

Apt. No. \_\_\_\_\_  
Shares: \_\_\_\_\_

---

CLINTON HILL APTS. OWNERS CORP.

Lessor.

-to-

Lessee.

PROPRIETARY LEASE

Clinton Hill Apts. Owners Corp.  
345 Clinton Avenue  
Brooklyn, New York

---

## PROPRIETARY LEASE

PROPRIETARY LEASE, made as of \_\_\_\_\_, by and between Clinton Hill Apt. Owners Corp., a New York corporation having an office at 345 Clinton Avenue, Brooklyn, New York, hereinafter called the Lessor, and \_\_\_\_\_, hereinafter called the Lessee.

WHEREAS, the Lessor is the Owner of the land and the buildings erected thereon in the City, County, and State of New York, known as the Clinton Hill Apartments, Brooklyn, New York, hereinafter called the buildings; and

WHEREAS, the Lessee is the owner of - \_\_\_\_ - shares of the Lessor, to which this lease is appurtenant and which have been allocated to Apartment \_\_\_\_ in the building at \_\_\_\_ **Clinton Avenue**.

## DEMISED PREMISES.

NOW, THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to the terms and conditions hereof, Apartment \_\_\_\_ in the building at \_\_\_\_\_ **Clinton Avenue** (hereinafter referred to as the Apartment) for a term from \_\_\_\_\_ until **September 30, 2084** (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms in the building as partitioned on the date of the execution of this lease designated by the above-stated apartment number, together with their appurtenances and fixtures and any closets, terraces, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

## RENT (MAINTENANCE) HOW FIXED.

1(a) The rent (sometimes called maintenance) payable by the Lessee for each year, or portion of a year, during the term shall equal that portion of- the Lessor's cash requirements for such year, or portion of a year, which the number of shares of the Lessor issued and outstanding on the date of the determination of such cash requirements. Such maintenance shall be payable in equal monthly installments in advance on the first day of each month, unless the Board of Directors of the Lessor (hereinafter called "Board") at the time of its' determination of the cash requirements shall otherwise direct. The Lessee shall also pay such additional rent as may be provided for herein when due.

ACCOMPANYING SHARES TO BE SPECIFIED IN PROPRIETARY LEASES.

(b) In every proprietary lease heretofore executed by the Lessor there has been specified, and in every proprietary lease hereafter executed by it there will be specified, the number of shares of the Lessor issued to a Lessee simultaneously therewith.

CASH REQUIREMENTS DEFINED.

(c) "Cash requirements" whenever used herein shall mean the estimated amount in cash which the Board shall from time to time in its judgment determine to be necessary or proper for (1) the operation, maintenance, care, alteration and improvement of the corporate property during the year or portion of the year for which such determination is made; (2) the creation of such reserve for contingencies as it may deem proper; and (3) the payment of any obligations, liabilities or expenses incurred or to be incurred, after giving consideration to (i) income expected to be received during such period (other than rent from proprietary Lessees), and (ii) cash on hand which the Board in its discretion may choose to apply. The Board may from time to time modify its prior determination and increase or diminish the amount previously determined as cash requirements of the corporation for a year or portion thereof. No determination of cash requirements shall have any retroactive effect on the amount of the rent payable by the Lessee for any period prior to the date of such determination. All determinations of cash requirements shall be conclusive as to all Lessees.

AUTHORITY LIMITED TO BOARD OF DIRECTORS.

(d) Whenever in this paragraph or any other paragraph of this lease, a power or privilege is given to the Board, the same may be exercised only by the Board, and in no event may any such power or privilege be exercised by a creditor, receiver or trustee.

ISSUANCE OF ADDITIONAL SHARES.

(e) If the Lessor shall hereafter issue shares (whether now or hereafter authorized) in addition to those issued on the date of the execution of this lease, the holders of the shares hereafter issued shall be obligated to pay rent at the same rate as the other proprietary lessees from and after the date of issuance. If any such shares be issued on a date other than the first or last day of the month, the rent for the month in which issued shall be apportioned. The cash requirements at last determined shall, upon the issuance of such shares, be deemed increased by an amount equal to such rent.

PAID-IN SURPLUS.

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

FAILURE TO FIX CASH REQUIREMENTS.

(g) The omission of the Board to determine the Lessor's cash requirements for any year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof, or a release of the Lessee from the obligation to pay the maintenance 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.

LESSOR'S REPAIRS.

2. The Lessor 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 its equipment and apparatus except those portions and maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof.

SERVICES BY LESSOR.

3. The Lessor shall maintain and manage the building as a first-class apartment building, and shall keep the elevators and the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Board, 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 Lessor, air conditioning when deemed appropriate by the Board. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Board to determine from time to time what services and what attendants shall be proper and the

manner of maintaining and operating the building, and also what existing services shall be increased, reduced, changed, modified or terminated.

#### DAMAGE TO APARTMENT OR BUILDING.

4.(a) If the apartment or the means of access thereto or the building shall be damaged by fire or other cause covered by multi-peril policies commonly carried by cooperative corporations in New York City (any other damage to be repaired by Lessor or Lessee pursuant to Paragraphs 2 and 18, as the case may be), the Lessor shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced, with materials of a kind and quality then customary in buildings of the type of the building, the apartment, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring and conduits in the apartment. Anything in this Paragraph or Paragraph 2 to the contrary notwithstanding, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in title nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in apartments.

#### RENT ABATEMENT.

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the apartment partly or wholly untenable, or if the means of access thereto shall be destroyed, the rent hereunder shall proportionately abate until the apartment shall again be rendered wholly tenable or the means of access restored; but if said damage shall be caused by the act or negligence of the Lessee or the agents, employees, guests or members of the family of the Lessee or any occupant of the apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the apartment.

#### EXPIRATION OF LEASE DUE TO DAMAGE.

(c) If the Board shall determine that (i) the building is totally destroyed by fire or other cause, or (ii) the building is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued shares, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Board, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 31 hereof, this Lease and all other proprietary leases and all right, title and interest of the parties thereunder and

the tenancies thereby created, shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease.

