NORTHERN MANHATTAN IMPROVEMENT CORPORATION

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February 23, 2001

Mark W. Muschenheim, Esq.
New York City Department of Law
100 Church Street
New York, NY 10007

Re: *NYCCELP v. Vallone*, Index No. 120911/99

Dear Mr. Muschenheim:

Enclosed herewith is the Judgment in the above with Notice of Entry.

As you will no doubt recall from our conference before Justice York on October 27, 2000, petitioners have asserted that the respondents are not entitled to an automatic stay under CPLR § 5519(a)(1) in the event that they file an appeal. Copies of recent case law, including Medical Society of the State of New York v. Levin (1st Dep't, July 17, 2000) and Cosentino v. Dowling / McCain v. Giuliani / Lamboy v. Hammons (1st Dep't, February 29, 2000), as well as the briefs in Medical Society, were supplied to Justice York, with a copy to you, on October 30, in response to Justice York's request during the conference.

These decisions indicate that the First Department is now in accord with the other Departments in finding that § 5519(a)(1) only stays proceedings to enforce the judgment, not judgments or orders "which are self-executing upon ... promulgation." Pokoik v. Department of Health Servs., 220 A.D.2d 13, 15 (2d Dep't 1996).

While the respondents may choose to seek interim relief in the Appellate Division, petitioners are open to a meeting between the sides to discuss and explore any interim proposals concerning the stay issue or other settlement.

Yours truly

Matthew J. Chachère

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March 5, 2001

By Fax (212 740-9645)

Matthew J. Chachere, Esq.
Northern Manhattan Improvement Corp.
76 Wadsworth Avenue
New York, New York 10033

Re: NYCCELP v. Vallone

Dear Mr. Chachere:

I am writing in response to your letter of February 23, 2001 and our telephone conversations on February 28, 2001. Your letter proposed a meeting between the sides to explore settlement, including interim settlement during the appeals process. Similarly, during our conversation, you proposed a "face to face" meeting among the attorneys, or among the attorneys and the parties, to discuss settlement.

We agree with your proposal to meet to discuss settlement. We believe an initial meeting among the parties' attorneys and representatives of the City Council would best indicate the viability of a settlement.

To make our settlement discussions as productive as possible, we must insist that the parties agree to refrain from initiating any court proceeding during the settlement process, since we continue to disagree with plaintiffs' contention that the defendants do not have a statutory stay of the judgment during the appeal process.

Please contact me so that I can arrange a time for a meeting.

Very truly yours,

Mark W. Muschenheim
Assistant Corporation Counsel

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March 6, 2001

Via Facsimile and First Class Mail

Mark W. Muschenheim, Esq.
New York City Department of Law
100 Church Street
New York, NY 10007

Re: *NYCCELP v. Vallone*, Index No. 120911/99

Dear Mr. Muschenheim:

We received your letter of March 5, 2001.

Before responding, I note that when we spoke by phone on February 28, 2001, I reiterated plaintiffs' position that there is no automatic stay of the Supreme Court's Judgment in the above, and thus by operation thereof Local Law 38 is a nullity and the prior laws are in effect.

Nonetheless, at that time I conveyed to you the following specific offer: that, while an appeal was pending, plaintiffs would agree to a stay of City inspection and enforcement of intact lead paint violations in non-lead-poisoned children's homes, provided the City agreed to enforce all other aspects of the regulations it proposed in late 1998* to carry out enforcement in accordance with the Supreme Court's and Appellate Division's prior directives. I referred specifically to § 11-05(b)(2) of those regulations, and conveyed plaintiffs' understanding that they would thus be staying those enforcement obligations that the City felt were the most onerous.

While you did not respond directly to this offer during this conversation, you asked me whether plaintiffs would agree to a stay in the meantime while discussions occurred. My response was that I was unable to answer without consulting with the plaintiffs, but if the City did not find plaintiffs' offer acceptable plaintiffs could not entertain such a stay unless the City at least made a bona fide and substantive counter-offer regarding how to best protect New York's children in the interim.

However, your letter yesterday indicates that — notwithstanding the case law plaintiffs have presented to the City on the inapplicability of the automatic stay provisions of CPLR § 5519(a)(1) to the fully self-executing Judgment in the instant matter — the City has now apparently taken the position that there is a stay, that the City is not presently bound by the Judgment, and is under no obligation to enforce the prior laws.

Given the City's enunciation of this position, it would seem at this juncture that discussions of the stay question and discussions of other possible settlement issues are now two distinct matters. As to the former, because your letter neither indicated that the City was interested in plaintiffs' offer regarding a stay of enforcement of § 11-05(b)(2) nor contained any counter-offer, plaintiffs believe they have no choice but to move for appropriate relief.

If you can confirm that the City is indeed interested in accepting plaintiffs' specific offer or can convey a substantive counter-offer, plaintiffs would agree to abstain from seeking further

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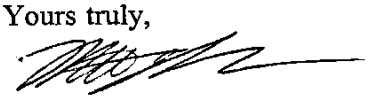
* City Register, October 9, 1998, at 3505, and October 15, 1998, at 3544.

relief this week so that the parties can meet within the next few days. If, however, the City is instead interested only in more general settlement discussions, plaintiffs would be pleased to meet as well, but nonetheless cannot accede to your insistence that they agree to forego moving for appropriate relief in the interim if necessary.

Yours truly,



Matthew J. Chachère

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March 9, 2001

By Fax (212 740-9645)

Matthew J. Chachere, Esq.
Northern Manhattan Improvement Corp.
76 Wadsworth Avenue
New York, New York 10033

Re: NYCCELP v. Vallone

Dear Mr. Chachere:

I am writing in response to your letter of March 6, 2001.

Given plaintiffs' restricted scope to any settlement discussions as well as their unwillingness to agree to refrain from initiating any court proceeding while such discussions are ongoing, at this time one or more settlement meetings would not be helpful. We continue to disagree with plaintiffs' contention that the defendants do not have a statutory stay of the judgment during the appeal process, and thus we will proceed accordingly.

Very truly yours,

Mark W. Muschenheim
Assistant Corporation Counsel