



**THE ASSOCIATION OF RIVERDALE
COOPERATIVES AND CONDOMINIUMS**
STEPHEN J. BUDIHAS, PRESIDENT

PROPRIETARY LEASE FORM 2.03B
Revised 8/25/09

**SHAREHOLDERS AGREEMENT
and PROPRIETARY LEASE**

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THIS FORM OF PROPRIETARY LEASE IS INTENDED AS A WORKING TOOL FOR COOPERATIVES AMENDING OR REPLACING THEIR CURRENT DOCUMENTS. IT SHOULD BE CAREFULLY REVIEWED BY THE BOARD OF DIRECTORS AND BY AN ATTORNEY TO DETERMINE THE EXTENT TO WHICH IT IS APPLICABLE TO EACH COOPERATIVE.

Apartment Corporation _____

Address of Building _____

Block and Lot of the building _____

Tenant-Shareholder _____

Apartment Number _____ Number of Shares _____

Effective Date _____ Termination Date _____

SHAREHOLDERS AGREEMENT and PROPRIETARY LEASE (the "Agreement") made on the Effective Date set forth above by and between the APARTMENT CORPORATION named above, a corporation organized under the laws of the State of New York, and the TENANT-SHAREHOLDER named above.

RECITALS: The Apartment Corporation is the owner of the land and the building erected thereon identified above (the "Building").

The Tenant-Shareholder is the owner of the Number of Shares of the Apartment Corporation set forth above (the "Shares"), which have been allocated to the Apartment, as defined below in Paragraph 1.1, in the Building.

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DEFINITIONS:

"Apartment" is defined in paragraph 1.2 hereof

"Additional Space" is defined in paragraph 1.2 hereof.

"Additional Rent" is defined in paragraph 2.3.5 hereof

"Building" is defined in the Recitals set forth above.

"Cash Requirements" is Defined in paragraph 2.3 hereof.

"Family" is defined in paragraph 5.1 hereof.

"House Rules" is defined in paragraph 4.4 hereof.

"Objectionable Conduct" defined in paragraph 6.1(f) hereof.

"Maintenance" is defined in paragraph 2.1 hereof

"Operating Expenses" is defined in paragraph 2.3.2 hereof.

"Ownership Expenses" is defined in paragraph 2.3.1 hereof

"Proportionate Share" is defined in paragraphs 2.2 and 2.2.1 hereof

"Rent" is defined in paragraph 2.1 hereof

"Shares" is defined in the Recitals set forth above.

"Subletting" is defined in paragraph 5.2 hereof.

"Term" is defined in paragraph 1.3 hereof.

"User Charges" is defined in paragraph 2.3.4 hereof.

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The parties hereby agree as follows:

1 Demised Premises and Term.

11 Demise of Apartment. The Apartment Corporation hereby leases to the Tenant-Shareholder, and the Tenant-Shareholder hereby hires and takes from the Apartment Corporation, upon the terms and conditions hereinafter expressed, the Apartment.

12 Apartment Defined. The Apartment is defined as the space in the Building as partitioned on the date of the execution of this Agreement designated by the above-stated Apartment Number, together with any appurtenances and fixtures, and the right to exclusive use of any Additional Space, which may include maids rooms, closets, storage bins, garage or parking spaces, or a terrace, balcony, or a portion of the roof, which are allocated exclusively to the Apartment. Any such Additional Space shall be identified on Schedule A to this Agreement. Tenant-Shareholder shall not have any rights to exclusive use of any space not listed on Schedule A, except as may be expressly provided by separate agreement.

13 Use of Additional Space. If this Apartment includes Additional Space listed in Schedule A, the Tenant-Shareholder shall have and enjoy the exclusive use of such Additional Space subject to the applicable provisions of this Agreement and to the use of such Additional Space by the Apartment Corporation to the extent herein permitted. The Tenant-Shareholder's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Apartment Corporation.

14 Term. The Term of this Agreement shall be, and the Tenant-Shareholder shall have and hold the Apartment upon the terms and conditions herein set forth, from the Effective Date set forth above until the Termination Date set forth above, unless the Term shall sooner expire or be extended as hereinafter provided in this Agreement.

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2 Payments to the Apartment Corporation.

21 **Rent.** The rent (hereinafter called "Maintenance") payable by the Tenant-Shareholder during the term of this Agreement shall include (i) the Proportionate Share, as defined in Paragraph 2.2 and 2.2.1, of the aggregate amount of the Cash Requirements of the Apartment Corporation, as defined in paragraph 2.3 (ii) the Additional Rent, as defined in Paragraph 2.3.5; and (iii) user charges, as defined in Paragraph 2.3.4.

2.1.1 **Time of Payment.** The Maintenance shall be payable in equal monthly installments in advance on the first day of each month unless the Board of Directors of the Apartment Corporation (the "Board of Directors") shall direct otherwise. The Board of Directors may require payment of assessments at such times and in such amounts it shall determine. The Tenant-Shareholder shall also pay, when due, such Additional Rent, User Charges, and fees as may be provided for herein.

2.1.2 **Additional Shares.** In the event that after the fixing of the amounts payable as Maintenance by the Tenant-Shareholders under Agreements for any period of time, one or more additional Agreements and appurtenant shares are issued, or more shares are issued appurtenant to an existing Agreement, thus increasing the aggregate number of shares specified in all Agreements, the Maintenance to be paid for such additional shares until otherwise fixed by the Board of Directors, shall be at the same rate per share of stock as applied to the shares of stock specified in all other Agreements in effect at the time.

Proportionate Share.

2.2 In every Agreement previously executed by the Apartment Corporation there has been specified, and in every Agreement hereafter executed by it there will be specified, the number of shares of the capital stock of the Apartment Corporation appurtenant to such Agreement, which number, in relation to the aggregate of all shares, issued and outstanding, similarly specified in all the Agreements at the time in effect, shall constitute the basis for fixing the proportionate share of the Cash Requirements of the Apartment Corporation which shall be payable as Maintenance by the Tenant-Shareholder.

2.2.1 **Ratio.** The Proportionate Share shall be the ratio which the number of shares of the Apartment Corporation owned by the Tenant-Shareholder bears to the aggregate of all shares, issued and outstanding, similarly specified in all the Agreements in effect at the time of the fixing and determination of the Cash Requirements.

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Cash Requirements.

2.3 The Cash Requirements shall be such amount as the Board of Directors shall determine is necessary or proper to pay the estimated costs of the Apartment Corporation, over such period of time as the Board of Directors shall determine, arising out of or connected with (i) the ownership of the land and Building and the management of the Apartment Corporation and any other corporate purpose, and (ii) the operation, upkeep, and care of such land and Building. In making such determination the Board of Directors may give consideration to other income of the Apartment Corporation, including Additional Rent, User Charges existing funds, existing and future liabilities, and existing and future services provided pursuant to Paragraph 3.2 hereof, and any other relevant financial consideration.

2.3.1 **Ownership Expenses.** Ownership Expenses are defined as expenses that arise from the status as a shareholder of the Apartment Corporation. Ownership Expenses may include, among other things, without limitation, real estate taxes and assessments, interest on mortgage indebtedness, mortgage amortization payments, renovation or capital improvements, corporate taxes, professional fees, the creation of reserve or surplus funds, and expenses for other corporate purposes.

2.3.2 **Operating Expenses.** Operating Expenses are defined as all costs of maintaining and operating the Building, and may include, among other things, without limitation, salaries, utilities, replacements, renewals and repairs, and other operating expenses and liabilities incurred by the Apartment Corporation.

2.3.3 **Determination of Cash Requirements.** The Board of Directors may, by resolution or resolutions duly adopted from time to time, increase or diminish the amount of Cash Requirements previously fixed or determined. No determination of Cash Requirements shall have any retroactive effect on the amount of the Maintenance payable by the Tenant-Shareholder for any period prior to the date of such determination. All determinations of Cash Requirements shall be conclusive as to all Tenant-Shareholders.

2.3.4 **User Charges.** The Apartment Corporation may also charge User Charges to the Tenant-Shareholder. User Charges are defined as charges for services, facilities, or utilities, consumption of which is discretionary on the part of the shareholder or which, in the sole discretion of the Board of Directors, are appropriately charged based on use. Utilities which may be charged on a uniform fee or use basis include, but are not limited to, water, electricity, or transmission or receipt of electronic signals, supplied by or contracted for by the Apartment Corporation, or for which the Apartment Corporation pays the service provider. Services or facilities which may be charged on a uniform fee or use basis include, but are not limited to, parking, laundry facilities, health club or exercise room, or storage areas. Fixtures, appliances, or facilities which may be charged on a uniform fee or use basis include, but are not limited to air conditioners, washing machines, dryers, or other items that may require the consent of the Board of Directors before installation or use. User charges may also include charges arising out of Shareholder requests for consent of the Board of Directors in any instance where such consent is required by this Agreement, including administrative fees and reimbursement of professional fees incurred by the Apartment Corporation.

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2.3.5 **Additional Rent.** Additional Rent shall mean such amounts as the Tenant-Shareholder may be obligated to pay by reason of any default hereunder, as specified in Paragraphs 2.5, 2.6, 3.2.3, 3.7, 3.7.1, 4.4.3, 4.5.3 and 8.2.4 hereof, or as otherwise required by the terms of this Agreement.

2.4 **Continuation of Maintenance.** If the Board of Directors does not determine the Apartment Corporation's Cash Requirements for any year or portion thereof, it shall not be deemed a waiver or modification in any respect of the covenants and provisions of this Agreement, or a release of the Tenant-Shareholder from the obligation to pay the Maintenance charges or any installment thereof, but the maintenance computed on the basis of the Cash Requirements as last determined for any year or portion thereof shall thereafter continue to be the Maintenance until a new determination of Cash Requirements shall be made.

