

**PROPRIETARY LEASE**  
**AND**  
**HOUSE RULES**

**HILLMAN HOUSING CORPORATION**

**Lessee(s):** \_\_\_\_\_

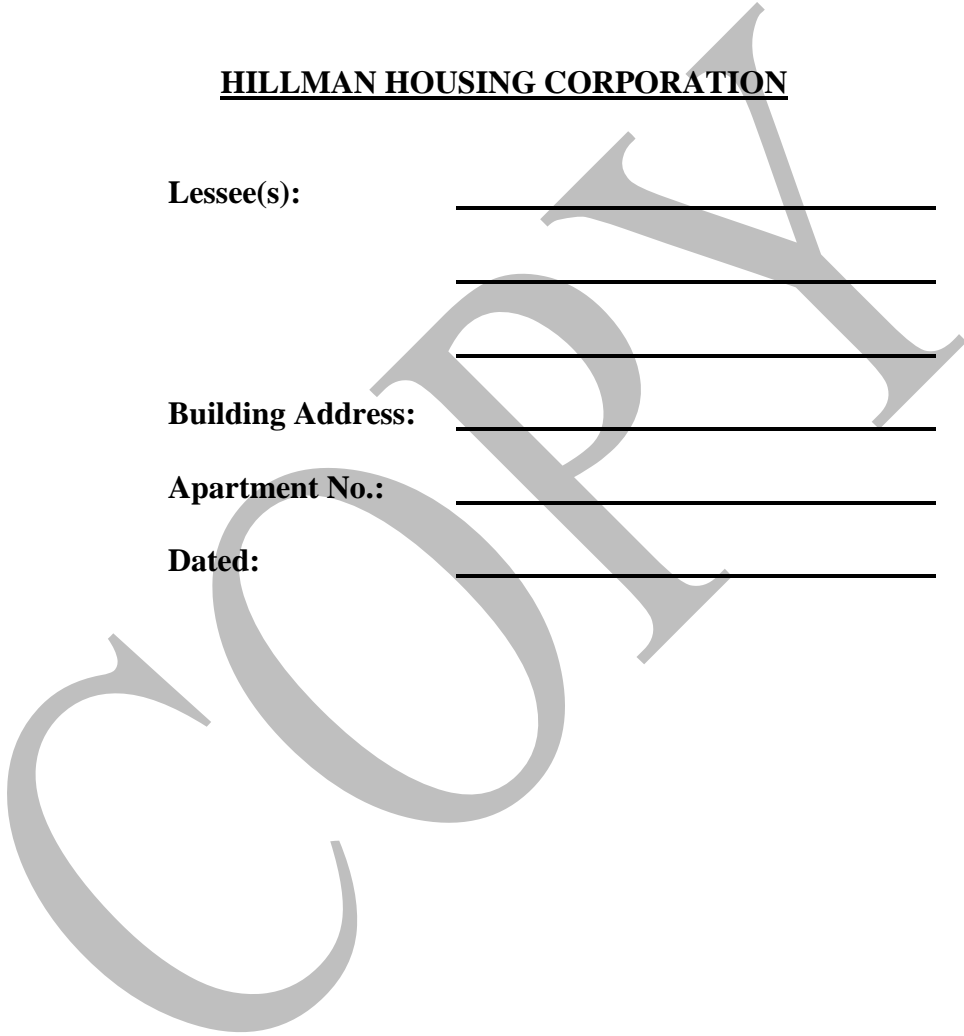
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\_\_\_\_\_

**Building Address:** \_\_\_\_\_

**Apartment No.:** \_\_\_\_\_

**Dated:** \_\_\_\_\_



As approved at Special  
Meeting of Shareholders held  
on September 18-19, 1996

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COPY

## PROPRIETARY LEASE

**PROPRIETARY LEASE**, made as of \_\_\_\_\_, \_\_\_\_\_, by and between **HILLMAN HOUSING CORPORATION**, a New York corporation having an office at 465 Grand Street, New York, New York 10002, hereinafter called the Lessor, and \_\_\_\_\_, hereinafter collectively called the Lessee.

**WHEREAS**, the Lessor owns and operates, upon a cooperative basis, a housing development located in the State, City and County of New York (hereinafter referred to as the "Development"), which contains residential apartments and other spaces at the street numbers 500/530/550 Grand Street, (hereinafter referred to as the "Building(s)"), as well as commercial space, a parking garage, sitting areas, playgrounds and related facilities, and

**WHEREAS**, the Lessee is the owner of \_\_\_\_\_ shares of the capital stock of the Lessor, to which shares this lease is appurtenant and which have been allocated to Apartment \_\_\_\_\_ in the Building at street number \_\_\_\_\_, New York, New York, (hereinafter referred to as the "Apartment"),

**NOW, THEREFORE**, in consideration of the premises and of the covenants and agreements hereinafter provided, the Lessor hereby leases to the Lessee, subject to the terms and conditions hereinafter expressed, and the Lessee hereby hires and takes from the Lessor, the Apartment listed above to be used and occupied as a strictly private dwelling and not otherwise by the Lessee and such others as are expressly permitted under this lease,

**TO HAVE AND TO HOLD** the Apartment, with the appurtenances, unto the Lessee and the executors, administrators and legal representatives of the Lessee and unto such assigns of the Lessee as may be authorized hereunder, for a term to commence on the date of this lease, and to end on the 31st day of December, 2096 (unless sooner terminated, or unless the lease shall sooner expire, as hereinafter provided) at an annual rent (sometimes herein referred to as "maintenance") equal to the Lessee's Proportionate Share of the Cash Requirements of the Lessor, as said terms are hereinafter defined, together with additional rent and other fees and charges as herein provided.

### **1. CASH REQUIREMENTS.**

The cash requirements (the "Cash Requirements") of the Lessor for each year (for the purposes hereof each year shall be deemed to be the Lessor's then fiscal year) are hereby defined and shall be deemed to be such aggregate sum as the Board of Directors of the Lessor from time to time shall determine in its judgment is to be paid by all the lessees under proprietary leases then in force on account of the estimated expenses and outlays of the Lessor to the close of such

year or portion of such year for which such determination is made (after deducting any estimated rent or income to be received during such year other than rent under proprietary leases) growing out of or connected with the ownership, maintenance and operation of the Development, which sum shall include, among other things, taxes, assessments, water and sewer rates, insurance premiums, operating expenses, alterations and improvements, special maintenance charges or assessments, interest on mortgages and other indebtedness, depreciation or amortization of mortgage and other indebtedness, vacancy and collection loss, reserves for replacements, reasonable working capital, contingencies and other reserves, legal, accounting and management fees, and the payment of any deficit remaining from a previous year.

So much of the aforesaid annual rent as shall be required or used for amortization of mortgage or other indebtedness or for other expenditures which the Board of Directors of Lessor shall determine to treat as capital expenditures shall be deemed a capital contribution by the Lessee and shall be credited by the Lessor upon its books to the account of "paid in surplus" or "additional paid in capital".

The Board of Directors of the Lessor may, from time to time, modify, increase or diminish the Cash Requirements previously fixed or determined for any year or portion thereof. The Board of Directors may include in the Cash Requirements any items of expense or liabilities which accrued or became payable in a previous year, or which might have been included in the Cash Requirements of a previous year but were not included therein, and also any sums which the Board of Directors may deem necessary or prudent to provide as a reserve against items of expense or liabilities then accrued or thereafter to accrue although not payable in that year. No determination of Cash Requirements shall have any retroactive effect on the amount of rent payable by the Lessee for any period prior to the date of such determination.

The omission of the Board of Directors 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 rent or any installment thereof, but the rent or any basis of the Cash Requirements as last determined for any year or portion thereof shall thereafter continue to be the rent until a new determination of Cash Requirements shall be made.

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 such shares are issued shall be apportioned. The Cash Requirements as last determined shall, upon the issuance of such shares, be deemed increased by an amount equal to such rent.

The Board of Directors of the Lessor shall have discretionary powers to prescribe the manner of maintaining and operating the Development, and to determine the Cash Requirements

of the Lessor to be paid as aforesaid by the lessees under proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all lessees, and all expenditures made by the Lessor's officers or the Lessor's Manager under the direction or with the authorization or approval of the Lessor's Board of Directors shall, as against the lessees, be deemed necessarily and properly made for such purposes.

The Board of Directors of the Lessor may also adopt and revise from time to time schedules of special charges such as charges for electricity consumed by air conditioners and/or other appliances, late payment charges, storage and community room fees, fines, and other similar charges. All such charges shall be deemed additional rent due and payable when billed, pursuant to this lease.

The Lessor shall operate as a cooperative and, in accordance therewith, if, after payment of all obligations, expenses, taxes and assessments, or after making suitable provision therefor, there shall be excess revenues, then the Lessor's Board of Directors shall pay or allow, in such manner or in such form as is from time to time determined by the Board of Directors, a rebate or rebates of rent to each Lessee, in proportion to the rental payments made by such Lessee during the period in respect of which such rent rebate or rebates are allowed or paid. The manner or form of such rebates may include rebates in the form of a reduction of or credit against the Lessee's future rent obligations. The monthly rentals paid by the lessees shall be deemed to be payment on account of their annual rental obligation, which shall be finally determined by the Board of Directors in the light of each year's operating experience.

Whenever in this Article or any other provision of this lease, a power or privilege is given to the Board of Directors, the same may be exercised only by the Board of Directors and in no event shall any such power of privilege be exercised by a creditor, receiver or trustee.

## **2. RENT AND ADDITIONAL RENT; ASSESSMENTS; LATE PAYMENT FEE.**

The annual rent (maintenance) payable by the Lessee on the date of execution of this lease is \$\_\_\_\_\_. Such amount may be increased or decreased for each year, or portion of a year, during the term by an amount which shall be calculated in such manner and on such basis (the "Lessee's Proportionate Share") as the Board of Directors shall, from time to time determine, which basis may be a uniform dollar amount per share or per room, a uniform percentage of rentals or any other basis uniformly applied to all lessees, as the Board of Directors deems appropriate. Such rent shall be payable in equal monthly installments in advance on the first day of each and every calendar month, without any deduction whatsoever on account of any set-off or claim which the Lessee may have against the Lessor.

The Lessee shall also pay such additional rent as may be provided for herein when due. All sums which under the terms of this lease the Lessee shall become obligated to pay to the Lessor or to reimburse the Lessor for, shall be deemed additional rent hereunder, and the Lessor shall have (in addition to any other right or remedy of the Lessor) the same rights and

remedies in the event of the nonpayment of any such sums by the Lessee as in the case of default in the payment of any installment of the annual rent. The Lessee shall also pay the Lessee's Proportionate Share (determined as set forth above) of any special maintenance charge or assessment that may be levied by the Lessor from time to time to pay for any repair, alteration or improvement to the corporate property, or any deficit from operations for a prior period, or other Cash Requirements as determined by the Board of Directors. Such special charge or assessment shall be collectible as additional rent and shall be payable in a lump sum or in periodic installments, as the Board of Directors shall determine.

If the rent or any item of additional rent is not paid when due, the Lessee will be subject to a late payment fee. The amount of the fee will be (a) determined from time to time by the Board of Directors, (b) payable on the first of the following month with the rent due at that time, and (c) added as additional rent to the Lessee's rental obligation under this lease. Such late payment fee shall not in any manner excuse the late payment and shall be in addition to all other rights and remedies of the Lessor.

### **3. LESSEE'S DUTIES AND OBLIGATIONS.**

The Lessee covenants and agrees as follows:

#### **(1) Permitted Use and Occupancy of the Apartment.**

The Lessee shall not, without the written consent of the Lessor, 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, except as otherwise required by law, the following persons only: the Lessee and the Lessee's spouse (which term includes any person entitled by law to be treated as a spouse), the children, grandchildren, parents, grandparents, brothers and sisters of either Lessee or Lessee's spouse, and any other person entitled by law to occupy the Apartment with the Lessee. All such persons shall only occupy the Apartment during such time as the Lessee is in occupancy. In no event shall more than one family unit occupy the Apartment without the written consent of the Lessor. In addition to the foregoing, the Apartment may, upon prior notice to the Lessor, be occupied from time to time by guests of the Lessee for a period of time not exceeding sixty (60) days, 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. All the persons permitted to occupy the Apartment pursuant to this Paragraph are sometimes hereinafter called "Permitted Occupants".

#### **(2) Apartment "As Is".**

The Lessee acknowledges that the Lessee is fully familiar with the condition of the Building and the Apartment and accepts the Apartment "As Is" and in whatever state or condition the Apartment may be at the commencement of the term of this lease, without any



warranty or representation of any kind whatsoever on the part of the Lessor. The Lessor shall not be obligated to do any work or make any repairs, alterations or improvements in or to the Apartment, except as specifically set forth in this lease.

### **(3) Lessee's Maintenance and Repairs.**

The Lessee will maintain and take good care of the Apartment and the fixtures and appurtenances thereof (including any leasehold addition, alteration or improvement which may be made thereto, whether made by the Lessor or the Lessee) and will suffer no waste or injury thereto and will make, as and when needed, all repairs to the Apartment and the said fixtures and appurtenances (other than repairs which the Lessor expressly agrees to make as hereinafter provided), whether or not caused by any act or omission of the Lessee, and will repair any and all injury or damage occasioned by the installation or removal of appliances, equipment, furniture and property. All repairs which the Lessee is required to make pursuant to this lease shall be at least equal to the original work in quality and character. Unless otherwise determined by the Board of Directors, the Lessee shall be responsible for painting the Apartment from time to time as may be reasonably required in order to keep the Apartment in good condition, and in no event less often than as prescribed by the Lessor. The Lessee shall be solely responsible for the provision, maintenance, repair or replacement of any plumbing, gas and heating fixtures (as described below), lighting fixtures, and equipment such as refrigerators, dishwashers, removable and through-the-wall air conditioners, ranges, ovens and other appliances that may be in the Apartment. Plumbing, gas and heating fixtures as used herein shall mean 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 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 (to the extent the same exists at any time in or about the Apartment) all meters located in or about the Apartment, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box into and through the Apartment. Any ventilator or air conditioning device which shall be visible from the outside of the Building shall at all times be painted by the Lessee in a standard color which the Lessor may select for the Building.

In the event of the refusal or neglect of the Lessee, during ten (10) days after notice in writing from the Lessor (or upon shorter notice or no notice in the case of emergency), to make such repairs or to restore the Apartment to good condition, or, if such repairs are of a nature that they cannot be completely cured within ten (10) days, if the Lessee does not commence such repairs within ten (10) days and thereafter proceed with reasonable diligence and in good faith to make such repairs, such repairs or restoration may be made by the Lessor, which shall have the right, by its officers or authorized agents, to enter the Apartment upon reasonable notice and at reasonable hours (or upon no notice and at any hour in the case of emergency) for that purpose,

and to collect the cost of such repairs or restoration as additional rent for the Apartment. The Lessor may similarly enter the Apartment to effect repairs to any other apartment or apartments.

The Board of Directors of Lessor may, in its discretion, adopt policies under which, for a fixed period or periods of time, the Lessor undertakes to make some of the repairs which are the lessee's obligation under this lease. Any such policies shall be applicable uniformly to all lessees and notice thereof shall be given to all lessees.

#### **(4) Leasehold Alterations and Improvements.**

The Lessee shall not, without first obtaining the written consent of the Lessor, make in the Apartment, or on any terrace or balcony appurtenant thereto, any alteration or enclosure of, or addition to, the water, gas or steam risers or pipes, heating system or units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm systems, or any other installation or facility in the Apartment or Building, or, except as hereinafter authorized, remove any additions, improvements or fixtures from the Apartment, nor shall the Lessee make any structural alterations. Carpeting, wallpapering, painting, minor repairs and redecorating shall not be considered alterations requiring such written consent, but may be performed at any time, subject, however to rules, regulations or policies adopted by the Board of Directors of the Lessor and to all other pertinent provisions of this lease and the House Rules, and further subject to the condition that the Lessor shall not be required to replace or compensate Lessee for any such items in the event of repairs or alterations made by Lessor hereunder.

The performance by the Lessee of any work in the Apartment shall be in accordance with all applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. Any consent to proposed alterations may be subject to such terms and conditions as the Board of Directors shall impose, including execution of an agreement in form and substance satisfactory to the Board of Directors setting forth the terms and conditions under which such alteration may be made, and further including the requirement that the Lessee reimburse the Lessor for reasonable legal, engineering and architectural fees and other expenses of the Lessor incurred in connection with such proposed alterations, and that the Lessee cure all defaults under the lease.

All leasehold alterations, additions or improvements which may at any time be made in or about the Apartment by the Lessee or the Lessor shall be the property of the Lessor and shall remain in and be surrendered with the Apartment upon the termination of this lease. In addition to any other remedies provided herein, the Lessor shall have the right to require the Lessee to remove, at the Lessee's expense, any leasehold alterations, additions, or improvements made without the Lessor's written consent, and to restore the Apartment to the condition it was in prior to any such leasehold alterations, additions, or improvements made by the Lessee.

**(5) Compliance with Laws, Ordinances, Rules, Regulations, and House Rules.**

**(a) Laws; Insurance; Mortgages.** The Lessee will comply with all pertinent laws, ordinances and regulations of the federal, state and municipal governments and of the various departments and agencies thereof and with the rules, requirements, and regulations of the New York Board of Fire Underwriters and the Lessor's insurers and mortgagees applicable to the Lessee's use and occupancy of the Apartment. The Lessee will not permit or suffer anything to be done or kept in the Apartment deemed extra hazardous on account of fire or which will increase the rate of fire insurance on the Building. If by reason of the failure of the Lessee to comply with the foregoing provisions of this Paragraph, the fire insurance rate for the Building is at any time higher than it otherwise would be, then the Lessee shall reimburse the Lessor for that part of all fire insurance premiums thereafter paid by the Lessor which shall have been charged because of such failure by the Lessee so to comply.

**(b) Waste and Refuse; Graffiti.** The Lessee will maintain the Apartment in a clean and orderly condition, and will not permit the accumulation of waste, rubbish, or refuse matter in or about the Apartment or the public halls or any other areas of the Development. The Lessee will be responsible for the cost of removing any waste, rubbish, refuse and graffiti, and for all damage caused by such graffiti, placed anywhere in the Development by the Lessee or by any of the Permitted Occupants or by any invitee, agent or contractor of the Lessee.

**(c) Installation of Appliances.** Unless and until otherwise determined by the Lessor's Board of Directors, the Lessee will not install, nor permit to be installed, in the Apartment any clothes washer or dryer. The Lessor's Board of Directors may, in its discretion, adopt reasonable rules and regulations regarding the installation of air conditioning units in the Apartment including but not limited to a requirement that Lessor shall have the right to approve in writing the type and location of each such unit and the total number of units permitted in the Apartment.

If, in the Lessor's sole judgment, any of the Lessee's appliances or equipment 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 heat, water, gas, electricity or other service to the Building, or if any such appliances visible from the outside of the Building shall become rusty or discolored or shall leak or discharge fluid, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

Installation and removal of appliances shall be subject to such reasonable rules and regulations as the Lessor may, from time to time, adopt.

**(d) Cleaning of Windows.** The Lessee will not, nor will the Lessee require, permit, suffer or allow any person to, clean any windows of the Apartment from the outside

unless such windows and the person cleaning the same are provided with the equipment and safety devices required and approved by law, ordinance, and governmental rules and regulations, and the Lessee hereby agrees to indemnify the Lessor and its employees, other lessees and the Lessor's Manager, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering or allowing any window in the Apartment to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

**(e) Odors and Noises.** 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 or any other public portions of the Building or the Development.

**(f) House Rules of Lessor.** The Lessee will observe and comply with and will cause the Lessee's invitees, licensees, employees, agents, contractors, subtenants and such persons as are permitted to co-reside in the Apartment with the Lessee hereunder, to observe and comply with the House Rules set forth at the end of this lease and such other or further House Rules as the Board of Directors of the Lessor may adopt and which shall take effect after written notice thereof has been given to the Lessee, all of which House Rules are hereby made part of this lease. Violation of any House Rule shall constitute a breach of a substantial obligation of tenancy and of this lease.

**(6) Indemnification of Lessor.** The Lessee will forever indemnify the Lessor and Lessor's officers, directors, agents and employees and save them harmless against and from (a) any and all claim, loss, damage or liability for injury or death to persons and damage to property (i) occasioned wholly or in part by any act or failure to act by or on the part of the Lessee, or by or on the part of the Lessee's invitees, licensees, employees, agents, contractors, subtenants, or such persons as are permitted to co-reside in the Apartment with the Lessee, or (ii) occasioned by any breach by the Lessee of any of the terms and provisions of this lease, and (b) any and all costs, fees and expenses (including reasonable attorneys' fees and other professional fees and expenses) incurred in connection therewith.

**(7) Assignment or Transfer of Lease and Shares of Stock.**

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, unless and until:

(a) An instrument of assignment in form acceptable to Lessor, executed and acknowledged by the assignor, shall be delivered to the Lessor;

(b) An agreement executed and acknowledged by the assignee in form acceptable to 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 shall have entered into a new lease in the form then in use by Lessor 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;

(c) 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 if or to the extent required by law;

(d) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its Manager in connection with such assignment and transfer of shares;

(e) The transfer fee and all other applicable fees authorized by the Bylaws of the Lessor as in effect from time to time shall have been paid to the Lessor, and such affidavits and other documents as may be required in connection therewith shall have been delivered to the Lessor; and

(f) A search or certification from a title or abstract company shall have been delivered to the Lessor if the Lessor so requires; and

(g) Except in the case of an assignment, transfer or bequest to the Lessee's spouse of the shares and this lease, consents to such assignment shall have been authorized by resolution of the Board of Directors.

If the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the lease and the shares to a financially responsible member of the Lessee's immediate family (as such term is hereinafter defined), other than the Lessee's spouse as to whom no consent shall be required, provided all other conditions hereof are complied with. As used in this Paragraph, the Lessee's "immediate family" shall consist of the Lessee's spouse (which term includes any person entitled by law to be treated as a spouse), their children, grandchildren, parents, grandparents, brothers and sisters.

There shall be no limitation, except as specifically provided herein, on the right of the Board of Directors to grant or withhold consent to an assignment, for any reason or for no reason.

If the lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability under any of the covenants and conditions of this lease to be thereafter performed.

Regardless of any prior consent theretofore given, neither the Lessee nor the Lessee's 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.

For purposes of this Paragraph, the addition of one or more names to a lease and the stock certificate representing the shares to which it is appurtenant shall be deemed an "assignment," but a separate fee (rather than a transfer fee) shall be payable upon such addition as provided in the Bylaws. A lessee who adds a name to this lease and the shares appurtenant to it shall be required to remain on this lease as a co-lessee. In the event such lessee's name is removed from the lease for any reason other than the death of said lessee, said lessee shall be required to pay the full applicable transfer fee (in addition to any fee previously paid for adding a name to the lease) in the manner set forth in the Bylaws.

**(8) Transfer Fee.**

The Lessee shall pay to the Lessor, as the Lessor's participation in the resale price, a Transfer Fee in such amount as may be determined from time to time by the Lessor's Board of Directors and in accord with the pertinent provisions of the Lessor's Bylaws, all of which provisions, as the same may be amended from time to time, are incorporated herein and made a part hereof.

**(9) Subletting.**

The Lessee will not sublet the Apartment or any part thereof, or use the Apartment or any part thereof, or allow the same to be used, for any purpose other than as a private dwelling or by anyone other than the Lessee and the Permitted Occupants without obtaining the prior written consent of the Lessor. 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 proposed subletting. In the event the Lessor shall consent to a subletting of the Apartment, no further subletting shall be made without the express consent in writing of the Lessor. The Lessor may condition its consent to a subletting on the Lessee's agreement to pay a subletting fee to the Lessor in an amount to be determined from time to time by the Board of Directors as well as on any other ground authorized by the Lessor's Board of Directors. The Lessor may also require the Lessee, as a condition to such consent, to reimburse the Lessor for reasonable administrative, legal and other fees and expenses incurred by the Lessor in connection with the review and processing of the Lessee's subletting request, and to cure all defaults under the lease. The Lessee shall be fully responsible for the conduct of any sublessee, including any damage, loss, cost, expense or injury caused by the sublessee and any conduct which constitutes a breach of this lease, and the Lessee shall pay to the Lessor the costs, fees and expenses incurred by the Lessor, including reasonable attorneys' fees and other professional fees, as a consequence thereof.

**(10) Maximum Resale Prices.**

The sale or transfer of the shares of Lessor's stock appurtenant to this lease shall at all times be subject to the maximum permitted resale prices set forth or described in the pertinent provisions of the Lessor's Bylaws, which provisions, as the same may be amended from time to time, are incorporated herein and made a part hereof.

**(11) The Lessor's Option to Purchase.**

The Lessee acknowledges that pursuant to the pertinent provisions of the Lessor's Bylaws, all of which provisions as the same may be amended from time to time are incorporated herein and made a part hereof, the Lessor, acting by its Board of Directors, reserves the option to purchase the shares of stock to which this lease is appurtenant in the manner and upon the terms set forth in said Bylaw provisions.

**(12) Surrender of Possession.**

The Lessee, before or upon the expiration or sooner termination of this lease, will quit and vacate the Apartment and surrender possession thereof to the Lessor or its assigns, leaving the Apartment vacant and leaving the Apartment and all leasehold additions, alterations, or improvements in as good condition as the same were at the beginning of the term hereof, reasonable wear and tear excepted, and upon demand of the Lessor or its assigns, will execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all right, title and interest of the Lessee in the Apartment, and in the shares of Lessor's stock to which this lease is appurtenant. If the Apartment be not surrendered by the Lessee as aforesaid, the Lessee will reimburse the Lessor for all damages, losses, costs and expenses which the Lessor shall suffer by reason thereof, including cost of repairs, loss of rent, reasonable legal fees and other professional fees, and damages arising out of claims by any succeeding lessee against the Lessor founded upon delay in delivering possession of the Apartment to the succeeding lessee so far as such delay is occasioned by failure of the Lessee so to surrender the Apartment.

Any property of the Lessee remaining in the Apartment after the expiration or termination of the term hereof, 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 at the cost and expense of the Lessee and without liability or accountability to the Lessee.

**(13) Signs.**

The Lessee will not permit any projection from any window of the Apartment or from any exterior wall of the Building and will not expose or display any sign, advertisement, wires, cables, or similar matter at any window, terrace or balcony of the Apartment or on any exterior wall of the Building without first obtaining the prior written consent of the Lessor

thereto. Notwithstanding such consent given by the Lessor to any of the foregoing items or any other such item or thing, the same shall be promptly removed by the Lessee at the Lessor's demand, at the cost of the Lessee, if such removal is required in Lessor's judgment for the purpose of repairs, alterations, improvements, maintenance or upkeep of the Building.

**(14) Terraces and Balconies.**

If the Apartment includes a terrace or a balcony, the Lessee shall have and enjoy the exclusive use of the terrace or balcony subject to the applicable provisions of this lease and to the use of the terrace or balcony by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to the House Rules and such regulations as may, from time to time, be prescribed by the Board of Directors. The Lessee shall keep the terrace or balcony clean and free from snow, ice, leaves and other debris. No fences, structures, enclosures, screens, improvements, planters or lattices shall be erected or installed on the terraces or balconies without the prior written consent of the Lessor. No cooking shall be permitted on any terraces or balconies, nor shall the ceiling, floor or walls thereof be painted by the Lessee without the prior written consent of the Lessor. The Lessee shall not air or dry clothes on the balcony, terrace, roof or any other exterior area or portion of the Development. Displays, if and to the extent permitted by the Lessor, shall be subject to the Lessor's regulations regarding hours, lighting and the like.

Notwithstanding the Lessor's consent given to the Lessee or to the Lessee's predecessor in interest to the erection or placement of any item or thing in or on any terrace or balcony, the same shall be promptly removed by the Lessee at the Lessor's demand, at the cost of the Lessee, if such removal is required in Lessor's judgment for the purpose of repairs, alterations, improvements, maintenance or upkeep of the Building.

**(15) Cooperation.**

The Lessee understands and agrees that the character of the occupancy of the Development is an important consideration and inducement for the granting of this lease, and the Lessee will at all times in good faith endeavor to observe and promote the cooperative purposes for the accomplishment of which the Development was built. In the use and enjoyment of any common facilities, play, or recreation areas which may be provided in the Development by the Lessor, the Lessee and the Lessee's invitees, licensees, employees, agents, contractors, subtenants and such others as are permitted to co-reside in the apartment with the Lessee hereunder, will not interfere with the rights of others to the use and the enjoyment thereof.

**4. MUTUAL COVENANTS OF LESSOR AND LESSEE.**

The Lessor and the Lessee mutually covenant and agree as follows:



### **(1) Damage to Apartment or Building.**

If the Apartment or the Building shall be damaged by fire or other casualty and the same was not caused by the Lessee or the Lessee's invitees, licensees, employees, agents, contractors, subtenants and/or such other as are permitted to co-reside in the Apartment with the Lessee hereunder, 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 the same, including the walls, floors, ceiling, pipes, wiring and conduits in the Apartment. No liability or penalty shall accrue for reasonable delay which may arise by reason of adjustment of insurance, labor troubles or any other cause beyond the Lessor's reasonable control. Anything herein to the contrary notwithstanding, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, appliances, fixtures, furniture, furnishings or decorations installed by the Lessee or any of Lessee's predecessors in title, nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in the Apartment.

In case the damage resulting from fire or other casualty shall be so extensive as to render all or a substantial portion of the Apartment untenable, then, as the Lessee's sole remedy with respect to the Lessor, the rent hereunder shall be proportionately abated until the Apartment shall again be rendered tenable; but if said damage shall be caused by the act or negligence of the Lessee, the Lessee's invitees, licensees, employees, agents, contractors, subtenants and/or such others as are permitted to co-reside in the Apartment with the Lessee hereunder, then there shall be no such rental abatement.

If the Board of Directors shall determine that (a) the Development is totally destroyed by fire or other cause, or (b) the Development is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (c) 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 two-thirds (2/3) of the record shareholders, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Board of Directors, and voting in the manner prescribed by Lessor's Certificate of Incorporation, shall vote not to repair, restore or rebuild, then upon the giving of notice as herein provided, 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 to terminate this lease under Section 227 of the Real Property Law.

### **(2) Insurance.**

If required by the Lessor, the Lessee shall, at his or her own cost and expense, obtain and keep in full force and effect throughout the term of this lease comprehensive public liability and property damage insurance in such coverages and containing such provisions as may be determined by the Lessor from time to time, against any and all claims for personal injury, death or property damage (including, but not limited to, loss due to water damage) occurring in,

upon, adjacent to or connected with the Apartment or any part thereof. The above insurance shall name the Lessor as additional insured, as its interest may appear, and is to be written in form reasonably satisfactory to the Lessor by good and solvent insurance companies of recognized standing, admitted to do business in the State of New York which shall be reasonably satisfactory to the Lessor. In the event the Lessee shall fail to obtain the insurance required above, and/or to pay all premiums and charges therefor, the Lessor may, but shall not be obligated to, obtain the same in which event the amount of the premiums paid by the Lessor shall be paid by the Lessee to the Lessor upon demand as additional rent. The failure of the Lessee to obtain and maintain such insurance throughout the term of this lease, if and to the extent required by the Lessor, shall be a default under the lease.

**(3) Lessor's Immunities.**

The Lessor shall not be liable for, nor shall there be any diminution or abatement of rent or additional rent or other sums payable hereunder by the Lessee, claimed or allowed for, any failure of heat, gas, electric current, mechanical refrigeration, water supply, elevator service, telephone service or of any other service; or because of the presence of vermin or insects, if any, in the Apartment or the Building; or because of any hidden defect in the Building; or because of interference with light or other similar rights growing out of, annexed to, or concerning the Building, the land on which it is built, the Apartment or the Development by any person other than the Lessor; or for any cause beyond the Lessor's actual control; or by reason of any other lessees or occupants of the Development.

To the fullest extent permitted by law, the Lessor shall not be liable for any injury or damage to the Lessee, to the Lessee's invitees, licensees, employees, agents, contractors, subtenants, or to such persons as are permitted to co-reside in the Apartment with the Lessee hereunder, or for any damage to or loss of property, including automobiles, of such persons unless such injury, damage, or loss is caused by or due to the gross negligence of the Lessor. In addition, the Lessor shall in no event be liable for (a) any such injury, damage, or loss caused by other lessees or any person other than the Lessor, (b) the loss of or damage to any property within or without the Apartment by theft or otherwise, (c) the loss of or damage to any property left in the care of any employee of the Lessor unless so left with the express written authorization of the Lessor, (d) the loss of or damage to any property stored by the Lessee, the Lessee's invitees, licensees, employees, agents, contractors, subtenants and/or permitted co-residents, in any storage space outside of the Apartment furnished by Lessor as a convenience to Lessee, or (e) any consequential, special or punitive damages.

**(4) No Rent Abatement for Inconvenience.**

No diminution or abatement of rent or additional rent or other sums payable hereunder by the Lessee shall be claimed by the Lessee or allowed by the Lessor for inconvenience or discomfort arising from the construction of, to or in any part of the Development, or from the making of repairs, alterations, or improvements, or from the taking of any space to comply with any law, ordinance, or order of a government authority.

**(5) Lease Subordinate to Mortgage.**

This lease and the leasehold estate hereby created are and shall be subject and subordinate at all times (a) to the lien of any mortgage, indenture of mortgage, deed of trust or ground or underlying lease now or hereafter placed on the Development or any part thereof, and (b) to all advances made or hereafter to be made upon the security thereof, and (c) to all renewals, extensions, consolidations and amendments thereof and (d) to any supplements thereof. At any time and from time to time, the Lessee will, on demand, execute and deliver any instrument or instruments which may be required (i) by the holder of the mortgage, indenture of mortgage or ground or underlying lease or proposed mortgage or proposed indenture of mortgage or proposed ground or underlying lease or (ii) by any trustee under any deed of trust or proposed deed of trust, for the purpose of more formally subjecting or subordinating this lease and the leasehold estate hereby created to the lien of any such indenture of mortgage or lease or deed of trust. In the event the Lessee shall fail to execute any such instrument within five (5) days after demand, then the Lessee hereby irrevocably appoints the duly elected officers from time to time of the Lessor, and each of them is hereby irrevocably appointed attorney-in-fact and agent of the Lessee, to execute any such instrument or instruments for and in the name of the Lessee, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

**(6) Lessor's Right of Entry.**

The Lessor and its agents and contractors and their authorized employees shall be permitted to visit, examine, or enter the Apartment and any storage space assigned to the Lessee at any reasonable hour of the day upon reasonable advance notice, or at any time and without notice in case of emergency, to make or facilitate repairs, alterations or improvements 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 the Lessor, or at the Lessee's expense if such repairs are the obligation of the Lessee or are caused by the act or omission of the Lessee or any of the Lessee's invitees, licensees, employees, agents, contractors, subtenants and/or such persons as are permitted to co-reside with the Lessee hereunder.

The Lessee shall provide the Lessor with a key to each lock providing access to the Apartment if required to do so by the Lessor, and shall in any event provide the Lessor with a key to each lock providing access to the Lessee's storage space, 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 the Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or the Manager) 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 right 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 or any of its contents, except as herein specifically provided.

The Lessor shall have the right to erect, use and maintain pipes and conduits which service the Building in and through the Apartment.

**(7) No Waiver by Lessor.**

No act or thing done by the Lessor or its agents during the term hereof shall constitute an eviction by the Lessor, nor shall it be deemed an acceptance of a surrender of the Apartment, and no agreement to accept such surrender shall be valid unless in writing signed by the Lessor. No employee or agent of the Lessor shall have any power to accept the keys of the Apartment prior to the termination of this lease, and the delivery of keys to any employees or agent of the Lessor shall not operate as a termination of the lease or a surrender of the Apartment. The failure of the Lessor to seek redress for violation of, or to insist upon the strict performance of any covenant or condition of this lease, or any of the rules and regulations set forth herein or hereafter adopted by the Lessor, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by the Lessor of rent or additional rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach. The failure of the Lessor to enforce any of the provisions of this lease or the rules or regulations set forth herein, or hereafter adopted, against the Lessee or against any other lessee residing in the Building shall not be deemed a waiver of any such provision or rule and regulation. No provisions of this lease shall be deemed to have been waived by the Lessor unless such waiver be in writing signed by the Lessor. No payment by Lessee or receipt by the Lessor of a lesser amount than the rent and additional rent herein stipulated or such other amount as may be fixed pursuant to the provisions hereof shall be deemed to be other than on account of the payment of the earliest stipulated rent, nor shall any endorsement or statement on any check nor on any communication accompanying any check or payment of the rent or additional rent be deemed an accord and satisfaction, and the Lessor may accept such check or payment without prejudice to its right to recover the balance of such rent or pursue any other remedy in this lease provided.

**(8) Collection of Rent from Assignee or Subtenant.**

If (a) this lease is assigned or the Apartment is sublet without the Lessor's consent, as herein provided, or (b) the Apartment is occupied by anyone other than the Lessee and the Permitted Occupants, or (c) the Apartment is occupied in the Lessee's absence by any person, the Lessor may collect rent from such assignee, subtenant or occupant and apply the net amount collected to the rent due hereunder, but no such collection by the Lessor shall be deemed a waiver of the covenant herein against such assignment, subletting or occupancy, or an

acceptance of such assignee, subtenant or occupant as lessee hereunder, or a release of the Lessee from the further performance by the Lessee of the covenants on the part of the Lessee herein contained.

**(9) Notices.**

Except as may otherwise in this lease be expressly provided, a bill, statement, notice or communication which the Lessor may desire or be required to give to the Lessee, including any notice of expiration shall be deemed sufficiently given or rendered if in writing, delivered to Lessee personally or sent by registered or certified mail or by facsimile transmission or other electronic means, addressed to the Lessee at the Building of which the Apartment is a part or left at said Apartment addressed to the Lessee, and the time of the rendition of such bill or statement and the giving of such notice or communication shall be deemed to be the time when the same is delivered to the Lessee, mailed or transmitted or left at the Apartment as herein provided. Any notice by the Lessee to the Lessor must be served by registered or certified mail or by facsimile transmission or other electronic means, addressed to the Lessor at the address first above given, or at such other address as the Lessor may from time to time designate.

**(10) Oral Representations Not Binding.**

Neither the Lessor nor any director, officer, agent or employee of the Lessor has made any representation or promise with respect to the Development, the Building or the Apartment, except such as are expressly specified herein. The Lessor shall not be responsible for, or bound by, any representation or undertaking not expressly specified herein unless contained in a writing, signed by an officer or duly authorized agent or employee of the Lessor and expressly approved by the Board of Directors.

**(11) Mechanics' Liens.**

In case there shall be filed a notice of mechanic's lien against the Development or the Building or the Apartment for, or purporting to be for, labor or material alleged to have been furnished or delivered to or for the Lessee or anyone claiming through the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding, or otherwise; and if the Lessee shall fail to cause such discharge within twenty (20) days after the filing of such notice, the Lessor may cause such lien to be discharged in any manner without investigation as to the validity thereof, or of any offsets or defenses thereto, and the Lessee agrees to reimburse the Lessor for all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements.

Notice is hereby given that the Lessee has no power, authority or right to do any act which may create, or be the foundation for, any lien upon the fee or leasehold estate of the Lessor in the Apartment or upon the land or Building of which it is a part or the improvements now erected or hereafter to be erected within the Apartment or upon the land or Building of which the Apartment is a part. Further, nothing in this lease is intended to or shall be deemed or

construed to constitute a consent by the Lessor to the subjection of the Lessor's interest in the Apartment, the Building or the land on which the Building is located to any lien or claim by any person which supplies any work, labor, material, service or equipment to the Lessee in performing any work or services to or for the benefit of the Lessee. The Lessor hereby notifies all such persons of such intent and each such person agrees that by performing any work for the Lessee it agrees that the Lessor has not granted such consent and that such person shall not have a right to file any lien or claim against such interest of the Lessor in the Apartment, the Building or the land on which the Building is located. The Lessee agrees to provide a copy of this provision to all such persons prior to entering into any contract for or otherwise having work performed for the Lessee.

**(12) Failure to Deliver Possession.**

The Lessee agrees that if, for any reason, the Lessor shall be unable to give possession of the Apartment to the Lessee on the day herein provided for the commencement of the term of this lease, the Lessor shall not be subject to any liability therefor nor shall the validity of this lease or any obligation of the Lessee hereunder be affected thereby, nor shall the term hereof be extended, but the Lessee shall accept the Apartment on the day when the Lessor shall be able to give possession and the rent in the meantime shall be abated. The Lessee agrees in such event to pay rent beginning upon the date on which the Lessor is able to give possession of the Apartment to the Lessee.

**(13) