

ATTORNEY GENERAL OF THE STATE OF NEW YORK
HOUSING PROTECTION UNIT

In the Matter of

Assurance No. 21-042

**Investigation by LETITIA JAMES,
Attorney General of the State of New York, of**

560-568 Audubon Realty LLC, Hayco Corp.,
Fred Hay, Alex Hay,

Respondents.

ASSURANCE OF DISCONTINUANCE

The Office of the Attorney General of the State of New York (“OAG”) commenced an investigation pursuant to Executive Law § 63(12) into whether 560-568 AUDUBON REALTY LLC, HAYCO CORP., FRED HAY and ALEX HAY (each a “Respondent,” and collectively, the “Respondents”) complied with Rent Stabilization laws and regulations when setting rents, executing leases, and charging rents to tenants at the residential building located at 560-568 Audubon Avenue, New York, New York (“the building”). This Assurance of Discontinuance (“Assurance”) contains the findings of the OAG’s investigation and the relief agreed to by the OAG and Respondents (collectively with the OAG, the “Parties”).

OAG’s FINDINGS

I. Background

1. Respondent 560-568 Audubon Realty LLC is a New York limited liability company with an office at 377 Fifth Avenue, Third Floor, New York, New York, and it is owner and landlord of the 92-unit building located at 560-568 Audubon Avenue, New York, New York.

2. Respondent Hayco Corp. is a New York corporation with an office at 377 Fifth Avenue, Third Floor, New York, New York, and it is the managing agent of the building.
3. Respondent Fred Hay is a member of 560-568 Audubon Realty LLC.
4. Respondent Alex Hay is a member of 560-568 Audubon Realty LLC.
5. Respondents became owners and managing agents of the building in 2009. At all relevant times, the apartments in the building—with limited exceptions—were subject to the Rent Stabilization Law (the “RSL,” codified at New York City Administrative Code § 26-501 *et seq.*) and the Rent Stabilization Code (the “RSC,” codified at 9 NYCRR § 2520.1 *et seq.*).

II. Legal Standard

6. New York Executive Law § 63(12) prohibits repeated or persistent fraud or illegality in the carrying on, conducting or transaction of business.
7. “Illegality” as used in Executive Law § 63(12) includes violations of state laws and regulations, civil and criminal.
8. The New York Rent Stabilization Code was enacted to “. . . prevent the exaction of unjust, unreasonable and oppressive rents and rental agreements, and to forestall profiteering, speculation and other disruptive practices . . .” 9 N.Y.C.R.R. § 2520.3.
9. Rent Stabilization regulates, *inter alia*, the value of rents chargeable for each accommodation, 9 N.Y.C.R.R. § 2522.5, the content of leases between the landlord and tenant, and the submission of rent rolls to the New York State Division of Housing and Community Renewal (“DHCR”), also known as rent registration, 9 N.Y.C.R.R. § 2524.1.
10. Owners of rent stabilized properties may charge their tenants no more than the Legal Regulated Rent for each apartment. Here, the legal regulated rent is calculated by taking allowable increases from the most recent rent charged for the apartment and memorialized in the

lease. When the apartment is occupied by the same tenant year after year and lease after lease, owners may only increase the rent by the rates set forth by the New York City Rent Guidelines Board (“RGB”).

11. Before June 15, 2019, when a rent stabilized apartment became vacant, the owner could increase the rent for the next tenant up to 20% of the previously legal regulated rent (or, if the lease was for one year, 20% percent minus the difference between the current rent guidelines increases permitted for one and two year lease renewals, as set by the RGB). This increase is called the “vacancy allowance.” RSL, at § 26-511(b)(5-a), and RSC, at § 2522.8.