2.5 **Late Fee and Interest.** The Tenant-Shareholder will pay the Maintenance, including Additional Rent, and User Charges to the Apartment Corporation upon the terms, at the times and in the manner herein provided, without any deduction on account of any set-off or claim which the Tenant-Shareholder may have against the Apartment Corporation. If the Tenant-Shareholder shall fail to pay any installment of Maintenance, including Additional Rent and User Charges, or any other sum due hereunder, when due, the Tenant-Shareholder shall be subject to a late fee to be determined by the Board of Directors. If the Tenant-Shareholder shall fail to pay any installment of Maintenance, including Additional Rent and User Charges, or any other sum due hereunder, within one month from the time when the same becomes due, the Tenant-Shareholder shall pay in addition to the applicable late fee, interest on such unpaid amounts at the rate to be determined by the Board of Directors, not to exceed the highest rate permitted by law, from the date when such installment shall have become due to the date of the payment thereof. Such late fee and interest shall be Additional Rent.

2.6 **Reimbursement of Expenses.** If the Tenant-Shareholder shall at any time fail to comply with, or be in default under, any part of this Agreement or of the House Rules and the Apartment Corporation shall incur any expense (whether paid or not) in causing such default to be cured or in performing any act which the Tenant-Shareholder is required to perform, or in curing any damage to the Building or any part thereof caused by the Tenant-Shareholder or anyone occupying or visiting the Apartment with the consent of the Tenant-Shareholder or anyone for whom the Tenant-Shareholder is legally responsible, or in enforcing the terms of this Agreement or of the House Rules against the Tenant-Shareholder, including, but not limited to, the sending of notices and the prosecution of any arbitration, action or proceeding based on such default, or in defending, or asserting a counterclaim in any arbitration, action or proceeding brought by the Tenant-Shareholder, the expense thereof to the Apartment Corporation, including attorneys' fees and disbursements, shall be paid by the Tenant-Shareholder to the Apartment Corporation, on demand, as Additional Rent.

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27 **Abatement of Maintenance.** If damage to the Apartment or to the Building shall render the Apartment partly or wholly untenantable, the portion of the Maintenance charges arising under Paragraph 2.3.2 hereof shall proportionately abate until the Apartment is again rendered wholly tenantable (but the Ownership Expenses arising under Paragraph 2.3.1 hereof shall not abate), provided that if at the end of any fiscal year the Apartment Corporation incurs an operating deficit for any reason, including, but not limited to, any abatement, then the Tenant-Shareholder is obligated to pay his proportionate share of any Assessment required by the Board of Directors to cover such shortfall. If said damage shall be caused by the act or negligence of the Tenant-Shareholder or the agents, employees, guests or members of the family of the Tenant-Shareholder or any occupant of the apartment, such Maintenance charge shall abate only to the extent of the rental value insurance, if any, collected by the Apartment Corporation with respect to the Apartment.

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3 Operating and Repairing

31 Obligations of the Apartment Corporation

3.1.1 **Repair of the Building.** The Apartment Corporation shall at its expense keep in good repair all of the Building including all of the Apartments, the sidewalks and courts surrounding the same, and all equipment and apparatus except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Tenant-Shareholder pursuant to Paragraphs 3.2.1, 3.2.2 and 3.2.3 hereof.

3.1.2 **Operation of the Building.** The Apartment Corporation shall operate and manage the Building as a first-class apartment building, and shall keep all common areas, elevators, halls, basements, cellars, and stairways, and all portions of the building that are not part of any Apartment, clean and properly lighted and heated, and shall provide the number of employees requisite, in the discretion of the Board of Directors, for the proper care and service of the Building, and shall provide the Apartment with a proper and sufficient supply of hot and cold water and of heat, and, if there be central air conditioning equipment supplied by the Apartment Corporation, air conditioning when deemed appropriate by the Board of Directors, and such other amenities and services as the Board of Directors deems appropriate. The covenants by the Apartment Corporation herein contained are subject, however, to the discretionary power of the Board of Directors to determine from time to time what services and what employees shall be proper, and the manner of operating the Building, and what existing services shall be increased, reduced, changed, modified or terminated, and what facilities or services shall require the payment of User Charges, and the Board of Directors shall have the discretion to make repairs, replacements, alterations or improvements to the structure, facilities, or appearance of the Building.

3.1.3 **Roof Equipment and Antennas.** The Apartment Corporation shall have the right to erect, or permit to be erected, equipment on the roof, including, but not limited to, radio and television aerials and antennas, satellite dishes and microwave towers, and shall have the right of access thereto for such installations and for the repair and maintenance thereof.

32 Obligations of the Tenant-Shareholder

3.2.1 **Repair of the Apartment.** The Tenant-Shareholder accepts the Apartment and the Additional Space in its as-is condition as of the Effective Date set forth above, and shall keep the interior of the Apartment, and any additional maids room, closet or storage area of which the shareholder has exclusive use, (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance and terrace doors, frames and saddles) in good repair and condition. The Tenant-Shareholder shall be responsible for all of the paint, wall surfaces, plaster, wall paper and tiles, and for all decorating required for the Apartment, including the interior of window frames, sashes and sills, entrance and terrace doors, frames, and saddles. The Tenant-Shareholder shall be solely responsible for the upkeep, repair, and replacement of plumbing, gas and heating fixtures and

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equipment and such refrigerators, dishwashers, removable and through-the-wall air conditioners, washing machines, ranges and other appliances, as may be in the Apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Tenant-Shareholder or any predecessor Tenant-Shareholder may have installed within the wall or ceiling, or under the floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceiling or floors, or air conditioning or heating equipment which is part of the standard building equipment. The Tenant-Shareholder shall be solely responsible for the upkeep, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction of the common wiring and the Tenant- Shareholder's fuse box or circuit-breaker box into and through the Apartment. **In** the event the Tenant-Shareholder or any prior Tenant-Shareholder made changes to the windows, plumbing, electrical lines or made alterations to the structure of the Apartment, or installed any appliance or equipment outside of the Apartment which exclusively serves the Apartment, the Tenant-Shareholder shall be responsible for making repairs, replacements and alterations to such items, notwithstanding paragraph 3.1.1 hereof. Any ventilator or air conditioning device which shall be visible from the outside of the Building shall at all times be painted by the Tenant-Shareholder in a standard color which the Apartment Corporation shall have the right to designate for the Building. The obligations of the Tenant-Shareholder under this Paragraph 3.2.1 may be expanded by separate agreement entered into pursuant to Paragraph 8.1 of this Agreement.

3.2.2 Safety Equipment. The Tenant-Shareholder shall maintain in proper condition all safety devices and equipment, including but not limited to smoke detectors, carbon monoxide detectors and window guards, located in or appurtenant to the Apartment which serve the Apartment exclusively, and shall be responsible for remediation of all environmental hazards within the Apartment.

3.2.3 Upkeep of Outdoor Spaces. The Tenant-Shareholder shall keep any terrace, balcony, or portion of the roof included as Additional Space on Schedule A clean, and free from snow, ice, leaves and other debris, and shall keep all screens and drains clean, free of debris, and in good condition. No planting, fences or equipment, decoration, structures or lattices shall be erected or installed on the courtyards, terraces, balconies, or roof of the Building without the prior written approval of the Apartment Corporation. No cooking shall be permitted on any terraces, balconies or the roof of the building, nor shall the walls thereof be painted or otherwise altered or decorated by the Tenant-Shareholder without the prior written approval of the Apartment Corporation. Any planting, fences or equipment, decoration, structures or lattices erected or installed by the Tenant-Shareholder or any prior Tenant-Shareholder shall be maintained by the Tenant-Shareholder, and may be removed and restored by the Apartment Corporation at the expense of the Tenant-Shareholder for the purpose of improvements, repairs, upkeep or maintenance of the Building. The Tenant-Shareholder shall be responsible for damage to the Building caused by improper or unauthorized use of any Additional Space. Any sum owed by the Tenant-Shareholder hereunder shall be Additional Rent.

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33 Alterations by the Tenant-Shareholder

3.3.1 **Consent to Alterations.** The Tenant-Shareholder shall not, without first obtaining the written consent of the Apartment Corporation, make in the Apartment, or in any Additional Space, or any other place in the Building, any alteration, which shall include, without limitation, any alteration of the structure of the Building, or of the Apartment, or any portion of the Building which Tenant-Shareholder is not obligated to maintain pursuant to Paragraph 3.2 hereof, including any windows, walls, floors, or ceilings, or any alteration of or addition to the water, gas or steam pipes, electrical conduits, or plumbing, heating or air conditioning fixtures, or any communication or alarm system, or, except as hereinafter authorized, remove any additions, improvements, fixtures or appliances from the Apartment.

3.3.2 **Scope of Consent.** There shall be no limitation on the right of the Board of Directors to grant or withhold consent for any reason or for no reason to any such alteration. Consent may be subject to such conditions as the Board of Directors may impose, which may include, but shall not be limited to, an obligation to indemnify the Apartment Corporation, and minimum insurance requirements for all contractors.

3.3.3 **Alteration Agreement.** The performance by Tenant-Shareholder of any work in the Apartment shall be in accordance with any applicable rules and regulations of the Apartment Corporation and all governmental agencies having jurisdiction thereof, and in accordance with the terms of an Alteration Agreement in the form required by the Apartment Corporation. The Tenant-Shareholder shall not in any case install any pipes, wires, or appliances which, in the sole discretion of the Board of Directors, may overload the existing Building facilities or equipment.