#### WAIVER OF SUBROGATION.

(d) Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee; and, to the extent that any loss or damage is covered by the Lessor by any insurance policies which contain such waiver of subrogation, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that the Lessee suffers loss or damage for which Lessor would be liable, and Lessee carries insurance which covers such loss or damage and such insurance policy or policies contain a waiver of subrogation against the Landlord, then in such event Lessee releases Lessor from any liability with respect to such loss or damage.

#### INSPECTION OF BOOKS OF ACCOUNT AND ANNUAL REPORT.

5. The Lessor shall keep full and correct books of account at its principal office or at such other place as the Board may from time to time determine, and the same shall be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee. The Lessor shall deliver to the Lessee 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, certified by an independent certified public accountant.

#### CHANGES IN TERMS AND CONDITIONS OF PROPRIETARY LEASES.

6. Each proprietary lease shall be in the form of this lease, unless variation of any lease is authorized by Lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and the Lessee affected. The form and provisions of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of Lessees owning at least 66-2/3% of the Lessor's shares then issued, and such changes shall be binding on all lessees even if they did not vote for such changes except that the proportionate share of rent or cash requirements payable by any Lessee may not be increased nor may his right to cancel the lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative

vote taken at a meeting called for such purpose. Rights of any non-purchasing tenants, as set forth in Paragraph 8, shall not be eliminated, impaired or modified.

#### PENTHOUSES, TERRACES AND BALCONIES.

7. If the apartment includes a terrace, balcony, or a portion of the roof adjoining a penthouse, the Lessee shall have and enjoy the exclusive use of the terrace for balcony or that portion of the roof appurtenant to the penthouse, subject to the applicable provisions of this lease and to the use of the terrace, balcony or roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Board. The Lessor shall have the right to erect equipment on the roof, including radio and television aerials and antennas, for its use and the use of the lessees in the building and shall have the right of access thereto for such installations and for the repair thereof. The Lessee shall keep the terrace, balcony, or portion of the roof appurtenant to his apartment clean and free from snow, ice, leaves and other debris and shall maintain all screens and drain boxes in good condition. No planting, fences, structures or lattices shall be erected or installed on the terraces, balconies or roof of the building without the prior written approval of the Lessor. No cooking shall be permitted on any terraces, balconies or the roof of the building, nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor. Any planting or other structures erected by the Lessee or his predecessor in interest may be removed or restored by the Lessor at the expense of the Lessee for the purpose of repairs, upkeep or maintenance of the building.

#### ASSIGNMENT OF LESSOR'S RIGHTS AGAINST OCCUPANT

8. If at the date of the commencement of this lease, any third party shall be in possession or have the right to possession of the apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof, and the Lessee by the execution hereto assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's rights against said third party. For the benefit of the non-purchasing tenant, the Lessor and Lessee further agree that in the event of the sale of the shares allocated to an apartment occupied at the time of such sale by a tenant who is a non-purchaser of such apartment at the time title to the premises was conveyed to the Apartment Corporation, such tenant shall have all rights and obligations under the Rent Stabilization Code or the Rent Control Regulations that existed prior to the transfer of title. In addition, the rentals of any such non-purchasing tenants who reside in dwelling units not subject to governmental regulations as to rentals and continued occupancy and any such non-purchasing tenants who reside in dwelling units with respect to which government regulations as to rentals and continued occupancy is eliminated or

becomes inapplicable after the Plan has become effective, shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. Furthermore, the purchaser of such shares (the Lessee) shall have all the rights and obligations of an owner under the Rent Stabilization Code or Rent Control Regulations, except that by purchasing such shares, the Lessee waives his rights under Section 54(a) and (b) of the Rent Stabilization Code or Section 55 of the Rent Control Regulations to evict the non-purchasing tenant for purposes of owner occupancy. Eviction proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the owner or similar breach by the non-purchasing tenant of his obligations to the landlord.

The Lessee also waives any and all rights, granted under the Rent Laws, to file for increases in the maximum legal rent of the non-purchasing tenant for capital improvements and/or increased services provided by the Lessor in connection with the Reserve Fund retained by the Lessor on the date of the Closing of Title as defined in the Offering Plan, or subsequently provided by the Sponsor in accordance with the terms of the Offering Plan.

#### CANCELLATION OF PRIOR AGREEMENTS.

9. If at the date of the commencement of this lease, the Lessee has the right to possession of the apartment under any agreement or statutory tenancy, this lease shall supercede such agreement or statutory tenancy, which shall be of no further effect after the date of commencement of this lease, except for claims theretofore arising thereunder.

#### QUIET ENJOYMENT.

10. The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee 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 Lessor, subject, however, to the rights of present tenants or occupants of the apartment, and subject to any and all mortgages and underlying easements of the land and building.

#### INDEMNITY.

11. The Lessee agrees to save the Lessor harmless from all liability, loss, damage and expense arising from injury to person or property occasioned by the failure of the Lessee to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Lessee or of any person dwelling or visiting in the apartment, or by the Lessor, its agents, servants or contractors

when acting as agent for the Lessee as in this lease provided. This paragraph shall not apply to any loss or damage when Lessor is covered by insurance which provides for waiver of subrogation against the Lessee.

#### PAYMENT OF RENT.

12. The Lessee will pay the rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent promptly, the Lessee shall pay interest thereon at the maximum legal rate from the date when such installment shall have become due to the date of the payment thereof, and such interest shall be deemed additional rent hereunder. The Lessee shall also pay a late-penalty charged of \$25.00, as additional rent, for any month's payment of maintenance that are more than 15 days overdue.

#### HOUSE RULES.

13. The Lessor has adopted House Rules which are appended hereto, and the Board may alter, amend or repeal such House Rules and adopt new House Rules. This lease shall be in all respects subject to such House Rules which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee hereby covenants to comply with all such House Rules and see that they are faithfully observed by the family, guests, employees and subtenants of the Lessee.

#### USE OF PREMISES

14. The Lessee shall not, without the written consent of the Lessor on such conditions as Lessor 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 Lessee and Lessee's spouse, their children, grandchildren, parents, grandparents, brothers and sisters and domestic employees. The Lessee may also allow one unrelated party and that party's dependent children to occupy the apartment without the prior written permission of the Lessor. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor. Such consent shall not be unreasonably withheld.