12. From June 2011 to June 2019, an owner was not allowed to take more than one vacancy increase in a calendar year.

13. In addition to the vacancy allowance, Section 2522.4(a)(1) of the RSC allows owners to collect extra rent increases when there has been new equipment installed or improvements made to a housing accommodation. Owners may increase the legal regulated rent based on the cost of these improvements, commonly referred to as “Individual Apartment Improvements” (“IAIs”), without first obtaining approval from the DHCR. During the time period relevant to this Assurance, owners of buildings such as the building were allowed to increase legal regulated rents in apartments by 1/60 the cost of the IAI. 9 N.Y.C.R.R. § 2522.4(a)(4).

14. Owners are required to file registration statements with the DHCR and to truthfully report (i) the identity of tenants; and (ii) the current rent charged for each unit. RSL § 26-517(a), (e).

III. Tenant-Initiated Supreme Court Action

15. In 2016, the 560-568 Audubon Tenant Association and a group of tenants filed a complaint in Supreme Court, New York County, alleging, *inter alia*, that Respondents had violated the Rent Stabilization Law and Rent Stabilization Code in various ways, including by illegally increasing the regulated rents for the named tenants' apartments, falsely registering inflated rents with the DHCR, and failing to provide the named tenants with appropriate lease riders and notices. *560-568 Audubon Tenants Association, et al. v. 560-568 Audubon Realty, LLC* (N.Y. Supreme Index No. 154661/2016).

16. In October 2020, after years of litigation, the parties settled the matter by stipulation of discontinuance.

17. Nearly all terms of the settlement, which covers 28 apartments in the building, are confidential; however, the stipulation of discontinuance provides that the legal regulated rents for the 28 apartments were reset to levels that were substantially lower than those registered and charged in 2016.

IV. OAG Investigation

18. In May 2019, the OAG issued an investigatory subpoena on Respondent 560-568 Audubon Realty, LLC as a result of complaints received and upon its own preliminary inquiry. The subpoena was issued pursuant to the New York Executive Law § 63(12).

19. Respondents complied with the subpoena and produced responsive documents.

20. Through its investigation, the OAG found that Respondents engaged in certain acts that the OAG finds were illegal and fraudulent.

Unsupported Rent Increases

21. Many of the DHCR rent registrations for apartments in the building revealed unsupported increases in legal regulated rents. For some of these rent increases, Respondents purportedly raised rents through Individual Apartment Improvements and frequent tenant turnover as discussed below in paragraphs (22) through (36). Other rent increases, however, had no support.

Apartment B

22. For example, prior to 2014, there was a tenant living in Apartment B with a legal regulated rent of \$881.41 per month. In 2014, Respondents registered a new tenant living in Apartment B and registered a legal regulated rent of \$3,552.43 and a preferential rent of \$2,550. Respondents provided no documentation under rent stabilization for this increase in rent, which amounted to over 300% of the prior legal regulated rent.

Apartment 4E

23. By way of another example, prior to 2014, there was a tenant living in Apartment 4E with a legal regulated rent of \$731.33. In 2014, Respondents registered a new tenant living in Apartment 4E and registered a legal regulated rent of \$1,291.95. Respondents provided no documentation under rent stabilization for this increase in rent, which amounted to over 76% of the prior legal regulated rent.

Unsubstantiated Individual Apartment Improvements

24. An examination of the rent histories of apartments and leases issued to former tenants reveals that Respondents claimed to have done improvements qualifying as IAIs, and took rent increases accordingly, when, in fact, such IAIs could not be fully substantiated by Respondents.

Apartment 4C

25. In 2010, Respondents registered Apartment 4C as vacant with a legal regulated rent of \$595.55. In 2011, Respondents rented the apartment to a new tenant with a lease that set the legal regulated rent at \$1,820.49. Attached to the lease was a rider claiming that the apartment had undergone a renovation costing over \$35,000, including a complete bathroom renovation, new sheetrock and electrical, new appliances and floors in the kitchen, and new doors and windows. This IAI, according to the rider, accounted for the jump in rent above and beyond the vacancy and longevity increases.

26. Documents submitted by Respondents pursuant to subpoena, however, indicate that certain work was done to the bathroom of the apartment in 2014—after the alleged 2011 IAI—including a tub reglazing, certain plumbing work and replacing bathroom fixtures. It is unclear from the documents submitted whether this work was to repair defects or whether it was an improvement. Nevertheless, this work, for which Respondents also claimed an IAI, is inconsistent with the claimed, but unsupported, total bathroom renovation in 2011 and indicates that the 2011 claimed IAI was fraudulent. Respondents produced no documents substantiating the 2011 renovation.

Apartment 3A

27. The legal regulated rent for Apartment 3A was registered at \$856.91 in 2014. On March 3, 2015, Respondents issued a lease to a new tenant with a legal regulated rent of \$1,720.09. That new tenant signed a rider at the time acknowledging that “the apartment has been fully renovated,” including new walls, windows, plumbing, electrical, floors, kitchen and bathroom. The rider did not inform the tenant of the basis for increasing the legal regulated rent

more than 100%, and it did not contain any notice about any alleged IAI or inform the tenant of his right to request documentation supporting an IAI or to challenge an IAI.

28. In fact, there was no IAI that enabled Respondents to increase the legal regulated rent to \$1,720.09. Respondents submitted to the OAG documentation showing construction work to the apartment costing \$20,000, which, if allowed and counted as an IAI, would lead to a \$333.33 rent increase—not a rent increase of more than \$800. Such alleged IAI did not include new plumbing and electrical, as claimed in the rider. It is unclear from the documents submitted whether this work was to repair defects or whether it was an improvement. The documentation for such work submitted by Respondents was not contemporaneous with the work, and \$10,000 worth of payments to the contractor were not earmarked for the work described.

Apparent Rapid Tenancy Turnover and Potential Illusory Tenancies

29. An examination of the rent histories of apartments and leases provided to the OAG reveals that Respondents apparently registered rent stabilized tenancies with the DHCR when apartment occupants were not afforded rights under rent stabilization. Respondents have not provided proof sufficient to the OAG that such tenants actually lived in the corresponding apartment.

30. In order to determine how many rent increases registered by Respondents relied on alleged illegal tenancies or illusory tenancies, the OAG subpoena demanded that Respondents provide proof of security deposits paid and rent payments for 49 tenants that Respondents had registered as living in apartments for a very short period of time. Respondents only produced a portion of proof requested for 9 of the 49 tenants. The OAG finds based on a review of documents provided that these registered tenants may have been illusory or fictitious.

31. Several instances of apparent rapid turnover and potential illusory tenancies at the building were found; following are two examples:

Apartment D

32. A long-term tenant occupied apartment D until approximately 2009. The last legal regulated rent registered for that tenant was \$919.26. In July 2010, Respondents registered [REDACTED] as a rent stabilized tenant living in Apartment D and registered a legal regulated rent of \$2,247.71. Respondents claimed Mr. [REDACTED]'s lease ran from March 1, 2010 to February 28, 2011. The following year, Respondent represented to DHCR in the annual registrations that a rent stabilized tenant named [REDACTED] had a lease for Apartment D running from February 1, 2011 (before the end of Mr. [REDACTED]'s lease) at a legal regulated rent of \$2,607.22. The following year, Respondents represented to DHCR in the annual registration that a new rent stabilized tenant named [REDACTED] was living in Apartment D, and that his lease had commenced December 1, 2011 (before Ms. [REDACTED]'s lease was over) with a legal regulated rent of \$3,037.41. A ledger from Respondent's own billing system notes that Mr. [REDACTED] lived with the prior tenant, calling into question whether Respondents had any legal basis to increase the prior legal regulated rent. A lease produced by Respondents that was allegedly signed by Mr. [REDACTED] falsely stated that the tenancy was unregulated. Similarly, leases produced by Respondents for tenants [REDACTED] and [REDACTED] similarly made the false claim that the tenancies were unregulated.

33. The OAG has concluded that Mr. [REDACTED] and Ms. [REDACTED] were likely illusory tenants or, at the very least were short-term occupants that were unaware of their rights under rent stabilization. Using these alleged tenants to claim vacancy increases pushed the claimed legal regulated rent for Apartment D to over 240% from the 2009 rent within a matter of three years.

