

ZARA REALTY HOLDING CORP

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Date: December 22, 2011

I am writing as a follow-up to our telephone conversation concerning the Press release on the Summons and Complaint filed with the Supreme Court, Queens County under index # 28271/2011.

As President of Zara Realty Holding Corp., one the named defendants in this litigation, we have only recently received the Summons and Complaint and have not had an opportunity to examine all of the allegations in depth. However, it is our intention to vigorously defend against the allegations contained in the Complaint. The basis for our defense will include, but is not limited to the following facts:

1. The New York State Homes and Community Renewal a/k/a Division of Housing and Community Renewal approved the Owner's application for a rent increase for all of the tenants based upon a building-wide improvements. The order issued by HCR, the Agency which regulates Housing, is self explanatory and speaks for itself and supersedes the bills by the owner.
2. There are no violation of record on file with the New York City Department of Housing Preservation and Development for the past two(2) years. This building has been inspected by the HCR and DHPD, and found that no violation exist which is not common for buildings in New York.
3. The individual complaint filed by the plaintiffs with HCR seeking a rent reduction based upon a failure to provide a required service filed by plaintiffs has been denied by HCR excepting one which we are anticipating to be dismissed soon;
4. The two Building-Wide Complaints were duplicated, one docket was dismissed and one docket number is still open. We had requested a consolidation of these dockets from HCR.
5. The tenants filed a Petition for Administrative Review against the Major Capital Improvement and more than 90 days (August 2011) has passed since the filing of the PAR by the plaintiffs. Under the regulations of Rent Stabilization Law, the PAR is therefore deemed denied and any stay upon the collection of the retro-active portion of the order is no longer in effect. Furthermore, instead of the tenants' attorney following the track of filing an Article 78 with the Court for further review of the case he ignored that process and commenced a Supreme Court Action.

Additional Information:

The owner received a letter from the tenants on June 13, 2011 listing 47 individual apartments and various building conditions with repair issues totaling in excess of 130 jobs to be done. The tenants then filed a complaint with HCR 15 days later, not giving the owner sufficient time to complete the repairs. A review of the repairs to be completed reveals that this is a herculean task especially since the tenants' representative listed in excess of 130 repair jobs with merely fifteen(15) days to complete same including forty seven (47) individual apartments. *This is unreasonable, unconscionable and lacks good faith.*

All of the above is public information and is readily available from the HCR, and Department of Housing Preservation and Development. The above is believed to have started due to the HCR granting a Rental Increase. The owner is currently in the process of reviewing all information in the lawsuit and if there is an error we'll be willing to make the necessary correction after obtaining who, when, where and how with the supporting evidence.

We trust that you'll make a fair and balance investigation and check the public record and / or contact the undersigned office for full information before publishing inaccurate information. In summary, the allegations in the complaint could have all been addressed before HCR. However, for reasons unknown, the plaintiffs have elected to commence a judicial proceeding. We are confident that the same negative results that HCR issued to the plaintiffs' complaints will also be the final result in this litigation.

Sincerely,

George Subraj