Notwithstanding the foregoing, the Lessee may use the apartment for any professional purpose or for any home use occupation permitted under applicable zoning laws, building codes or other rules or regulations of governmental authority having jurisdiction thereover. However, the Sponsor and the Holders of Unsold Shares may also use their apartments for models, as well as for sales and/or rental offices, unless occupied by a non-purchasing tenant.

#### SUBLETTING.

15. Except as provided in Paragraph 38 of this lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, unless consent thereto shall have been duly authorized by a resolution of the Board, or given in writing by a majority of the Board or, if the Board shall have failed or refused to give such consent, then by Lessees owning at least 66-2/3% of the then issued shares of the Lessor. For the purposes of this provision of the lease, only resident tenant shareholder Directors shall vote with respect to granting consent for any subletting. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Board or lessees, as the case may be, may impose. There shall be no limitation on the right of Board or Lessees to grant or withhold consent, for any reasons or for no reason, to a subletting.

#### ASSIGNMENT.

16.(a) The Lessee shall not assign this lease 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 Lessor for any purpose until:

(i) an instrument of assignment in form approved by Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and

(ii) an agreement executed and acknowledged by the assignee in form approved by Lessor assuming and agreeing to be bound by all the covenants and conditions of this lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) all shares of the Lessor to which this lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) all sums due from the lessee shall have been paid to the Lessor, together with a sum to be fixed by the Board to cover reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares, and upon the sale or transfer of the stock and lease or any interest therein (other than the creation of a security interest therein to a bank or other lending institution) allocated to apartment in the Building, each tenant-shareholder or subscriber for the Apartment Corporation stock shall pay to the Apartment Corporation a fee equal to:

A. 15% of the net profit realized on any assignment of Lease and sale of Shares closed within one (1) year of the date of the Closing of Title, as defined in the Offering Plan.

B. 14% of the net profit realized on any assignment of Lease and sale of Shares closed within the second year after the date of the Closing of Title, as defined in the Offering Plan.

C. 13% of the net profit realized on any assignment of Lease and sale of Shares closed within the third year after the date of the Closing of Title, as defined in the Offering Plan.

D. 12% of the net profit realized on any assignment of Lease and sale of Shares closed within the fourth year after the date of the Closing of Title, as defined in the Offering Plan.

E. 11% of the net profit realized on any assignment of Lease and sale of Shares closed within the fifth year after the date of the Closing of Title, as defined in the Offering Plan.

After the fifth year of cooperative operation, the Board shall have the right, not subject to a vote of the shareholders, to maintain or increase the transfer fees set forth herein. The Board, however, may not impose a transfer fee in excess of 10% of the gross selling price of such transfers without the consent of two-thirds of the shareholders of all outstanding shares, such consent to be given by vote and proxy.

For the purposes of calculating the transfer fees set forth herein, the term "Net Profit" shall be defined as the difference between the purchase price paid by the Lessee for the purchase of the Shares allocated to the Apartment and the selling price received upon the assignment of Lease and sale of Shares, after deducting from the selling price the following: broker's commissions (not to

exceed 6% of the selling price), reasonable attorney's fees (not to exceed \$750.00) and a maximum of 15% of the purchase price for improvements made by the Lessee in the Apartment (the cost of such improvements shall be substantiated by the Lessee through cancelled checks and/or paid bills).

The transfer fees set forth above shall not apply to the Sponsor or to the Holders of Unsold Shares (who have received such Shares in order to comply with the requirements of Section 216 of the Internal Revenue Code). The transfer fees given above, shall be payable, however, by the Holders of Unsold Shares who are not distributees of the Sponsor's group, but who nevertheless come within the definition of Holders of Unsold Shares pursuant to the Plan and any Amendments thereto. Such holder shall be a person who purchases, as an investor, shares allocated to an apartment occupied by a non-purchasing tenant, subject to the rights of the non-purchasing tenant. Such holders who are investors shall have the additional right to include in the calculation of net profits a deduction for "Negative Carry", which shall be defined as including the following: the difference between the rents collected from the occupant of the Apartment and the maintenance charges paid under the Lease, the cost of other landlord obligations, special assessments levied by the Apartment Corporation and any interest paid on purchase financing (any "Negative Carry" claimed by a holder shall be substantiated by receipts, paid bills and/or cancelled checks).

Notwithstanding the foregoing, the Holders of Unsold Shares ("Holders") who are distributees of the Sponsor's group shall pay to the Apartment Corporation a Transfer Fee on the sale and transfer of Unsold Shares. Such fee shall be payable on the sale and transfer to bonafide purchasers of the shares allocated to the 750<sup>th</sup> through 1,200<sup>th</sup> apartment sold at the Clinton Hill Apartments.

The aforesaid Transfer Fee shall be calculated by multiplying the number of apartments sold to tenants in occupancy during the exclusive buying and match-offer periods described in the Plan and the Amendments thereof by \$750.00. The resulting number shall then be divided by 450, yielding the amount of the Transfer Fee to be paid as each of the 750<sup>th</sup> through 1,200<sup>th</sup> apartments are sold. In the event the Holder provides purchase money financing to bona fide purchasers, the Holder may, at his option, elect to pay the Transfer Fee on any such sale, to the Apartment Corporation annually over a three (3) year period.

Notwithstanding the foregoing, the following transfers of Unsold Shares shall be exempt from the payment of a Transfer Fee:

A. transfers to the Holder or from Holder to one or more of his partners;  
and

B. transfer of shares pledged under any financing agreement that may be given by a Holder of Unsold Shares resulting from an uncured default, except such transfer fee shall be payable to the extent sufficient from any surplus proceeds of sale otherwise payable to the defaulting shareholder; and

C. share reallocations between two (2) or more Unsold Apartments.

All transfer fees received shall be placed in the Lessor's (the Apartment Corporation's) Reserve Fund and shall be used for retirement of mortgage debt or such other purposes as the Board may from time to time determine. In any dispute concerning the calculations of the gross consideration payable, the decision of the Board of the Apartment Corporation shall be final and binding.