Apartment 15C

34. According to the DHCR rent registrations, a long-term tenant occupied Apartment 15C until approximately 2014. The last legal regulated rent registered for that tenant was \$796.23. Respondents registered Apartment 15C as vacant in 2015. On February 26, 2015, Respondents filed a summary nonpayment proceeding in Civil Court, New York County, alleging that the tenant was delinquent on rent for several months. One day later—February 27, 2015—a person named [REDACTED] purportedly signed a lease for Apartment 15C, to commence on March 1, 2015 for one year at a legal regulated rent of \$1,191.92. However, a warrant was not issued to Respondents to regain possession of the apartment until April 27, 2015—nearly two months after Mr. [REDACTED] allegedly commenced occupancy. Thus, Mr. [REDACTED]'s alleged occupancy in March and April 2015 was apparently illegal.

35. Mr. [REDACTED]'s purported lease contained a rider which alleged that Respondents had performed a \$5,850 renovation to the sink, stove, refrigerator and kitchen cabinets, leading to a \$92.62 IAI. Respondents produced no documents to the OAG substantiating such an IAI.

36. Respondents produced to the OAG a purported lease for Apartment 15C from [REDACTED] dated December 12, 2015, running from January 1, 2016 to December 31, 2016 with a legal regulated rent of \$1,849.80. This lease was dated only eight months into the alleged tenancy of [REDACTED]. A lease rider claimed a bathroom renovation costing \$26,600, leading to an IAI of \$443.34. However, the contractor estimate that Respondents submitted to the OAG to substantiate this IAI was dated December 11, 2015—one day before Ms. [REDACTED] allegedly signed her lease, and checks produced to the contractor were from May and November 2016, when Ms. [REDACTED] would have been in occupancy. Thus, the OAG has concluded that Mr. [REDACTED] and Ms. [REDACTED] were likely illusory tenants or, at the very least were short-term

occupants that were unaware of their rights under rent stabilization. The next lease submitted to the OAG for Apartment 15C commenced March 1, 2017 with a legal regulated rent of \$1,942.29. Thus, using these tactics, Respondents increased the legal regulated rent over 250% in two years.

37. The OAG finds that Respondents' acts and deficiencies are in violation of Sections 2521.1, 2522.4, 2522.5, 2522.8, 2523.7, 2525.1 and 2528.3 of Title 9, NYCRR (the New York City Rent Stabilization Code); and Executive Law § 63(12).

38. Respondents admit the OAG's findings, set forth in paragraphs (1) through (36) above, except the last sentence in paragraph 29 above.

39. The OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. THEREFORE, the OAG is willing to accept this Assurance pursuant to Executive Law § 63(15), in lieu of commencing a statutory proceeding for violations of the above noted laws based on the conduct described above.

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Parties:

RELIEF

40. **General Injunction**: Respondents shall not engage, or attempt to engage, in conduct in violation of any applicable laws, including but not limited to Executive Law § 63(12) and the Rent Stabilization Law and Rent Stabilization Code, and expressly agree and acknowledge that any such conduct is a violation of the Assurance, and that the OAG thereafter may commence the civil action or proceeding contemplated in paragraph 39, *supra*, in addition to any other appropriate investigation, action, or proceeding.

41. **Programmatic Relief**: Respondents represent that they have recalculated the legal regulated rents for 59 units in the building as of February 2021. A list of the 59 units and Respondents' calculations are attached as Exhibit A.

42. Respondents represent that they have used the following methodology to determine the new rent calculations for the 59 units in Exhibit A:

a. Respondents have recalculated the legal regulated rent based on the May 2015 legal rent and/or the rent actually charged and paid in May 2015 (which is four years prior to the date the OAG issued a Subpoena to Respondents, plus all legal increases permitted by law); and

b. Respondents have only taken rent increases for vacancy leases issued to real tenants, renewal leases issued to in-place tenants, longevity increases, where applicable, and Individual Apartment Improvements or other increases that were allowed by law and for which they have documentary proof. Respondents have not taken any rent increases where they have no documents to substantiate tenant vacancies or Individual Apartment Improvements.