3.3.4 **Removal of Fixtures.** Without written consent from the Apartment Corporation, the Tenant-Shareholder shall not remove any fixtures, appliances, additions or improvements from the Apartment except as hereinafter provided. If the Tenant-Shareholder, or a prior Tenant-Shareholder, shall have heretofore placed, or the Tenant-Shareholder shall hereafter place in the Apartment, at the Tenant-Shareholder's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without alterations to the structure of the Building or permanent damage to the Apartment, then title thereto shall remain in the Tenant-Shareholder and the Tenant-Shareholder shall have the right, prior to the termination of this Agreement, upon 10 days written notice to the Apartment Corporation, to remove the same at the Tenant-Shareholder's own expense, provided: (i) that the Tenant-Shareholder at the time of such removal shall not be in default in the payment of Maintenance charges or in the performance or observance of any other covenants or conditions of this Agreement; and (ii) that the Tenant-Shareholder shall, at the Tenant-Shareholder's own expense, prior to the termination of this Agreement, repair all damage to the Apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; and (iii) that if the Tenant-Shareholder shall have removed from the Apartment any articles or materials

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owned by the Apartment Corporation or any fixtures or equipment necessary for the use of the Apartment, the Tenant-Shareholder shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality then customary in comparable buildings and satisfactory to the Apartment Corporation. On the expiration of the term hereby granted, or upon a sooner termination of this lease, the Tenant-Shareholder shall surrender to the Apartment Corporation possession of the apartment with all additions, improvements and fixtures then included therein except as hereinabove provided.

3.4 **Indemnity by Shareholder.** The Tenant-Shareholder will not require, permit, suffer or allow any work, decoration, alteration, repair, or upkeep of the Apartment or any part thereof, cleaning of any window in the Apartment from the outside (within the meaning of the New York Labor Law) unless all equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Tenant-Shareholder hereby agrees to indemnify to the fullest extent permitted by law the Apartment Corporation and its employees, other Tenant-Shareholders, and the managing agent, for all losses, damages or fines suffered by them as a result of the Tenant-Shareholder's requiring, permitting, suffering or allowing any work, decoration, alteration, repair, or upkeep of the Apartment or any part thereof, or any window in the premises to be cleaned from the outside, in violation of the any of the requirements of the aforesaid laws, ordinances, regulations and rules.

35 **Right to Enter Apartment.** The Apartment Corporation and its agents, professional advisors, employees and contractors, shall be permitted to visit, examine, or enter the Apartment at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to inspect the Apartment or to make or facilitate repairs or improvements in any part of the Apartment or the Building or to cure any default by the Tenant-Shareholder. The Apartment Corporation may remove and replace such portions of the windows, walls, floors and ceilings of the Apartment or the Building as may be required for any such purpose.

36 **Repair of Damage.** The Tenant-Shareholder shall promptly notify the Apartment Corporation of (i) any damage to any portion of the Apartment or Building, or (ii) any condition that may cause any damage to the Apartment or Building. If a portion of the Apartment which is not the Tenant-Shareholder's obligation to maintain pursuant to Paragraph 3.2 hereof is damaged, the Apartment Corporation shall at its expense with reasonable dispatch after receipt of notice of such damage, repair such cause and damage. If any portion of the Apartment which is the Tenant-Shareholder's obligation to maintain is damaged, the Tenant-Shareholder shall be responsible to repair the damage, regardless of who is responsible to cure the cause of the damage.

3.6.1 Any fixtures, appliances, equipment, additions, improvements, or other items of personal property including but not limited to fireplace mantels, lighting fixtures, air conditioners, woodwork, wall paneling, custom floors, ceilings, cabinet work, railings, or other built-in items, carpeting, tile, wallpaper, and paint is the sole responsibility of the Tenant-Shareholder, who shall be responsible for the cost of removal, replacement or repair

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in the event any such item is damaged by any cause, or is required to be removed in order for the Apartment Corporation to make repairs or improvements to the Building or to the Apartment.

3.6.2 If in the course of any such repair, in the sole discretion of the Board of Directors, it is prudent or necessary to remove any item listed in Paragraph 3.6.1 hereof, such removal and replacement will be at the cost of the Tenant-Shareholder. All sole risk of loss or damage to such items shall be that of the Tenant-Shareholder. In no event shall the Apartment Corporation be obligated to repaint or replace wallpaper, carpeting, or non-standard tiles, or any other item listed in 3.6.1 above.

3.7 **Failure to Repair.** If the Tenant-Shareholder shall fail for 30 days after notice to make repairs to any part of the Apartment, its fixtures, equipment, appliances, additions or improvements as herein required, or shall fail to remedy a condition which has become objectionable to the Apartment Corporation, or if the Tenant-Shareholder or any person dwelling in the Apartment shall request the Apartment Corporation to perform any act not hereby required to be performed by the Apartment Corporation, the Apartment Corporation may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, at the sole expense of the Tenant-Shareholder without liability on the part of the Apartment Corporation; provided that, if the condition requires prompt action, notice of less than 30 days may be given or, in case of emergency, no notice need be given. In all such cases the Apartment Corporation, its professional advisors, agents, employees and contractors shall, as between Apartment Corporation and Tenant-Shareholder, be conclusively deemed to be acting on behalf of the Tenant-Shareholder, and all contracts therefor made by the Apartment Corporation shall be so construed whether or not made in the name of the Tenant-Shareholder. The Tenant-Shareholder shall be responsible for any damages caused by Tenant-Shareholder's negligence or by Tenant-Shareholder's failure to carry out its obligation pursuant to this Agreement. Any sum owed by the Tenant-Shareholder hereunder shall be Additional Rent. The foregoing shall not be a waiver of any default by Tenant-Shareholders under this Agreement.

3.7.1 If the Tenant-Shareholder shall fail to perform or comply with any of the other covenants or provisions of this Agreement within the time required by a notice from Apartment Corporation, which shall be not less than 5 days except in case of emergency, then the Apartment Corporation may, but shall not be obligated to, cure such default, and for such purpose may enter the Apartment of Tenant-Shareholder as set forth in Paragraph 3.5 hereof. The Apartment Corporation shall be entitled to recover from the Tenant-Shareholder all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Tenant-Shareholder as Additional Rent.

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4 Management of the Cooperative.

4.1 Primary Purpose. The primary purpose for which the Apartment Corporation was established, and for which this Agreement is entered into, is to provide residences for the Tenant-Shareholders, and to operate the Building on a cooperative basis. The Tenant-Shareholder shall always in good faith endeavor to observe and promote the cooperative purposes for which the Apartment Corporation was established.

4.2 Powers of the Board. Any right, power or privilege given to the Board of Directors by this Agreement, may be exercised only by the Board of Directors, and in no event may any such right, power or privilege be exercised by a creditor, receiver or trustee of the Apartment Corporation.

4.3 Financial Records. The Apartment Corporation shall keep full and correct financial records at its principal office or at such other place as the Board of Directors may from time to time determine. Only the shareholders' list, minutes of shareholders' meetings, and the annual and monthly financial reports of the Apartment Corporation shall be open to inspection by the Tenant-Shareholder or a duly authorized representative during reasonable business hours. The Board of Directors may allow inspection of other records of the Apartment Corporation in its discretion provided that

(i) minutes of meeting of the Board of Directors, and files and records (other than financial records) of currently ongoing matters, shall not be open to inspection except as expressly authorized by the Board of Directors;

(ii) personal financial records submitted by prospective purchasers or sub-lessees of apartments shall be kept confidential and shall not be disclosed to any person except the Board of Directors, members of an admissions committee, the managing agent and professional advisors to the same.

The Tenant-Shareholder shall reimburse the Apartment Corporation for any expenses incurred in making records available for inspection.

4.3.1 Annual Financial Report. The Apartment Corporation shall deliver to the Tenant-Shareholder within a reasonable time after the end of each fiscal year an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, [prepared] [audited] by an independent certified public accountant.

4.3.2 Paid In Surplus. The Board of Directors may from time to time determine how much of the maintenance and any other receipts, when received (but not more than such amount as represents payments on account of principal of mortgages on the property, other capital expenditures, and reserves for future capital expenditures), shall be credited on the corporate accounts to "Paid-in Surplus."

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4.4 **House Rules.** The Apartment Corporation has adopted House Rules which are incorporated herein. The Board of Directors may alter, amend or repeal such House Rules and adopt new House Rules. The House Rules may (i) regulate the use of the Building, all facilities therein, and the Apartments; (ii) regulate the conduct of all persons occupying, visiting, or working in the Building; (iii) impose User Charges pursuant to Paragraph 2.3.4 hereof; (iv) impose charges and fees on Tenant-Shareholders for violating this Agreement and/or the House Rules; (v) impose requirements for the Tenant-Shareholders to carry homeowners' insurance; and (vi) include policies and resolutions carrying out the rights, powers and privileges of the Board of Directors authorized by this Agreement and by the By-Laws of the Apartment Corporation.

4.4.1 **Notice of Rules.** Notice of any new or modified House Rule shall be given to all Tenant-Shareholders affected thereby.

4.4.2 **Compliance with House Rules.** The Tenant-Shareholder shall comply with all such House Rules and see that they are faithfully observed by all persons entering the Building with the consent of the Tenant-Shareholder including all residents of the Apartment, guests, employees, contractors and subtenants of the Tenant-Shareholder. Breach of the House Rules shall be a default under this Agreement. The Apartment Corporation shall not be responsible to the Tenant-Shareholder for the nonobservance or violation of any other Agreement or the House Rules by any other Tenant-Shareholder or person.