This fee is in addition to the fees charged, if any, by the attorneys for the Corporation or the Corporation's Managing Agent in connection with the transfer, as provided for herein.

Notwithstanding the foregoing, the following assignments, transfers or sales shall be exempt from making this payment (irrespective of whether any consideration is paid),

- (1) transfers from one spouse to another spouse;
- (2) transfers within an "immediate family" (defined below);
- (3) transfers from one holder of Unsold Shares to another holder of Unsold Shares or to a third party for other than personal occupancy by such third party or members of his family, to the extent set forth in Paragraph 38 (c);
- (4) transfers to Sponsor-Seller, or from Sponsor to one or more of its partners;
- (5) shares reallocated between two or more apartments (including Unsold Apartments);
- (6) transfers of shares pledged under any financing that may be given by a holder of Unsold Shares resulting from an uncured default, except such transfer fee shall be payable to the extent sufficient from any surplus proceeds of sale otherwise payable to the defaulting shareholder; and
- (7) transfers of shares in connection with any recapitalization or reorganization of the Apartment Corporation.

The term "immediate family" means adult children, adult siblings, spouse and parents; and (v) a search of certification from a title or abstract company as the Board may require, and (vi) except in the case of an assignment, transfer or bequest to the Lessee's spouse, of the shares and this lease, except as provided in Paragraph 38 of this lease, consent to such assignment shall have been authorized by resolution of the Board, or given in writing by as majority of the Board; For the purposes of this provision of the lease, only resident-tenant shareholders and/or resident-tenant shareholder Directors shall vote with respect to the granting of consent for any resale, or, if the Board shall have failed or refused to give such consent within 30 days after submission of references to them or Lessor's agent, then by lessees owning of record at least 66-2/3% of the then issued shares of the Lessor. Consent by lessees 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.

#### CONSENTS: ON DEATH OF LESSEE

(b) If the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse as to whom no consent is required).

#### CONSENTS GENERALLY: STOCKHOLDERS' AND BOARD OBLIGATIONS TO CONSENT

(c) There shall be no limitation, except as above specifically provided, on the right of Board or Lessees to grant or withhold consent, for any reason or for no reason, to an assignment.

#### RELEASE OF LESSEE UPON ASSIGNMENT

(d) If the lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability on any of the covenants of this lease to be thereafter performed.

#### FURTHER ASSIGNMENT OR SUBLETTING

(e) Regardless of any prior consent theretofore given, neither the Lessee nor his executor, nor administrator, nor any trustee or receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this lease, or to sublet the apartment, or any part thereof, except upon compliance with the requirements of this lease.

### STATEMENT BY LESSOR

(f) If this lease is then in force and effect, Lessor will, upon request of Lessee, deliver to the assignee a written statement that this lease remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under the lease.

### PLEDGE OF SHARES AND LEASE

17.(a) A pledge of this lease and the shares to which it is appurtenant shall not be a violation of this lease; but neither the pledgee nor any transferee of the pledged security shall be entitled to have the shares transferred of record on the books of the Lessor, nor to vote such shares, nor to occupy or permit the occupancy by others of the apartment, nor to sell such shares of this lease, without first obtaining the consent of the Lessor in accordance with and after complying with all of the provisions of Paragraphs 14, 15, 16, as the case may be. The acceptance by Lessor of payments by the pledgee or any transferee or the pledged security on account of rent or additional rent shall not constitute a waiver of the aforesaid provisions. The provisions of this subparagraph (a) shall be subject to subparagraph (b) of this Paragraph 17.

(b) The Lessee may pledge and assign this lease and the shares of the Lessor allocated to the apartment as security for a loan made to the Lessee by a bank, trust company, insurance company or other recognized lending institution ("the Lender") provided, however, that the certificate representing the shares allocated to the apartment and this lease may be assigned to the Lender only as security for repayment of the loan. In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this lease, the Lessor will give written notice thereof to the Lender if written notice of the name and address of the Lender has been given by registered or certified mail to the Lessor prior to the date of any such default.

If the Lessee shall fail to cure said default within the time and in the manner provided for in this lease, then the Lender shall have an additional period of time equal to the time originally given to the Lessee to cure said default, and the Lessor will not act upon said default until the time of the Lender to cure said default has elapsed and the Lender has not cured said default. In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this lease, or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligation of the Lessee to the Lender, the Lessor after written notice thereof from the Lender will exercise the right of termination of this lease granted to the Lessor pursuant to Paragraph 31 hereof (Right to Terminate Lease on Lessee's Defaults) and if the Lessee shall fail to vacate the apartment, will institute summary dispossession proceedings against the Lessee and take all steps and do all acts

thereafter required in order to obtain possession of the apartment, all at the expense of the Lender, provided, however, that the Lender shall meanwhile pay all maintenance charges and other charges becoming due hereunder until this lease and the shares allocated to the apartment are acquired for personal occupancy.

If Lessor shall fail to exercise its right to terminate and/or to commence summary proceedings or to take all steps or do all acts required to be done pursuant hereto, then and in that event, Lessor shall execute and deliver to Lender a power of attorney coupled with an interest to act in the name of the Lessor in any of the ways provided for herein at the lender's sole expense, and if the Lessor shall fail to execute and deliver such power of attorney within five days after demand, such power of attorney may be executed by the Lender on behalf of and as the agent for the Lessor. The Lessee agrees that until any such loan is repaid to the Lender in full with interest, the Lessee shall not have any right to cancel this lease as provided in Paragraph 35 hereof and the Lessor agrees that until it receives written notice from the Lender that the entire amount of the loan with interest has been paid in full or discharged, the Lessor will not accept any surrender of this lease by the Lessee under Paragraph 35 hereof.

If this lease is terminated at the Lender's request by reason of a default by the Lessee in any of the terms, covenants, provision or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligations of the Lessee to the Lender, the Lender may sell and assign the shares of the Lessor allocated to the apartment and this lease, or sublet the apartment, for the account of the Lender to a reputable person subject only to the approval of the managing agent of the Lessor (which approval shall not be unreasonably withheld or delayed). If written notice of any such loan has been given to the Lessor by the Lender as aforesaid, the Lender may assign all its rights thereto and to the shares of Lessor allocated to the apartment and this lease by giving written notice to the Lessor by certified or registered mail setting forth the name and address of the assignee, and such assignee and any subsequent assignee or assignees shall thereupon have all rights of the Lender under this Paragraph 17(b).