43. Within 60 days of the effectiveness of this Assurance, Respondents will calculate any overcharge awards due to current tenants who have been and/or are paying rent in excess of the recalculated legal regulated rent for their unit.

44. Within 60 days of the effectiveness of this Assurance, Respondents will send by certified mail, return receipt, and by regular mail, a written notice to each tenant of record residing in apartments 2A, 3A, 4C, 4E, 6A, 6B, 6D, 6E, 7B, 7C, 8D, 9C, 9E, 10C, 11D, 12C, 15C, 16B, 16C, 16E, 17D, and B, utilizing the form Tenant Notice (overcharge) letter attached as Exhibit B or Tenant Notice (no overcharge) letter attached as Exhibit C to this Assurance. Respondents shall provide proof of mailing of the Tenant Notices to the OAG within thirty (30) days of effecting mailing.

45. Respondents are not required to send a Tenant Notice to currently vacant apartments; however, Respondents are required to comply with paragraph (47) below for all apartments, including vacant apartments.

46. Within 60 days of effectiveness of this Assurance, Respondents shall pay to applicable tenants all overcharge refunds or issue a credit they have calculated pursuant to paragraph (43). If any of the tenants entitled to an overcharge refund has an arrears balance, Respondents will first credit such tenant's account by applying the overcharge refund, and then to future rents. If there is a credit balance when any tenant vacates, Respondents will pay the tenant any remaining balance within ten days of vacating the apartment. Respondents will provide tenants with an arrears balance the opportunity to challenge the balance at any time, subject to the applicable statute of limitations. Within 10 days of paying the overcharge refunds, Respondents shall provide the OAG written proof that the payments were sent or credited. Respondents will timely offer to applicable tenants rent-stabilized leases/renewal leases documenting the recalculated legal regulated rent in accordance with the RSL and RSC prior to expiration of the lease.

47. Within 60 days of effectiveness of this Assurance, Respondents shall register the recalculated rents with DHCR, including amending past registrations that are inaccurate. Within 10 days of registration, Respondents shall provide OAG with written proof of the registrations. If DHCR does not accept such registrations, OAG will work with Respondents to effectuate same.

MISCELLANEOUS

Subsequent Proceedings

48. Respondents expressly agree and acknowledge that the OAG may initiate a subsequent investigation, civil action, or proceeding to enforce this Assurance, for violations of the Assurance, or if the Assurance is voided pursuant to paragraph 61, and agrees and acknowledges that in such event:

- a. any statute of limitations or other time-related defenses are tolled from and after October 29, 2019, the date of the first tolling agreement signed by the parties;
- b. the OAG may use statements, documents or other materials produced or provided by the Respondents prior to or after the effective date of this Assurance;
- c. any civil action or proceeding must be adjudicated by the courts of the State of New York, and that Respondents irrevocably and unconditionally waives any objection based upon personal jurisdiction, inconvenient forum, or venue; and
- d. evidence of a violation of this Assurance shall constitute prima facie proof of a violation of the applicable law pursuant to Executive Law § 63(15).

49. If a court of competent jurisdiction determines that the Respondent(s) has/have violated the Assurance, the Respondents shall pay to the OAG the reasonable cost, if any, of obtaining such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

Effects of Assurance:

50. All terms and conditions of this Assurance shall continue in full force and effect on any successor, assignee, or transferee of the Respondents. Respondents shall include any such successor, assignment or transfer agreement a provision that binds the successor, assignee

or transferee to the terms of the Assurance, except as set forth below. No party may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of the OAG. Notwithstanding anything to the contrary set forth herein, this paragraph will not apply to any bona fide purchaser, which will have no obligations under this Assurance.

51. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

52. Any failure by the OAG to insist upon the strict performance by Respondents of any of the provisions of this Assurance shall not be deemed a waiver of any of the provisions hereof, and the OAG, notwithstanding that failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Assurance to be performed by the Respondents.

Communications:

53. All notices, reports, requests, and other communications pursuant to this Assurance must reference Assurance No. 21-042, and shall be in writing and shall, unless expressly provided otherwise herein, be given by hand delivery; express courier; or electronic mail at an address designated in writing by the recipient, followed by postage prepaid mail, and shall be addressed as follows:

If to the Respondents, to:

Howard W. Kingsley, Esq.
Rosenberg & Estis, P.C.
733 Third Avenue
New York, NY 10017
hkingsley@rosenbergestis.com

If to the OAG, to:

Rachel Hannaford, Esq.
Housing Protection Unit
Office of the New York State Attorney General
28 Liberty Street
New York, NY 10005
Rachel.Hannaford@ag.ny.gov

or in her absence, to the person holding the title of Chief, Housing Protection Unit.

Representations and Warranties:

54. The OAG has agreed to the terms of this Assurance based on, among other things, the representations made to the OAG by the Respondents based upon the best of their knowledge and the OAG's own factual investigation as set forth in Findings, paragraphs (1)-(36) above. The Respondents represent and warrant that they have not made any intentional material representations to the OAG that are inaccurate or misleading. If any material representations by Respondents are later found to be inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

55. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the Respondents in agreeing to this Assurance.

56. The Respondents represent and warrant, through the signatures below, that the terms and conditions of this Assurance are duly approved. Respondents further represent and warrant that Fred Hay, as the signatory to this Assurance, is a duly authorized officer acting at the direction of the Boards of Directors of 560-568 Audubon Realty LLC and Hayco Corp.

General Principles:

57. Unless a term limit for compliance is otherwise specified within this Assurance, the Respondents' obligations under this Assurance are enduring. Nothing in this Assurance shall relieve Respondents of other obligations imposed by any applicable state or federal law or regulation or other applicable law.

58. Respondents agree not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in the Assurance or creating the impression that the Assurance is without legal or factual basis.

59. Nothing contained herein shall be construed to limit the remedies available to the OAG in the event that the Respondents violate the Assurance after its effective date.

60. This Assurance may not be amended except by an instrument in writing signed on behalf of the Parties to this Assurance.

61. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

62. Respondents acknowledge that they have entered this Assurance freely and voluntarily and upon due deliberation with the advice of counsel.

63. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

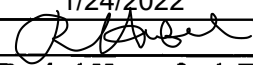
64. The Assurance and all its terms shall be construed as if mutually drafted with no presumption of any type against any party that may be found to have been the drafter.

65. This Assurance may be executed in multiple counterparts by the parties hereto. All counterparts so executed shall constitute one agreement binding upon all parties,

notwithstanding that all parties are not signatories to the original or the same counterpart. Each counterpart shall be deemed an original to this Assurance, all of which shall constitute one agreement to be valid as of the effective date of this Assurance. For purposes of this Assurance, copies of signatures shall be treated the same as originals. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Assurance and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

66. The effective date of this Assurance shall be the date this Assurance is signed by the OAG.

LETITIA JAMES
Attorney General of the State of New York
28 Liberty Street
New York, NY 10005

Date: 1/24/2022
By: 
Rachel Hannaford, Esq.
Senior Enforcement Counsel
Housing Protection Unit

560-568 AUDUBON REALTY LLC

By: _____

[Handwritten Signature]
FRED HAY

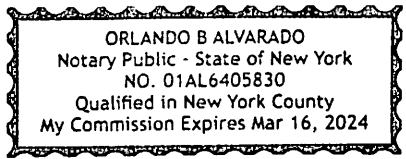
STATE OF New York)
) ss.:
COUNTY OF New York)

On the 21st day of January in the year 2023 before me personally came Fred Hay to me known, who, being by me duly sworn, did depose and say that he resides in 377 5th Avenue NY NY 10016 [if the place of residence is in a city, include the street and street number, if any, thereof]; that he is a member of 560-568 Audubon Realty LLC, the company described in and which executed the above instrument; that he knows the seal of said company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said company, and that he signed his names thereto by like authority.