4.4.3 **Fees and Charges.** The charges and fees authorized by Paragraph 4.4 (iv) shall be fixed by the Board of Directors on a uniform basis and may include, but shall not be limited to, administrative costs and expenses of the Apartment Corporation, its managing agent, and its professional advisors arising out of or caused by any such breach including, but not limited to, costs of notifying the Tenant-Shareholder of any breach of the House Rules and of remedying the same. Such charges and fees shall be Additional Rent hereunder.

4.5 **Respect for Rights of Others.** The Tenant-Shareholder shall not create or permit unreasonable cooking or other odors to escape into the Building. The Tenant-Shareholder shall not create or permit or allow any unreasonable noises, vibrations, electrical or magnetic impulses, or vermin infestations, or do or permit or allow anything to be done which will damage the Building or any part thereof, or interfere with the rights of other Tenant-Shareholders, residents, visitors, employees, or building staff, or endanger or unreasonably annoy them. The Tenant-Shareholder will not obstruct the public halls or stairways.

4.5.1 **Improper Appliances.** If, in the sole judgment of the Apartment Corporation, any of the Tenant-Shareholder's fixtures, equipment or appliances shall cause damage to the Building, or interrupt or impair the quality of service to other portions of the Building, or overload, or damage facilities maintained by the Apartment Corporation for supplying heat, water, gas, electricity, air conditioning or other services or facilities of the Building, or violate Paragraph 4.5 hereof, or if any such appliances visible from the outside of the Building shall become unsightly, the Tenant-Shareholder shall promptly, on notice from the

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Apartment Corporation, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

4.5.2 **Compliance with Law.** The Tenant-Shareholder will comply with all the requirements of the Board of Fire Underwriters, insurance underwriters and all governmental authorities, and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the Apartment. If any mortgage affecting the land or the Building shall contain any provisions pertaining to the right of the Tenant-Shareholder to make changes or alterations in the apartment or to remove any of the fixtures, appliances, equipment or installations, the Tenant-Shareholder shall comply with the requirements of such mortgage or mortgages. Upon the Tenant-Shareholder's written request, the Apartment Corporation will furnish Tenant-Shareholder with copies of applicable provisions of each such mortgage.

4.5.3 **Increase in Insurance Rates.** The Tenant-Shareholder shall not do any act or permit or suffer anything to be done in the Apartment or anywhere in the Building which is in violation of law, or is hazardous, or will increase the rate of fire insurance on the Building or the contents thereof. If, by reason of such occupancy or use of the Apartment by the Tenant-Shareholder, the rate of fire insurance on the Building or the Apartment or the contents of either shall be increased, and if such occupancy or use continues for more than 30 days after written notice from the Apartment Corporation specifying the objectionable occupancy or use the Tenant-Shareholder shall without prejudice to the Apartment Corporation's right to require a cure of the occupancy or use, become liable for the additional insurance premiums incurred by Apartment Corporation or any other Tenant-Shareholder on all policies so affected, and the Apartment Corporation shall have the right to collect the same for its benefit or the benefit of any such Tenant-Shareholders as Additional Rent for the Apartment due on the first day of the calendar month following written demand therefor by the Apartment Corporation.

4.6 **Use of Storage Areas.** If the Apartment Corporation shall furnish to the Tenant-Shareholder any storage area, service, or facility, the use of the laundry, or any facility outside the Apartment, including but not limited to use of antennas, the same shall be furnished by the Apartment Corporation under a revocable license. The Tenant-Shareholder shall not use such storage space or any area or facility appurtenant to the Apartment for the storage of hazardous or flammable material. Valuable or perishable property is stored at the sole risk of the Tenant-Shareholder. Any such facility shall be kept clean and hazard free by the Tenant-Shareholder.

4.6.1 **Use of Equipment.** If washing machines, exercise equipment, or other equipment or facilities are made available to the Tenant-Shareholder, the Tenant-Shareholder shall use the same on the understanding that such machines, equipment or facilities may or may not be in good order and repair and that the Apartment Corporation is not responsible for such machines, equipment or facilities, nor for any damage caused to the property of the Tenant-Shareholder resulting from the Tenant-Shareholder's use thereof, and that any use that the Tenant-Shareholder may make of such machines, equipment or facilities shall be at the Tenant-Shareholder's sole cost, risk and expense.

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4.7 **Personal Property - Packages.** The Apartment Corporation shall not be responsible for any personal property left with or entrusted to any employee of the Apartment Corporation, or for the loss of or damage to any property within or without the Apartment or in any storage bin by theft or otherwise. The Apartment Corporation may by regulation provide for the temporary storage of packages or deliveries, however all such temporary storage shall be at the sole risk of the Tenant-Shareholder. In no event shall any Tenant-Shareholder leave an automobile or the keys to an automobile in the care or custody of any employee of the Apartment Corporation.

4.8 **Keys.** In order that the Apartment Corporation shall at all times have access to the Apartment or Additional Space for the purposes provided for in Paragraph 3.5 or elsewhere in this Agreement, the Tenant-Shareholder shall provide the Apartment Corporation with a key to each lock providing access to the Apartment or Additional Space and if any lock shall be altered or new lock installed, the Tenant-Shareholder shall provide the Apartment Corporation with a key thereto immediately upon installation.

4.8.1 **Entry into Apartment.** If the Tenant-Shareholder shall not be personally present to permit entry to the Apartment or any Additional Space at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to the Apartment Corporation as required hereunder, the Apartment Corporation or the Apartment Corporation's agents (but, except in an emergency, only when specifically authorized by an officer of the Apartment Corporation or an officer of the Managing Agent) may forcibly enter the Apartment or Additional Space at the Tenant-Shareholder's cost, and without liability for damages by reason thereof (provided that during such entry the Apartment Corporation shall accord reasonable care to the Tenant-Shareholder's property), and without in any manner affecting the obligations and covenants of this Agreement.

4.8.2 **No Liability.** The right and authority hereby reserved do not impose, nor does the Apartment Corporation assume by reason thereof, any responsibility or liability for the care or supervision of the Apartment, including but not limited to any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

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5 Ownership, Occupancy, and Use of the Apartment.

5.1 Residential Use. The Tenant-Shareholder shall not, without the written consent of the Apartment Corporation on such conditions as the Apartment Corporation may prescribe, occupy or use the Apartment or permit the same or any part thereof to be occupied or used for any purpose other than as a private dwelling for the Tenant-Shareholder and Tenant-Shareholder's Family who reside in the Apartment concurrently with the Tenant-Shareholder. The term Family shall mean either (a) Tenant-Shareholder's spouse or (b) one additional adult, and (i) the Tenant-Shareholder's children, grandchildren, parents, grandparents, brothers and sisters, and (ii) the children of such spouse, or additional adult, and (iii) Tenant-Shareholder's domestic employees. The Apartment may also be occupied from time to time by guests of the Tenant-Shareholder [for a period of time not exceeding one month, unless a longer period is approved in writing by the Apartment Corporation]. In no event shall more than two adults for each bedroom occupy the apartment without the written consent of the Apartment Corporation.

5.1.1 Concurrent Occupancy. No guests, domestic employees, or family members (other than a spouse, or such additional adult having a relationship with Tenant-Shareholder legally recognized as equivalent to a spouse, and the minor children of the Tenant-Shareholder, spouse, or additional adult) may occupy the Apartment [for more than one month] unless the Tenant-Shareholder is concurrently residing in the Apartment, or unless consented to in writing by the Apartment Corporation. The Tenant-Shareholder shall notify the Apartment Corporation of the identity of every person whom Tenant-Shareholder authorizes to have access to the Apartment in the absence of the Tenant-Shareholder.

5.1.2 Consent to Occupancy. Consent of the Apartment Corporation to the occupancy of the Apartment by any person not permitted by Paragraph 5.1 or to the use of the premises for other than dwelling purposes, may be withheld for any reason or for no reason, and may be granted on such conditions as the Board of Directors, in its discretion, may impose, including the payment of a fee to be determined by the Board of Directors.

5.2 Subletting. The Tenant-Shareholder shall not sublet the whole or any part of the Apartment for any term to any person or persons without the written consent of the Apartment Corporation, authorized by a resolution of the Board of Directors, or signed by a majority of the Board of Directors, or [for a sublease not to exceed 2 years in duration] by a resolution of the Tenant-Shareholders at a special meeting held for such purpose, or signed by Tenant-Shareholders owning of record at least a majority of the capital stock of the Apartment Corporation appurtenant to Agreements then in force. Subletting shall include the occupancy of the Apartment by any person not authorized to occupy the apartment by Paragraph 5.1 hereof, whether or not any rent is paid to the Tenant-Shareholder.

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52.1 **Consent to Subletting.** There shall be no limitation on the right of the Board of Directors or Tenant-Shareholders to grant or withhold consent, for any reason or for no reason, to a subletting. The Apartment Corporation may impose such limitations and restrictions upon subletting by Tenant-Shareholders as the Board of Directors in its discretion may determine. Any consent to subletting may be subject to such conditions and fees as the Board of Directors or Tenant-Shareholders, as the case may be, may in their discretion impose, including but not limited to sublet fees, application or processing fees, and reimbursement of expenses.