#### REPAIRS BY THE LESSEE.

18(a) The Lessee shall keep the interior of the apartment (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, shall do all of the painting and decorating required for his apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair, and replacement of plumbing, gas and heating fixtures and 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 Lessee may install within the wall or ceiling, or under the floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceilings or floors or air conditioning or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, 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 box at the riser into and through the Lessee's apartment. Any ventilator or air conditioning device which shall be visible from the outside of the buildings shall at all times be painted by the Lessee in a standard color which the Lessor may select for the building.

#### ODORS AND NOISES.

(b) The Lessee shall not permit unreasonable cooking or other odors to escape into the building. The Lessee shall not permit or suffer any unreasonable noises or anything which will interfere with the rights of other Lessees or unreasonably annoy them or obstruct the public halls or stairways.

#### EQUIPMENT AND APPLIANCES.

(c) If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the building or poor quality or interruption of service to other portions of the building, or overloading of, or damage to facilities maintained by the Lessor for the supplying of water, gas, electricity or air conditioning to the building, or if any such appliances visible from the outside of the building shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the conditions and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

#### RULES AND REGULATIONS AND REQUIREMENTS OF MORTGAGE.

(d) The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or uses of the apartment. If any mortgage affecting the land or the building shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages

relating thereto. Upon the Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of each and every such mortgage.

#### LESSOR'S RIGHT TO REMEDY LESSEE'S DEFAULTS

19. If the Lessee shall fail for 30 days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the part of the Lessor; provided that, if the condition requires prompt action, notice of less than 30 days or, in case of emergency, no notice need be given. In all such cases the Lessor, its agents, servants and contractors shall, as between the Lessor and Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefore made by the Lessor shall be so construed whether or not made in the name of the Lessee. If Lessee shall fail to perform or comply with any of the other covenants or provisions of this lease within the time required by a notice from Lessor (not less than 5 days), then Lessor may, but shall not be obligated, to comply therewith, and for such purpose may enter upon the apartment of Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

#### INCREASE IN RATE OF FIRE INSURANCE.

20. The Lessee shall not permit or suffer anything to be done or kept in the apartment which will increase the rate of fire insurance on the building or the contents thereof. If, by reason of the occupancy or use of the apartment by the Lessee, the rate of fire insurance on the building or an apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than 30 days after written notice from the Lessor specifying the objectionable occupancy or use) become liable for the additional insurance premiums incurred by Lessor or any Lessee or Lessees of apartments in the building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such Lessees as additional rent for the apartment due on the first day of the calendar month following written demand therefor by the Lessor.

#### ALTERATIONS

21.(a) The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld, make in the apartment or building, or on any roof,

penthouse, terrace or balcony appurtenant thereto, any alteration, enclosure or addition or any alteration of or addition to the water, gas, or steam risers or pipes, heating or air conditioning system or units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility in the apartment or building. The performance by Lessee of any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the building.

#### REMOVAL OF FIXTURES

(b) Without Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior Lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment, at the Lessee'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 structural alterations or permanent damage to the apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this lease; and (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, 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 Lessee shall have removed from the apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the apartment, the Lessee 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 customary in comparable buildings and satisfactory to the Lessor; and (iv) that if any mortgagee had acquire a lien on any such property prior to the execution of this lease, Lessor shall first produce from such mortgagee its written consent to such removal.

#### SURRENDER ON EXPIRATION

(c) On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the apartment with fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this lease shall, at the option of the Lessor, be deemed

abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability to the Lessee.

#### LEASE SUBORDINATE TO MORTGAGES AND GROUND LEASES

22. This lease is and shall be subject and subordinate to all present and future ground or underlying leases and to any mortgages now or hereafter liens upon such leases or on the land and building, or buildings, and to any and all extensions, modifications, consolidations, renewals and replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying Lessee. In confirmation of such subordination the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages or ground or underlying leases, and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

In the event that a ground or underlying lease is executed and delivered to the holder of a mortgage or mortgages on such ground or underlying lease or to a nominee or designee of or a corporation formed by or for the benefit of such holder, the Lessee hereunder will attorn to such mortgagee or the nominee or designee of such mortgagee or to any corporation formed by or for the benefit of such mortgagee.

#### MECHANIC'S LIEN

23. 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 Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as 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 all costs and expenses paid or incurred in connection therewith, including reasonable attorney's fees and disbursements, together with interest thereon from the time or times of payment.

#### COOPERATION

24. The Lessee shall always in good faith endeavor to observe and promote the cooperative purposes for the accomplishment of which the Lessor is incorporated.

#### RIGHT OF ENTRY

25. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment and any storage space assigned to Lessee at any reasonable hour of the day upon notice, at any time and without notice in case of emergency, to make or facilitate repairs in any part of the building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the apartment and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the apartment and storage space to its proper and usual condition at Lessor's expense if such repairs are the obligation of Lessor, or at Lessee's expense if such repairs are the obligation of Lessee or are caused by the act or omission of the Lessee or any of the Lessee's family, guest, agents, employees, or subtenants. The terms "reasonable hour of the day" shall be defined as between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday, and the term "upon notice" shall mean written notice given at least 24 hours in advance. In order that the Lessor shall at all times have access to the apartment or storage rooms for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each of the storage rooms, and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the Managing Agent) may forcibly enter the apartment or storage space without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The rights and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

#### WAIVERS

26. The failure of the Lessor to insist in any one or more instances upon a strict performance of any of the provisions of this lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceedings, shall not be construed as a waiver, or a relinquishment for the future, of any such provisions, options or rights, but such provision, option or right shall continue and remain in full force and effect. The receipt of the Lessor of rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and

no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in writing expressly approved by the Board.

### NOTICES

27. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by registered mail; if by the Lessee, addressed to the Lessor at the building with a copy sent by regular mail to the Lessor's Managing Agent; if to the Lessee, addressed to the building. 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.

### REIMBURSEMENT OF LESSOR'S EXPENSES

28. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense (whether paid or not) in performing acts which the Lessee is required to perform, or in instituting any action or proceeding based on such default, or defending or asserting a counterclaim in any action or proceeding brought by the Lessee, the expense thereof to the Lessor, including reasonable attorneys' fees and disbursements shall be paid by the Lessee to the Lessor on demand, as additional rent.

### LESSOR'S IMMUNITIES.

29.(a) The Lessor shall not be liable, except by reason of Lessor's negligence, for any failure or insufficiency of heat, or of air conditioning (where air conditioning is supplied or air conditioning equipment is maintained by the Lessor), water supply, electric current, gas, telephone, or elevator service or other service to be supplied by the Lessor hereunder, or for interference with light, air, view or other interest of the Lessee.

No abatement of rent or other compensation or claim of eviction shall be made or allowed 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 space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor or other cause beyond Lessor's control, unless due to Lessor's negligence.

### STORAGE SPACE, LAUNDRY

(b) If the Lessor shall furnish to the Lessee any storage bins or space, the use of the Laundry or any facility outside of the apartment, including but not limited to a television antenna, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license. The Lessee shall not use such storage space for the storage of valuable or perishable property and any such storage space assigned to Lessee shall be kept by Lessee clean and free of combustibles. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment, nor for any damage caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense.

#### AUTOMOBILES AND OTHER PROPERTY

(c) The Lessor shall not be responsible for any damage to any automobile or other vehicle left in the care of any employee of the Lessor by the Lessee, and the Lessee hereby agrees to hold the Lessor harmless from any liability arising from any injury to person or property caused by or with such automobile or other vehicle while in the care of such employee. The Lessor shall not be responsible for any property left or entrusted to any employee of the Lessor, or for the loss of or damage within or without the apartment by theft or otherwise.

#### WINDOW CLEANING

30. The Lessee will not require, permit, suffer or allow the cleaning of any window in the premises from the outside (within the meaning Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including without limitation, Section 202 of 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 Lessee hereby agrees to indemnify the Lessor and its employees, other Lessees, and the managing agent, for all losses, damages or fines suffered by then as a result of the Lessee's requiring, permitting, suffering or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

#### TERMINATION OF LEASE BY LESSOR

31. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (i) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice

stating that the term hereof will expire on a date at least five days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee hereunder shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossession proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former state as if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right to re-entry, repossession and removal herein granted and reserved:

#### LESSEE CEASING TO OWN ACCOMPANYING SHARES

(a) If the Lessee shall cease to be the owner of the shares to which this lease is appurtenant, or if this lease shall pass or be assigned to anyone who is not then the owner of all of said shares;

#### LESSEE BECOMING A BANKRUPT

(b) If at any time during the term of this lease (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 lease 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 lease is appurtenant shall be levied upon under the process of any court whatever unless such levy shall be discharged within thirty days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee and provided that within eight (8) months (which period may be extended by the Board) after the death of said lease and shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof;

ASSIGNMENT, SUBLETTING OR UNAUTHORIZED OCCUPANCY

(c) If there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 15 or 16 or 38 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the apartment, and the Lessee shall fail to cause such unauthorized person to vacate the apartment within ten days after written notice from the Lessor;

DEFAULT IN RENT

(d) If the Lessee shall be in default for a period of one month in the payment of any rent or additional rent or of any installment thereof and shall fail to cure such default within ten days after written notice from the Lessor;

DEFAULT IN OTHER COVENANTS

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and such default shall continue for thirty days after written notice from the Lessor;

LESSEE'S OBJECTIONABLE CONDUCT

(f) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors, at a meeting duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the apartment, repeated after written notice from Lessor, the tenancy of the Lessee is undesirable;

TERMINATION OF ALL PROPRIETARY LEASES

(g) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board at a meeting of such Board duly called for that purpose, and the affirmative vote of the record holders of at least 75% in amount of its then issued shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

### DESTRUCTION OF BUILDING

(h) If the building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild as provided in Paragraph 4;

### CONDEMNATION

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

### LESSOR'S RIGHTS

32.(a) In the event the Lessor resumes possession of the apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in subsections (a) to (f) inclusive of Paragraph 31, Lessee shall continue to remain liable for payment of a sum equal to the rent which would have become due hereunder and shall pay the same installments at the time such rent would be due hereunder. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account, or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent, in its discretion. Any reletting of the apartment shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the premises have been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposed to relet the apartment for its own account. If the Lessor relets the apartment as agent for, the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four following dates: (A) the date of expiration of the term of this lease as stated on page 1 hereof; (B) the date as of which a new proprietary lease covering the apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment for its own account; (D) the date upon which all proprietary leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided,

the Lessor shall have no further duty to account to the Lessee for any avails of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

#### COLLECTION OF RENT FROM SUBTENANTS

(b) If the Lessee shall at any time sublet the apartment and shall default in the payment of any rent or additional rent, the Lessor may, at its option, so long as such default shall continue, demand and receive from the subtenant the rent due or becoming due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee, or a release or a discharge of any of the obligations of the Lessee hereunder.

#### SALE OF SHARES

(c) Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, the Lessee shall surrender to the corporation the certificate for the shares of the corporation owned by the Lessee to which this lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new proprietary lease for the apartment and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such lease to such purchaser is authorized by a resolution of the Board or by Lessees owning, of record, at least a majority of the shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares towards the payment of the Lessee's obligations hereunder, including interest, attorneys' fees and other expenses incurred by the Lessor, and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balances of the indebtedness. Upon the issuance of any such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses accrued to that time. The Lessor shall not, however, be obligated to sell such shares and appurtenant lease or otherwise make any attempt to mitigate damages.

WAIVER OF RIGHT OF REDEMPTION

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

SURRENDER OF POSSESSION

34. Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, the Lessee shall remain liable as provided in Paragraph 32 of this lease. Upon the termination of this lease under any other of its provisions, the Lessee shall be and remains liable to pay all rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

LESSEE'S OPTION TO CANCEL.