Sworn to before me this 21st day of January, 2023 04

[Handwritten Signature]

NOTARY PUBLIC



HAYCO CORP.

By: _____

[Handwritten signature]
Fred HAY

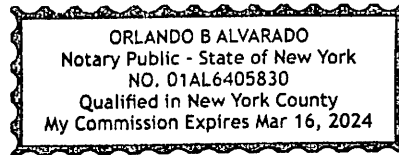
STATE OF New York)

COUNTY OF New York) ss.:

On the 21st day of January in the year 2021 before me personally came Fred Hay to me known, who, being by me duly sworn, did depose and say that he resides in 377 5th Avenue NY NY 10016 [if the place of residence is in a city, include the street and street number, if any, thereof]; that he is an authorized representative of Hayco Corp., the company described in and which executed the above instrument; that he knows the seal of said company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said company, and that he signed his names thereto by like authority.

Sworn to before me this 21st day of January, 2021

[Handwritten signature]
NOTARY PUBLIC





FRED HAY

STATE OF New York)
) ss.:
COUNTY OF New York)


On this 21st day of January, ~~2022~~ ²⁰²³, FRED HAY 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, appeared before the undersigned and acknowledged to me that he executed the within instrument by his signature on the instrument.

Sworn to before me this 21st day of January, ~~2021~~ ²⁰²³ at



NOTARY PUBLIC

ORLANDO B ALVARADO
Notary Public - State of New York
NO. 01AL6405830
Qualified in New York County
My Commission Expires Mar 16, 2024



ALEX HAY

STATE OF New York
COUNTY OF New York ss.:

On this 21st day of January, ~~2022~~ 2021, ALEX HAY 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, appeared before the undersigned and acknowledged to me that he executed the within instrument by his signature on the instrument.

Sworn to before me this 21st day of January, ~~2022~~ 2021 at



NOTARY PUBLIC

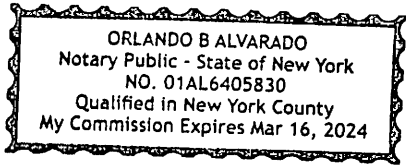


EXHIBIT A

Apt.	Recalculated Legal Regulated Rent
1C	\$ 800.96
2A	\$ 2,111.56
2C	\$ 703.83
2D	\$ 751.96
3A	\$ 1,478.30
3B	\$ 786.44
3D	\$ 901.22
3E	\$ 836.63
4C	\$ 1,205.76
4E	\$ 1,265.00
5A	\$ 1,074.75
5B	\$ 865.16
5C	\$ 929.56
5D	\$ 861.51
5E	Free Market Apt.
6A	\$ 813.83
6B	\$ 2,370.36
6C	\$ 836.12
6D	\$ 1,262.50
6E	\$ 946.44
7A	\$ 1,625.80
7B	\$ 1,201.03
7C	\$ 1,767.54
7D	\$ 1,026.37
8A	\$ 473.05
8D	\$ 994.50
8E	\$ 954.15
9A	\$ 839.22
9C	\$ 1,522.36
9E	\$ 1,257.21
10A	\$ 865.16
10B	\$ 1,398.96
10C	\$ 1,663.66
10D	\$ 845.85
11A	\$ 843.35
11B	\$ 2,087.55
11D	\$ 1,758.71

11E	\$	1,213.38
12C	\$	2,129.27
12D	\$	654.58
14E	\$	808.65
15B	\$	769.20
15C	\$	706.58
15E	\$	737.47
16B	\$	1,882.30
16C	\$	1,178.10
16D	\$	851.84
16E	\$	1,155.45
17A	\$	857.41
17C	\$	1,416.81
17D	\$	1,354.09
17E	\$	826.42
18D	\$	783.05
18E	\$	901.17
A	\$	1,051.64
B	\$	1,406.83
D	\$	1,626.46
F	\$	984.55
G	\$	758.73

EXHIBIT B

[Date]

Dear Tenant of Apartment ____,

560-568 Audubon Realty LLC (the "Landlord") has settled an investigation by the Office of the New York Attorney General (the OAG) concerning your building. As part of this settlement (Assurance of Discontinuance No. 21-042), the legal regulated rent for your apartment has been recalculated.