52.2 **Requirements for Subletting.** Whenever the Tenant-Shareholder applies to the Apartment Corporation for consent to a subletting, the Tenant-Shareholder shall deliver to the Apartment Corporation a copy of the sublease to which consent is requested, together with such other information as may be required by the Apartment Corporation, and an agreement by the under-tenant under such sublease in form satisfactory to the Apartment Corporation that, if the Tenant-Shareholder shall default for a period of one month in the payment of any rent, the Apartment Corporation may, at its option, so long as such default shall continue, after serving notice of the default upon the Tenant-Shareholder and the under-tenant, demand and receive from the under-tenant occupying the Apartment the rent due or becoming due from such under-tenant to the Tenant-Shareholder, up to an amount sufficient to pay all sums due from the Tenant-Shareholder to the Apartment Corporation; that the under-tenant shall pay the rent to the Apartment Corporation within 10 days of receipt of a demand therefor; that any such payment of rent to the Apartment Corporation shall be sufficient payment and discharge of such under-tenant as between such under-tenant and the Tenant-Shareholder, to the extent of the amount so paid; and any such demand or acceptance of rent from any under-tenant shall not be deemed a consent or approval of any under-letting or assignment by the Tenant-Shareholder, or a release or discharge of any of Tenant-Shareholder's obligations hereunder.

53 **Sale or Transfer.** The Tenant-Shareholder shall not assign this Agreement or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Apartment Corporation for any purpose until

(i) An instrument of assignment in form and substance approved by the Apartment Corporation executed and acknowledged by the assignor shall be delivered to the Apartment Corporation; and

(ii) An agreement executed and acknowledged by the assignee in form and substance approved by the Apartment Corporation assuming and agreeing to be bound by all the covenants and conditions of this Agreement to be performed or complied with by the Tenant-Shareholder, and assuming and agreeing to be bound by any alteration agreement entered into by the Tenant-Shareholder or a predecessor owner of this Apartment which covers any alteration, improvement or installation on and after the effective date of said assignment shall have been delivered to the Apartment Corporation. At the request of the Apartment Corporation, the

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assignee shall surrender the assigned Agreement and enter into a new Agreement in the same form for the remainder of the term, in which case, the Tenant-Shareholder's Agreement shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Apartment Corporation to which this Agreement is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) All sums due from the Tenant-Shareholder shall have been paid to the Apartment Corporation, together with a sum to be fixed by the Board of Directors to cover legal and other expenses of the Apartment Corporation and its managing agent in connection with such assignment and transfer of shares, [together with payment of a transfer fee to be determined by the Board of Directors, [not to exceed [% of the {gross sale price} {net sale price} {profit as defined}] {\$---- per share}].

(v) A search or certification from a title or abstract company has been provided to, and is acceptable to, the Board of Directors; and

(vi) [Except as provided in Paragraph 8.6 of this Agreement] Consent to such assignment shall have been authorized by resolution of the Board of Directors, or given in writing by a majority of the Board of Directors; or, if the Board of Directors shall have failed or refused to give such consent within 60 days after submission of a complete purchase application to them or the Managing Agent, then by Tenant-Shareholders owning of record at least two-thirds of the then issued shares of the Apartment Corporation. Consent by Tenant-Shareholders as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the by-laws.

5.3.1 **Transfer after Death.** If the Tenant-Shareholder shall die, consent shall not be unreasonably withheld to an assignment of this Agreement and shares to a financially responsible spouse or additional adult having a relationship with Tenant-Shareholder legally recognized as equivalent to a spouse.

5.3.2 **Consent to Transfer.** There shall be no limitation, except as above specifically provided, on the right of the Board of Directors or Tenant-Shareholders to grant or withhold consent, for any reason or for no reason, to an assignment or to attach any conditions to such consent.

5.3.3 **Termination of Liability.** If this Agreement shall be assigned in compliance herewith, the Tenant-Shareholder shall have no further liability on any of the covenants of this Agreement to be thereafter performed.

5.3.4 **Transfers by Operation of Law.** Regardless of any prior consent, neither the Tenant-Shareholder, nor an executor, nor an administrator or personal representative, nor any trustee or receiver of the property of the Tenant-Shareholder, nor anyone to whom the interests of the Tenant-Shareholder shall pass by law, shall be entitled to occupy the

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Apartment, or further to assign this Agreement, or to sublet the Apartment, or any part thereof, except upon compliance with the requirements of this Agreement, including obtaining consent thereto, as above provided.

5.3.4.1 **No Implied Consent.** No demand or acceptance of Maintenance, including Additional Rent and User Charges, or fees from any such person shall constitute an approval of or consent to any assignment, sublease, or occupancy, or a waiver of any of the rights of the Apartment Corporation hereunder.

5.3.5 If this Agreement is then in force and effect, the Apartment Corporation will, upon request of the Tenant-Shareholder, deliver to the assignee a written statement that this Agreement remains in force and effect; but no such statement shall be deemed an admission that there is no default under this Agreement.

5.4 **Security Interest.** Tenant-Shareholder shall not grant or permit any security interest in this Agreement and the shares to which it is appurtenant without the written consent of the Apartment Corporation. Any consent to the creation of a security interest shall be subject to such conditions as the Board of Directors may impose. There shall be no limitation on the right of the Board of Directors to grant or withhold consent, for any reason or for no reason, to the creation of a security interest. The Apartment Corporation may enter into a Recognition Agreement with a permitted holder of a security interest to confirm their mutual rights.

5.4.1 **No Transfer or Occupancy.** Neither a secured party nor any transferee of the secured party shall be entitled to have the shares transferred of record on the books of the Apartment Corporation, nor to vote such shares, nor to occupy or permit the occupancy by others of the Apartment, nor to sell such shares or this Agreement, without first complying with all of the provisions of Paragraphs 5.2 or 5.3, including but not limited to obtaining the consent of the Apartment Corporation.

5.4.2 **No Implied Consent.** The acceptance by the Apartment Corporation of payments from any secured party or any transferee of the secured party on account of Maintenance, including Additional Rent, User Charges, or fees, shall not constitute a waiver of the aforesaid provisions, or be construed as a consent.

5.5 **Quiet Enjoyment.** The Tenant-Shareholder, upon paying the Maintenance and other financial obligations required hereunder and performing the covenants and complying with the conditions on the part of the Tenant-Shareholder to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the apartment without any let, suit, trouble or hindrance from the Apartment Corporation, subject, however, to the rights of present tenants or occupants of the Apartment, and subject to any and all mortgages on the land and Building.

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6 Defaults.

6.1 Termination of Agreement by Notice. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (i) inclusive of this Paragraph 6.1, the Apartment Corporation shall give to the Tenant-Shareholder a notice stating that the Term hereof will expire on a date at least five (5) days thereafter, the Term of this Agreement shall expire on the date so fixed in such notice as fully and completely as if it were the Termination Date herein definitely fixed for the expiration of the Term, and all right, title and interest of the Tenant-Shareholder to occupy the Apartment hereunder shall thereupon wholly cease and expire, and the Tenant-Shareholder shall thereupon quit and surrender the Apartment to the Apartment Corporation. It is the intention of the parties hereto to create hereby a conditional limitation. Upon service of such notice the Apartment Corporation shall have the right to re-enter the Apartment and to remove all persons and personal property therefrom, either by summary dispossess proceedings, or by any suitable action or proceeding at law or in equity, or by lawful force or otherwise, and to repossess the Apartment in its former estate as if this Agreement had not been made, and no liability whatsoever shall attach to the Apartment Corporation by reason of the exercise of the right of reentry, repossession and removal herein granted and reserved:

(a) If the Tenant-Shareholder shall cease to be the owner of any of the shares allocated to the Apartment, or if this Agreement shall pass by operation of law or be assigned to anyone who is not then the owner of all of said shares;

(b) If at any time during the term of this Agreement (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this Agreement shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors, or (iv) any of the shares owned by such holder to which this Agreement is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty days; or (v) this Agreement or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Tenant-Shareholder herein named or a person to whom such Tenant-Shareholder has assigned this Agreement in the manner herein permitted, but this subsection (v) shall not be applicable if this Agreement shall devolve upon the executors or administrators of the Tenant-Shareholder and provided that within eight (8) months (which period may be extended by the Board of Directors) after the death said Agreement and shares shall have been transferred to any assignee in accordance with Paragraph 5.3 hereof;

(c) If there be an assignment of this Agreement, or any occupancy or subletting of the Apartment without full compliance with the requirements of Paragraphs 5.1, 5.2 or 5.3 hereof, or if any person not authorized by Paragraph 5.1 shall use or occupy the Apartment, and the Tenant-Shareholder shall fail to cure any such default within ten (10) days after written notice from the Apartment Corporation;

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(d) If the Tenant-Shareholder shall be in default for a period of one month in the payment of any Maintenance, including Additional Rent and User Charges, or fees or of any installment thereof and shall fail to cure such default within ten (10) days after written notice from the Apartment Corporation;

(e) If the Tenant-Shareholder shall be in default in the performance of any covenants or provision hereof, other than the covenant to make any payments specified in sub-Paragraph (d), and such default shall continue for thirty (30) days after written notice from the Apartment Corporation;

(f) If at any time the Apartment Corporation shall determine, upon the affirmative vote of two-thirds of the Board of Directors, [and][or] the affirmative vote of Tenant-Shareholders owning a majority of its then issued and outstanding shares, at a Shareholders meeting duly called for that purpose, because of objectionable conduct on the part of the Tenant-Shareholder, or of a person residing in or visiting the apartment, the tenancy of the Tenant-Shareholder is undesirable. Objectionable conduct shall include (i) conduct on the part of the Tenant-Shareholder, or any person residing in or visiting the Building with the consent of the Tenant-Shareholder, which (A) repeatedly violates or disregards the terms of this Agreement or the House Rules established in accordance with the provisions hereof, or (B) permits or tolerates a dangerous condition or dangerous or disruptive person to enter or remain in the Building or the Apartment, or (ii) conduct on the part of the Tenant-Shareholder, or any person residing in the Apartment or regularly visiting the Building with the consent of the Tenant-Shareholder, which constitutes a felony or any crime of violence or threatened violence affecting the Building or any person lawfully in the Building;

(g) If at any time the Apartment Corporation shall determine, upon the affirmative vote of two-thirds of the Board of Directors at a meeting of such Board of Directors duly called for that purpose, and the affirmative vote of Tenant-Shareholders owning at least 75% in amount of its then issued and outstanding shares, at a Shareholders' meeting duly called for that purpose, to terminate all Agreements;

(h) If the Building is substantially damaged or destroyed, and if the Board of Directors shall determine either (i) that (A) the cost of repairing the damage or destruction will substantially exceed the insurance proceeds available to the Apartment Corporation, or (B) the destruction or damage was caused by hazards which are not covered under the Apartment Corporation's insurance policies then in effect, and that the assets of the corporation are insufficient to replace or rebuild the Building, or (ii) that the Building is totally destroyed or is so damaged that it cannot be repaired within a reasonable time, and if in either case the Tenant-Shareholders holding a majority of the issued and outstanding shares, at a shareholders' meeting duly called for that purpose held within 60 days after the determination by the Board of Directors, shall vote not to repair, restore or rebuild;

(i) If at any time the Building or a substantial portion thereof shall be taken by condemnation proceedings.

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6.2 **Involuntary Termination.** Upon the termination of the occupancy rights of the Tenant-Shareholder under this Agreement pursuant to the provisions of subdivisions (a), (b), (c), (d), (e), or (f) of Paragraph 6.1:

(a) The Tenant-Shareholder shall vacate the Apartment and remove therefrom all property of the Tenant-Shareholder which upon such termination does not become the property of the Apartment Corporation and surrender possession of the Apartment to the Apartment Corporation and, upon demand of the Apartment Corporation, shall execute, acknowledge and deliver to the Apartment Corporation any instrument which may reasonably be required for surrendering all estate and interest of the Tenant-Shareholder in the Apartment, and in the Building of which it is a part.

(b) The Tenant-Shareholder shall surrender to the Apartment Corporation the certificate for the shares of the Apartment Corporation owned by the Tenant-Shareholder to which this Agreement is appurtenant. Whether or not said certificate is surrendered, the certificate owned or held by the Tenant-Shareholder shall be automatically cancelled and rendered null and void and the shares represented by such certificate shall become treasury shares, and the Tenant-Shareholder shall have no further right to vote or participate in any of the meetings or affairs of the Apartment Corporation, and the Tenant-Shareholder's ownership interest in the shares and Agreement shall cease, except to the extent set forth below.

(c) The Tenant-Shareholder shall be liable for damages, and shall pay as damages a sum equal to the Maintenance charges, including Additional Rent and User Charges, which would have become due hereunder after the date of Termination and shall pay the same in installments at the time such amounts would be due hereunder. No suit brought to recover any installment of such amounts shall prejudice the right of the Apartment Corporation to recover any subsequent installment.

(d) The Apartment Corporation may, at its option, either (1) sell the Apartment, or (2) relet the Apartment [for the Apartment Corporation's own account or] as the agent of or for the account of the Tenant-Shareholder.

6.2.1 **Termination of Maintenance.** The Tenant-Shareholder's continuing obligation to pay Maintenance charges, including Additional Rent, and User Charges, under this Agreement pursuant to Paragraph 6.2 (c) shall cease upon the earliest of the following dates: (a) the date as of which a new Agreement covering the Apartment shall become effective; or (b) the date the Apartment Corporation gives written notice to the Tenant-Shareholder that it has relet the apartment for its own account. From and after such date the Tenant-Shareholder shall have no further liability for sums accruing hereunder, but such termination of the Tenant-Shareholder's liability shall not affect any liabilities theretofore accrued.

6.2.2 **Proceeds of Reletting .** If the Apartment Corporation relets the Apartment [as the agent of or for the account of the Tenant-Shareholder], it shall, after reimbursing itself for its reasonable expenses in connection therewith, including a reasonable amount for professional fees, decorations, alterations and repairs in and to the Apartment, and

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reserves for unpaid Maintenance, and all costs it incurred which are the responsibility of Tenant-Shareholder pursuant to the terms of this Agreement, apply the remaining proceeds of such reletting to the payment of any and all sums then due from the Tenant-Shareholder to the Apartment Corporation and all sums which would thereafter have become due from the Tenant-Shareholder under the provisions of this Agreement if the Apartment Corporation had not so resumed possession, accounting to the Tenant-Shareholder at the expiration of each of the several terms of such reletting for the surplus, if any. If at any time or from time to time before the expiration of the Term originally demised hereunder, there shall be a deficiency between the proceeds of such reletting and such sums as would have become due hereunder, the Tenant-Shareholder agrees to pay such deficiency upon demand.

6.2.3 Issuance of New Agreement. The Apartment Corporation

may issue a new Agreement for the Apartment and issue a new certificate for the shares of the Apartment Corporation owned by the Tenant-Shareholder and allocated to the Apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such Agreement to such purchaser is authorized by a resolution of the Board of Directors, or by a resolution of Tenant-Shareholders holding a majority of the shares then in full force and effect. If the Apartment Corporation issues and sells shares for the Apartment and an appurtenant Agreement, it may do so at public or private sale, upon such terms as are consistent with the restrictions upon occupancy of apartments set forth in Article 5 hereof. If this Agreement and shares are sold at a public auction, the Apartment Corporation may purchase them for its own account. The Apartment Corporation may subject any such sale to the consent of the Board of Directors, which may be withheld for any reason or for no reason, and to such conditions as the Board may choose to impose.

6.2.3.1 Payment of Proceeds. The Apartment Corporation shall

retain the proceeds received for the issuance of such shares provided that, if the proceeds exceed the Tenant-Shareholder's indebtedness hereunder, which shall include, but not be limited to, all damages, costs of sale, and preparation of the apartment for sale, including interest, attorneys' fees, damages and other expenses incurred by the Apartment Corporation, and all costs it incurred which are the responsibility of the Tenant-Shareholder pursuant to the terms of this Agreement, the Apartment Corporation shall pay over any surplus to the Tenant-Shareholder or to a lender for whom there is a recognition in effect, for the benefit of the Tenant-Shareholder, but, if the proceeds are insufficient to cover the Tenant-Shareholder's indebtedness hereunder, the Tenant-Shareholder shall remain liable for the balance of the indebtedness.

6.2.3.2 No obligation to Mitigate The Apartment Corporation shall

not be obligated to sell such shares and appurtenant Agreement or otherwise make any attempt to mitigate damages.

6.2.3.3 Waiver of Redemption The Tenant-Shareholder hereby

expressly waives any and all right of redemption if any, in case the Tenant-Shareholder shall be dispossessed by judgment or warrant of any court or judge. The words "enter," "re-enter" and "re-entry" as used in this Agreement are not restricted to their technical legal meaning.

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63. **Termination of all Agreements.** Upon the termination of the occupancy rights of the Tenant-Shareholder under this Agreement pursuant to the provisions of subdivisions (g), (h) and (i) of Paragraph 6.1, or upon the expiration of this Agreement, the Tenant-Shareholder shall be and remain liable to pay all Maintenance charges, including Additional Rent and User Charges, due or accrued and to perform all covenants and agreements of the Tenant-Shareholder up to the date of such termination, and will retain ownership of the shares of the Apartment Corporation, and the rights and obligations of the parties thereafter shall be as set forth in Paragraph 7.2 below.

64. **U.C.C. Security Interest.** The Apartment Corporation shall have a security interest in all of the Tenant-Shareholders' rights pursuant to this Agreement and the appurtenant shares to the fullest extent authorized by the Uniform Commercial Code.

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7. Termination of Occupancy Rights Other than by Default.

7.1 Termination of Agreements

7.1.1 Shareholder's Meeting. Unless termination occurs pursuant to Paragraphs 6.1(g) or (h) hereof, no later than the termination of all Agreements, a special meeting of Tenant-Shareholders of the Apartment Corporation shall take place to determine whether (a) to continue to operate the Building as a cooperative, (b) to operate the Building as a rental apartment building, (c) to alter, demolish or rebuild the Building or any part thereof, or (d) to sell the Building and liquidate the assets of the Apartment Corporation. The Board of Directors shall carry out the determination made at said meeting by a majority of Tenant-Shareholders.

7.1.2 Waiver of Redemption. The Tenant-Shareholder hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Tenant-Shareholder have any individual option or right to terminate this Agreement, [except as expressly provided in Paragraph 7.3.1 hereof].

7.2 Rights Upon Termination

7.2.1 Surrender of Possession. On or before any expiration or termination of this Agreement pursuant to Paragraphs 6.1(g)(h) or (i), or Paragraphs 7.1.1 the Tenant-Shareholder shall vacate the Apartment and surrender possession thereof to the Apartment Corporation or its assigns, and upon demand of the Apartment Corporation or its assigns, shall execute, acknowledge and deliver to the Apartment Corporation or its assigns any instrument which may reasonably be required to evidence the surrendering of all of the estate and interest of the Tenant-Shareholder in the Apartment, or in the Building of which it is a part.

7.2.2 Surrender of Fixtures. The Tenant-Shareholder shall surrender to the Apartment Corporation possession of the Apartment with all additions, improvements, appliances and fixtures then included therein, except as provided in Paragraph 3.3.4 hereof. Any additions, improvements, fixtures or appliances not removed by the Tenant-Shareholder on or before such expiration or termination shall, at the option of the Apartment Corporation, be deemed abandoned and shall become the property of the Apartment Corporation and may be disposed of by the Apartment Corporation without liability or accountability to the Tenant-Shareholder.

