	<u>PERCENTAGE INTEREST</u>
O.T COMPANY BY: ARTHUR COURT REALTY MGT. CORP., General Partner		22-2198380	60%
BY:  RINALDO TOPOROVSKY, President 101 Cedar Lane Teaneck, N.J. 07666			
2683 MORRIS AVENUE LLC 		22-2995608	40%
BY:  RINALDO TOPOROVSKY Managing Member 101 Cedar Lane Teaneck, N.J. 07666			