The legal regulated rent is the maximum amount of rent that a landlord can charge in a rent stabilized apartment. A landlord can charge a "preferential rent" which is less than the legal regulated rent. A change in the legal regulated rent will not change your preferential rent (unless the legal regulated rent is lower than the preferential rent) and the landlord, under the new rent laws, cannot revoke your preferential rent to charge the higher legal regulated rent at this time.

According to our calculations, your legal regulated rent was incorrectly calculated and should be set at \$ _____ per month. Your new legal regulated rent is lower than the preferential rent of \$ _____ that we have been charging you. As such, we believe you are owed a rent overcharge of \$ _____ based on an overcharge of \$ _____/month for the period of _____ to _____, which amount will be credited to your account.

Even though you are receiving a rent overcharge award, this amount could be larger or smaller if you challenge our calculation of the legal regulated rent and DHCR makes a

determination different from our calculation or you seek interest or treble damages and are able to show that the overcharge was willful. We cannot retaliate against you for challenging the legal regulated rent and we understand it is your right to challenge the rent.

If you choose to file an overcharge complaint, you may, go to DHCR's website to get instructions and the form: <https://hcr.ny.gov/system/files/documents/2021/05/ra-89-fillable.pdf>. A copy of the overcharge complaint and instructions are also attached to this letter. To receive assistance in filling out the form, you can contact a Single Stop provider (<https://singlestopusa.org/find-a-location/locations/>).

Should you have any immediate questions, please call [Landlord's Managing Agent] at _____ and ask to speak with _____ about this Notice.

Very truly yours,

560-568 Audubon Realty LLC

EXHIBIT C

[Date]

Dear Tenant of Apartment ____,

560-568 Audubon Realty LLC (the “Landlord”) has settled an investigation by the Office of the New York Attorney General (the OAG) concerning your building. As part of this settlement (Assurance of Discontinuance No. 21-042), the legal regulated rent for your apartment has been recalculated.

The legal regulated rent is the maximum amount of rent that a landlord can charge in a rent stabilized apartment. A landlord can charge a “preferential rent” which is less than the legal regulated rent. A change in the legal regulated rent will not change your preferential rent (unless the legal regulated rent is lower than the preferential rent) and the landlord, under the new rent laws, cannot revoke your preferential rent to charge the higher legal regulated rent.

According to our calculations, your legal regulated rent was incorrectly calculated and should be set at \$_____ per month. Your new legal regulated rent is still higher than the preferential rent of \$_____ that we have been charging you. As such, we do not believe that you were overcharged and are not entitled to a refund of rent or treble damages as a penalty for a willful overcharge.

You can challenge our calculation of the legal regulated rent and if DHCR rules that the legal regulated rent is lower than your preferential rent, you would be entitled to a refund of the overcharged rent. In addition, you may be entitled to treble damages of the overcharge if the

overcharge was willful. We cannot retaliate against you for challenging the legal regulated rent and we understand it is your right to challenge the rent.

If you choose to file an overcharge complaint, you may go to DHCR's website to get instructions and the form: <https://hcr.ny.gov/system/files/documents/2021/05/ra-89-fillable.pdf>. A copy of the overcharge complaint and instructions are also attached to this letter. To receive assistance in filling out the form, you can contact a Single Stop provider (<https://singlestopusa.org/find-a-location/locations/>).

Should you have any immediate questions, please call [Landlord's Managing Agent] at _____ and ask to speak with _____ about this Notice.

Very truly yours,

[Landlord]