7.2.3 Termination of Maintenance. The Tenant-Shareholder shall be and remain liable to pay all Maintenance, including Additional Rent and User Charges, and other charges due or accrued and to perform all covenants and agreements of the Tenant-Shareholder up to the date of such termination.

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7.24 **Continuation of Ownership Expenses.** Thereafter, the Tenant-Shareholder shall continue to be liable for the Proportionate Share of the cash requirements of ownership of the Building, as defined in Paragraph 2.3.1 hereof, until the affairs of the Apartment Corporation are wound up and liquidated. If the Tenant-Shareholder shall, with or without the consent of the Apartment Corporation, remain in possession of the Apartment, the Tenant-Shareholder shall additionally be liable for the use and occupancy of the Apartment, in an amount to be determined by the Board of Directors.

7.25 **Continuation of Corporate Existence.** Upon termination or expiration of all Agreements, the Tenant-Shareholder shall retain ownership of the shares of the Apartment Corporation, which shall continue its corporate existence until its affairs are wound up and liquidated. All of the holders of the then issued and outstanding shares of the Apartment Corporation shall have such rights as ensure to shareholders of corporations having title to real estate.

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8 General Clauses.

81 Uniformity of Agreements. Every Agreement shall be in the form of this Agreement, unless a modification of any one or more Agreements is approved by Tenant-Shareholders owning at least two-thirds of the shares of the Apartment Corporation then issued and outstanding at a meeting duly called for that purpose, and such modified Agreement is executed by the Apartment Corporation and Tenant-Shareholders affected, except that the description of the Apartment and the list of appurtenances on Schedule A may vary, and except that the use and occupancy of the Apartment pursuant to Paragraph 5.1, and the Tenant-Shareholder's responsibility for upkeep and repair of the Apartment, and the alterations, fixtures and equipment, and any other obligation of Tenant-Shareholders pursuant to Paragraphs 3.2 and 3.3 may be increased by written agreement between the Tenant-Shareholder and the Apartment Corporation.

8.1.1 **Amendment of Agreements.** The form and provisions of all the Agreements then in effect and thereafter to be executed may be changed by the approval of Tenant-Shareholders owning at least two-thirds of the shares of the Apartment Corporation then issued and outstanding, and such changes shall be binding on all Tenant-Shareholders even if they did not vote for such changes, except that the Proportionate Share of Maintenance charges or Cash Requirements payable by any Tenant-Shareholder may not be increased [nor may the Tenant-Shareholder's right to cancel this Agreement under the conditions set forth in Paragraph 7.3 be eliminated or impaired] without the Tenant-Shareholder express consent. Approval by Tenant-Shareholders as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

8.1.2 **No Waiver of Rights.** The failure of the Apartment Corporation to insist, in any one or more instances, upon a strict performance of any of the provisions of this Agreement, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver, or a relinquishment for the future, of any such provision, option or right, but such provision, option or right shall continue and remain in full force and effect. The receipt by the Apartment Corporation of Maintenance, including Additional Rent or User Charges, or fees, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach. No waiver by the Apartment Corporation of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Board of Directors and signed by an officer.

8.2 **Limitation of Liability.** The Apartment Corporation shall not be liable for any failure or insufficiency of any service, facility or utility supplied to Tenant-Shareholders by the Apartment Corporation, or service, facility or utility to be supplied by third parties, or for injury or damage to persons or property caused by the elements or by another Tenant-Shareholder or person in the Building, or resulting from steam, gas, electricity, water, rain or snow which may leak or flow from any part of the Building, or from the pipes, appliances or plumbing works of the same, or from any other place, or for interference with light, air, view or other interest of the Tenant-Shareholder, except to the extent that the Apartment Corporation is required by law to be liable for its negligence.

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8.2.1 **Limitation of Abatement of Maintenance.** No abatement of Maintenance or other compensation or claim of eviction shall be made or allowed because of any condition or event specified in Paragraph 8.2, or because of the making or failure to make or delay in making any repairs, alterations or decorations to the Building, or any fixtures or appurtenances therein, or for interruption or curtailment of any service agreed to be furnished by the Apartment Corporation, due to accidents, alterations or repairs, or due to difficulty or delay in securing supplies or labor, or causes beyond the Apartment Corporation's control, or for any use of a terrace, balcony or appurtenant roof area by the Apartment Corporation which is authorized by this Agreement, except to the extent that the Apartment Corporation is required by law to be liable for its negligence. In no event whatsoever shall any abatement be made for damage or inconvenience suffered in common by all Tenant-Shareholders, and in no event shall any abatement be made for any portion of the Maintenance charges or Additional Rent paid to cover ownership expenses of the Apartment Corporation pursuant to Paragraph 2.3.1 hereof.

8.2.2 **Indemnity to Corporation.** The Tenant-Shareholder agrees to save the Apartment Corporation harmless to the fullest extent permitted by law from all liability, loss, damage and expense arising from injury, to person or property occasioned by the failure of the Tenant-Shareholder to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Tenant-Shareholder or of any person dwelling or visiting in the apartment, or by the Apartment Corporation, its agents, employees or contractors when acting as agent for the Tenant-Shareholder as provided in this Agreement.

8.2.3 **Waiver of Subrogation.** Paragraph 8.2.2 shall not apply to any loss or damage when the Apartment Corporation is covered by insurance which provides for waiver of subrogation against the Tenant-Shareholder. To the extent that any loss or damage is covered by the Apartment Corporation by any insurance policies which contain such waiver of subrogation, the Apartment Corporation releases the Tenant-Shareholder from any liability with respect to such loss or damage except for damage caused by intentional acts of the Tenant-Shareholder and/or the occupants of the Apartment. In the event that the Tenant-Shareholder suffers loss or damage for which the Apartment Corporation would be liable, and Tenant-Shareholder carries insurance which covers such loss or damage and such insurance policy or policies shall contain or permit a waiver of subrogation against the Apartment Corporation, then in such event Tenant-Shareholder releases Apartment Corporation from any liability with respect to such loss or damage.

8.2.4 **Mechanic's Lien.** In case a notice of mechanic's lien against the Building shall be filed purporting to be for labor or material furnished or delivered at the Building or the Apartment to or for the Tenant-Shareholder, or anyone claiming under the Tenant-Shareholder, the Tenant-Shareholder shall forthwith cause such lien to be discharged by payment, bonding or otherwise. If the Tenant-Shareholder shall fail to do so within ten (10) days after notice from the Apartment Corporation, then the Apartment Corporation may, in addition to its other rights and remedies hereunder, cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as Additional Rent, all amounts so paid and

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all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

83 **Subordination to Mortgage.** The leasehold interest created by this Agreement is and shall be subject and subordinate to [all present and future ground or underlying leases and to] any mortgages now or hereafter liens on the land and Building and to any replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination the Tenant-Shareholder shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Apartment Corporation, for the purpose of more formally subjecting the leasehold interest created by this Agreement to the lien of any such mortgage or mortgages [or ground or underlying leases], and the duly elected officers of the Apartment Corporation are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Tenant-Shareholder to execute the same upon such demand, and the Tenant-Shareholder hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

83.1 **Attornment to Receiver.** Notwithstanding anything contained in this Agreement, if any action shall be instituted to foreclose any mortgage on the land or the Building, the Tenant-Shareholder shall, on demand, pay to the receiver of the rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent, the Maintenance for the Apartment as last determined and established by the Board of Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Board of Directors shall have determined and established the Maintenance payable hereunder for any part of the period during which such receivership may continue. The provisions of this Paragraph are intended for the benefit of present and future mortgagees of the land or the Building or the leasehold of the land or the Building and may not be modified or annulled without the prior written consent of any such mortgage holder.

83.2 **Right to Assess.** Nothing herein shall prevent the Apartment Corporation from assessing Tenant-Shareholders, during the pendency of any receivership, for the costs of continuing operations of the Apartment Corporation .

84 **Notices.** Any notice by or demand from either party to the other shall be duly given only if in writing and (i) sent by certified mail, return receipt requested; or (ii) sent by overnight courier service; or (iii) personally delivered.

84.1 Notice by the Tenant-Shareholder shall be addressed to the Apartment Corporation at the Building to the attention of the President, and if personally delivered must be delivered to the President or the Secretary, and a copy shall be sent to the Managing Agent. Notice by the Apartment Corporation shall be addressed to the Tenant-

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Shareholder at the Building, and if personally delivered must be delivered to the Tenant-Shareholder or any adult permitted occupant of the Apartment (see Paragraph 5.1).

8.4.2 Either party may, by notice served in accordance herewith, designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed, delivered to the courier service, or personally delivered, whichever is first.

8.4.3 Either party may, by notice served in accordance with Paragraph 8.4, request service of notices by telefax or electronic mail, which notice shall include the telefax or electronic mail address, and any notice may be given thereafter by such means, provided that service of any notice thereafter may be made pursuant to Paragraph 8.4 hereof at the option of the party giving the notice.

8.4.4 If more than one person is named as Tenant-Shareholder hereunder, the Apartment Corporation may require the signatures of all such persons in connection with any notice to be given or action to be taken by the Tenant-Shareholder hereunder, including, without limiting the generality of the foregoing, the surrender or assignment of this Agreement, or any request for consent to assignment or subletting.

8.4.5 Any notice by the Apartment Corporation to any person named as Tenant-Shareholder shall be sufficient, and shall have the same force and effect, as though given to all persons named as Tenant-Shareholder

8.5 **Successors and Assigns.** The references herein to the Apartment Corporation shall be deemed to include its successors and assigns, and the references herein to the Tenant-Shareholder shall be deemed to include the executors, administrators, legal representatives, legatees, distributees, assigns and successors listed in Paragraph 5.3.4 hereof, of the Tenant-Shareholder. The covenants herein contained shall apply to, bind and enure to the benefit of the Apartment Corporation and its successors assigns, and the Tenant-Shareholder and the executors, administrators, legal representatives, legatees, distributees, assigns and successors listed in Paragraph 5.3.4 hereof, of the Tenant-Shareholder, except as may be expressly otherwise provided in this Agreement. Each person named as Tenant-Shareholder for the Apartment shall be jointly and severally liable for all of the obligations hereunder of all Tenant-Shareholders for the Apartment.

8.5.1 **Waiver of Jury Trial.** To the extent permitted by law, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Agreement, the Tenant-Shareholder's use or occupancy of the Apartment, or any claim of damage resulting from any act or omission of the parties in any way connected with this Agreement or the Apartment, not required to be arbitrated pursuant to Paragraph 8.5.3 hereof.

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8.52 **Right of Injunction.** In the event of a breach or threatened breach by Tenant-Shareholder of any provision hereof, the Apartment Corporation shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Apartment Corporation from any other remedy, including mediation or arbitration as provided in Paragraph 8.5.3 hereof

8.53 **Arbitration of Disputes.** Any and all disputes arising out of the meaning, intent, or interpretation of any portion of this Agreement, and any claims by the Tenant-Shareholder against the Apartment Corporation shall, at the election of the Board of Directors of the Apartment Corporation, be submitted to either mediation or arbitration. Any dispute or claim by a Tenant-Shareholder against any other Tenant-Shareholder arising out of the ownership and use of the Apartment, or the breach of an Agreement, or the House Rules, shall be submitted to mediation or arbitration. Nothing herein shall prevent the Apartment Corporation from bringing an action in a court having jurisdiction (i) to collect arrears in Maintenance including User Charges or Additional Rent, or fees, or (ii) to evict the Tenant-Shareholder and/or to obtain possession of the Apartment.

8.5.4 **Invalidity of Clauses.** If any clause or provision herein contained shall be adjudged invalid, the same shall not affect the validity of any other or provision of this Agreement, or constitute any cause of action in favor of either party as against the other.

8.55 **Headings.** The headings of the several Paragraphs of this lease shall not be deemed a part of this Agreement. References to the masculine gender shall be deemed to include the feminine gender, and vice versa, and to the singular shall be deemed to include the plural, and vice versa, when the context so requires.

8.56 **No Oral Changes.** The provisions of this Agreement cannot be changed orally.

IN WITNESS WHEREOF, the parties have executed this Agreement.

APARTMENT CORPORATION

By _____
President

TENANT-SHAREHOLDER

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Alternate Paragraphs

Option A 4.3 - Financial Records

43 The Apartment Corporation shall keep full and correct financial records at its principal office or at such other place as the Board of Directors may from time to time determine. The files, books and records of the Apartment Corporation shall be open during business hours to inspection by the Tenant-Shareholder or a representative of the Tenant-Shareholder upon reasonable notice, except

 (i) minutes of meeting of the Board of Directors, and files and records (other than financial records) of currently ongoing matters, shall not be open to inspection except as expressly authorized by the Board of Directors;

 (ii) personal financial records submitted by prospective purchasers or sub-lessees of apartments shall be kept confidential and shall not be disclosed to any person except the Board of Directors, members of an admissions committee, the managing agent and professional advisors to the same.

Option B 7.3 - Individual Surrender of All Rights

7.3.1 This Agreement may be cancelled by the Tenant-Shareholder on any September 30th after the third anniversary of the consummation of the Offering Statement-Plan of Cooperative Organization pursuant to which Agreements were originally issued, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Tenant-Shareholder to the Apartment Corporation on or before April 1 in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Apartment Corporation by the Tenant-Shareholder:

 (i) the Tenant-Shareholder's counterpart of this Agreement with a written assignment in form required by the Apartment Corporation, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever;

 (ii) the Tenant-Shareholder's certificate for the Tenant-Shareholder's shares of the Apartment Corporation, endorsed in blank for transfer and with all necessary transfer tax stamps affixed and with payment of any transfer taxes due thereon;

 (iii) a written statement setting forth in detail those additions, improvements, fixtures or equipment which the Tenant-Shareholder has, under the terms of this Agreement, the right and intention to remove.

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7.3.2 All additions, improvements, appliances and fixtures which are removable under the terms of this Agreement and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Tenant-Shareholder prior to August 31st of the year of cancellation, and on or before said August 31st the Tenant-Shareholder shall deliver possession of the Apartment to the Apartment Corporation in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Apartment Corporation all Maintenance, User Charges, Additional Rent and other charges which shall be payable under this Agreement up to and including the following September 30th.

7.3.3 The Apartment Corporation and its agents may show the Apartment to prospective Tenant-Shareholders, contractors and architects at reasonable times after notice of the Tenant-Shareholder's intention to cancel. After August 31st or the earlier vacating of the Apartment, the Apartment Corporation and its agents, employees and Tenant-Shareholders may enter the Apartment, occupy the same and make such alterations and additions therein as the Apartment Corporation may deem necessary or desirable without diminution or abatement of the Rent due hereunder.

7.3.4 If the Tenant-Shareholder is not otherwise in default hereunder and if the Tenant-Shareholder shall have timely complied with all of the provisions of 7.3.1 and 7.3.2 hereof, then this Agreement shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the September 30th fixed in said notice, and the shares of the Apartment Corporation shall become the absolute property of the Apartment Corporation, provided, however, that the Tenant-Shareholder shall not be released from any indebtedness owing to the Apartment Corporation on such date.

7.3.5 If the Tenant-Shareholder shall give the notice but fail to comply with any of the other provisions of this Paragraph, the Apartment Corporation shall have the option at any time prior to September 30th (i) of returning to the Tenant-Shareholder this Agreement, the certificate for shares and other documents deposited, and thereupon the Tenant-Shareholder shall be deemed to have withdrawn the notice of intention to cancel this Agreement, or (ii) of treating this Agreement as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such Agreement, and bringing such proceeding and actions as it may deem best to enforce the covenants of the Tenant-Shareholder hereinabove contained and to collect from the Tenant-Shareholder the payments which the Tenant-Shareholder is required to make hereunder, together with attorneys' fees and expenses.

7.3.6 If on April 1st in any year the total number of shares owned by Tenant-Shareholders holding Agreements, who have given notice pursuant to Paragraph 7.3.1 of intention to cancel such Agreements on September 30th of said year, shall aggregate ten percent (10%) or more of the Apartment Corporation's outstanding shares, exclusive of treasury shares, then the Apartment Corporation shall, prior to April 30th in such year, give a written notice to the holders of all issued shares of the Apartment Corporation, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by Tenant-Shareholders holding Agreements who have a given notice of intention to cancel. In such case the Tenant-Shareholders to whom such notice shall have been given shall have the right to

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cancel their Agreements in compliance with the provisions of Paragraph 7.1.1 hereof, provided only that written notice of the intention to cancel such Agreements shall be given on or before July 1st instead of April 1'.

7.3.7 If Tenant-Shareholders owning at least 80% of the then issued and outstanding shares of the Apartment Corporation shall exercise the option pursuant to Paragraph 7.3 to cancel their Agreements in one year, then this and all other Agreements shall thereupon terminate on September 30th of the year in which such options shall have been exercised, as though every Tenant-Shareholder had exercised such option. In such event none of the Tenant-Shareholders shall be required to surrender his shares to the Apartment Corporation and all certificates for shares delivered to the Apartment Corporation by those who had, during that year, served notice of intention to cancel their Agreements under the provisions hereof; shall be returned to such Tenant-Shareholders.

Option C.8.6 - Unsold Shares

8.6 The term "Unsold Shares" means and has exclusive reference to the shares of the Apartment Corporation which were issued to the Sponsor or individuals produced by the Sponsor pursuant to the Offering Statement-Plan of Cooperative Organization or Contract of Sale under which the Apartment Corporation acquired the Building. All shares which are Unsold Shares retain their character as such when held by a transferee who is designated as successor holder, and for whom the Sponsor is responsible for all guarantees and other obligations pursuant to the Offering Plan, until either (a) such shares become the property of a purchaser for bona fide occupancy (by himself or a member of his family) of the Apartment to which such shares are allocated, or (b) the holder of such shares (or a member of his family) becomes a bona fide occupant of the Apartment, or (c) the tenant-in-occupancy at the time the Offering Plan became effective vacates the Apartment. This Paragraph 8.6 shall become inoperative as to this Agreement upon the occurrence of either of said events with respect to the Unsold Shares held by the Tenant-Shareholder named herein or his assignee.

8.6.1 Neither the subletting of the Apartment nor the assignment of this Agreement by the Tenant-Shareholder who is the holder of the block of Unsold Shares allocated thereto, shall require the consent of the Board of Directors or shareholders, as provided in Paragraphs 5.2 and 5.3.

8.6.2 Without the consent of the Tenant-Shareholder who is the holder of the Unsold Shares, no change in the form, terms or conditions of this Agreement, as permitted by Paragraph 8.1.1, shall (1) affect the rights of such Tenant-Shareholder accompanying this Agreement to sublet the Apartment or to assign this Agreement, as provided in this Paragraph, or (2) eliminate or modify any rights, privileges or obligations of such Tenant-Shareholder.

8.6.3 The provisions of Paragraph 7.3 are not applicable to a Tenant-Shareholder who is the holder of a block of the Unsold Shares accompanying this Agreement.