35.(a) This lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Offering Statement-Plan of Cooperative Organization pursuant to which proprietary leases were originally issued, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor 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 Lessor by the Lessee:

DEPOSITS REQUIRED.

(i) the Lessee's counterpart of this lease with a written assignment in form required by the Lessor, in blank, effective as of August 31st of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever;

(ii) the Lessee's certificate for his shares of the Lessor, endorsed in blank for transfer and with all necessary 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 equipments which the Lessee has under the terms of this lease, the right to and intends to remove.

#### REMOVAL OF FIXTURES AND POSSESSION

(b) All additions, improvements, appliances and fixtures which are removable under the terms of this lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Lessee prior to August 31<sup>st</sup>, of the year of cancellation. On or before said August 31st, the Lessee shall deliver possession of the apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all sub-leases and tenancies, liens, encumbrances and other charges and pay to the Lessor all rent, additional rent and other charges which shall be payable under this lease up to and including the following September 30<sup>th</sup> immediately following said August 31<sup>st</sup>.

#### PERMISSION TO SHOW AND OCCUPY PREMISES

(c) The Lessor and its agents may show the apartment to prospective Lessees, contractors and architects at reasonable times after notice of the Lessee's intention to cancel. After August 31st, or the earlier vacating of the apartment, the Lessor and its agents, employees and Lessees may enter the apartment, occupy the same and make such alterations and additions therein as the Lessor may deem necessary or desirable without diminution or abatement of the rent due hereunder.

#### EFFECTIVE DATE OF CANCELLATION

(d) If the Lessee is not otherwise in default hereunder and if the Lessee shall have timely complied with all of the provisions of subdivisions (a) and (b) hereof, then this lease 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 Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing and payable under this lease up to and including the following September 30<sup>th</sup>.

#### RIGHT LESSEE'S DEFAULT

(e) If the Lessee shall give the notice but fail to comply with any of the other provisions of this paragraph, the Lessor shall have the option at any time prior to September 30th, (i)

of returning to the Lessee this lease, the certificate for shares and other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this lease, or (ii) of treating this lease as cancelled as of September 30th named in the notice of intention to cancel as the date for the cancellation of such lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

#### EXTENSION OF OPTION TO CANCEL

36.(a) If on April 1st, in any year the total number of shares owned by Lessees holding proprietary leases, who have given notice pursuant to Paragraph 35 of intention to cancel such proprietary leases on September 30th, of said year, shall aggregate ten percent (10%) or more of the Lessor's outstanding shares, exclusive of treasury shares, then the Lessor shall, prior to April 30th, in such year, give a written notice to the holders of all issued shares of the Lessor, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by Lessees holding proprietary leases who have given notice of intention to cancel. In such case the proprietary Lessees to whom such notice shall have been given shall have the right to cancel their leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before July 1st, instead of April 1<sup>st</sup>.

#### RIGHT OF LESSEES TO CANCEL

(b) If Lessees owning at least 80% of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one year then this and all other proprietary leases shall thereupon terminate on September 30th of the year in which such options shall have been exercised, as though every Lessee had exercised such option. In such event none of the Lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their leases under the provisions hereof, shall be returned to such Lessees.

#### CONTINUANCE OF COOPERATIVE MANAGEMENT OF BUILDING AFTER ALL LEASES TERMINATED

37. No later than thirty days after the termination of all proprietary leases, whether by expiration of their terms or otherwise, a special meeting of shareholders of the Lessor shall take place to determine whether (a) to continue to operate the building as a residential apartment building,

(b) to alter, demolish or rebuild the building or any part thereof, or (c) to sell the building and liquidate the assets of the Lessor, and the Board shall carry out the determination made at said meeting of shareholders of the Lessor, and all of the holders of the then issued and outstanding shares of the Lessor shall have such rights as ensure to shareholders of corporations having title to real estate.

### UNSOLD SHARES

38. (a) The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor 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 Lessor acquired the Leasehold to the building; and, all shares which are Unsold Shares retain their character as such (regardless of transfer) until (1) such shares become 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 (2) the holder of such shares (or a member of his family) becomes a bona fide occupant of apartment. This Paragraph 38 shall become inoperative as to this lease upon the occurrence of either said events with respect to the Unsold Shares held by the Lessee named herein or his assignee.

### SUBLETTING APARTMENT AND SALE OF SHARES

(b) Neither the subletting of the apartment nor the assignment of this lease, by the Lessee who is the holder of the block of Unsold Shares allocated thereto, shall require the consents of the Board or shareholders, as provided in Paragraphs 15 and 16, but the consent only of the Lessor's then Managing Agent, provided the same shall not be unreasonably withheld, shall be sufficient for approval and the taking effect of such subletting or assignment and of the transfer of such shares in the case of an assignment. At such holder's option, in lieu of obtaining such consent of the Managing Agent, the consent of the Board will suffice and such consent of the Board of Directors shall not be unreasonably withheld. (See Paragraph 16(a)(vi) above in this regard).

### CHANGE IN FORM OF LEASE

(c) Without the Lessee's consent, no change in this form, terms or conditions of this proprietary lease, as permitted by Paragraph 6, shall (1) affect the rights of the Lessee who is the holder of the Unsold Shares accompanying this lease to sublet the apartment or to assign this lease, as provided in this paragraph, or (2) eliminate or modify any rights, privileges or obligations of such Lessee.

### NO VOLUNTARY CANCELLATION.

(d) The provisions of Paragraph 35 are not applicable to a Lessee who is the holder of a block of the Unsold Shares accompanying this lease. Holders of Unsold Shares may not cancel their proprietary leases unless (i) shareholders owning a majority of the Apartment Corporation's outstanding shares (other than Unsold Shares) shall have given notice of intent to cancel, or (ii) all Unsold Shares constitute fifteen percent (15%) or less of the Apartment Corporation's outstanding shares, at least five (5) years have elapsed since the Apartment Corporation acquired title to the building and on the effective date of cancellation Holders of Unsold Shares shall pay to the Apartment Corporation a sum equal to the product of the then current monthly rent (maintenance charges) payable under the proprietary lease multiplied by twenty-four (24).

### ALTERATIONS

(e) Holders of Unsold Shares agree that with respect to their right to make alterations in their apartments, when such alterations are of such nature as to require a filing with the New York City Department of Buildings, then, and in such event, Holders of Unsold Shares shall:

(i) Serve a copy of any such filings made with or issued by the Department of Buildings with the Board; and

(ii) Notify the Board in writing at least one (1) week in advance of the commencement of any work in connection therewith; and

(iii) Assure that contractors completing such work shall work only between the hours of 8 a.m. to 6 p.m., Monday through Friday, and 9 a.m. to 5 p.m. on Saturdays.

In addition, the Holders of Unsold Shares shall hold the Apartment Corporation harmless from claims of third parties in connection with said work.

### FORECLOSURE--RECEIVER OF RENTS

39. Notwithstanding anything in this lease, if any action shall be instituted to foreclose any mortgage on the land or the building or the leasehold of the land or building, the Lessee 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 hereunder, the rent for the apartment last determined and established by the Board prior to the commencement of said action,

and such rent shall be paid during the period of such receivership, whether or not the Board shall have determined and established the rent 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 may not be modified or annulled without the prior written consent of any such mortgage holder.

#### TO WHOM COVENANTS APPLY

40. The references herein to the Lessor shall be deemed to include its successors and assigns, and the references herein to the Lessee or a shareholder of the Lessor shall be deemed to include the executors, administrators, legal representatives, legatees, distributees and assigns of the Lessee or of such shareholder; and the covenants herein contained shall apply to, bind and ensure to the benefit of the Lessor and its successors and assigns, and the Lessee and the executors and administrators legal representatives, legatees, distributees and assigns of the Lessee, except as hereinabove stated.

#### WAIVER OF TRIAL BY JURY

41. 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 lease, the Lessee'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 lease or the apartment.

#### LESSOR'S ADDITIONAL REMEDIES

42. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessee 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 Lessor from any other remedy.

#### LESSEE MORE THAN ONE PERSON

43. If more than one person is named as Lessee hereunder, the Lessor may require the signatures of all such persons in connection with any notice to be given or action to be taken by the Lessee hereunder, including, without limiting the generality of the foregoing, the surrender or

assignment of this lease, or any request for consent to assignment or subletting. Each person named as Lessee shall be jointly and severally liable for all of the Lessee's obligations hereunder. Any notice by the Lessor to any person named as Lessee shall be sufficient, and shall have the same force and effect as though given to all persons named as Lessee.

#### EFFECT OF PARTIAL INVALIDITY

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

#### MARGINAL HEADINGS

45. The marginal headings of the several paragraphs of this lease shall not be deemed a part of this lease.

#### CHANGES TO BE IN WRITING

46. The provisions of this lease cannot be changed orally.

#### ELECTRICITY

47. (a) Electricity is supplied to the Buildings and to each Apartment by the utility company through a master electrical meter. Lessee shall reimburse Lessor for the cost of electricity supplied to the Apartment based upon the actual usage in the Apartment as determined by the electrical sub-meter for the Apartment. The Lessee shall pay the cost of the electricity without offset, abatement, deduction or other reduction. The charges for electricity in the Apartment will be measured by means of a sub-meter, which shall be read monthly by the Lessor or its agent. The Lessee's monthly electrical bill will be computed by the Lessor or its agent based on the amount of electricity consumed in said Apartment according to the sub-meter and on the then current actual cost of electricity charged by the utility company for the delivery of electricity to the Property.

(b) The Lessor or its agent shall bill Lessee directly for electricity consumed within the Apartment the month following the month in which the electricity was consumed, at the same time the Lessor or its agent bills the Lessee for maintenance. Failure to pay an electricity bill timely shall subject Lessee to the same fees and interest charges as if the electricity payments were

additional maintenance that was not paid timely. The failure of the Lessee to pay the electrical charges allocated to the Apartment shall be considered a default under the Proprietary Lease equivalent to the failure to pay maintenance. In the event of a failure by the Lessee to pay the electrical charges, the Lessor in addition to its rights under Paragraph 31 and 32 of the Proprietary Lease shall, subject to applicable law, have the right to cease providing electricity to the Apartment except where the occupant of the Apartment is a Rent Stabilized or Rent Controlled tenant. In the event of the Lessee's failure to pay the electrical charges pursuant to this Proprietary Lease, the Lessee shall be obligated to reimburse the Lessor for all of its costs and expenses including legal fees, in pursuing its rights under this Proprietary Lease. Any costs incurred due to Lessee's delay in making or failure to make timely payment or due to a shut-off shall be borne by Lessee. Lessor and all other lessees shall not be liable for any damages arising out of any shut-off in service.

(c) In the event Lessee has a complaint regarding the electricity bill, Lessee shall first make said complaint in writing to the Lessor and shall send a copy of the complaint to the Managing Agent. If the Lessor is unable to provide a satisfactory resolution to the Lessee within 30 days after the date the Lessor receives the complaint, then the Lessee shall, as its sole recourse, have the right to initiate an arbitration proceeding which shall be conducted in accordance with the Rules of the American Arbitration Association ("AAA"), and the cost of which shall be paid by the party which loses the arbitration hearing or paid as otherwise directed by the AAA. The AAA shall appoint the arbitrator.

(d) Notwithstanding that Lessee has filed a complaint about an electricity bill or that an arbitration is pending or proceeding, Lessee must continue to pay the electricity bill to the Lessor. Any refund due a Lessee will be paid or credited to such Lessee by the Lessor promptly upon receipt by the Lessor of such payment or credit from the utility company.

(e) Rates and charges to be paid by Lessee shall be based on the actual cost of the energy consumed in accordance with the utility company's rates. Lessor may charge the Lessee the actual cost of providing an electricity billing statement charged by the Managing Agent or a sub-metering company. Additionally, the Lessor may charge each Lessee a charge for commencing or terminating electric service and any other customary charges.

(signature page to follow)

IN WITNESS WHEREOF, the parties have executed this lease.

CLINTON HILL APTS. OWNERS CORP., Lessor

By: \_\_\_\_\_

\_\_\_\_\_  
Lessee

\_\_\_\_\_  
Lessee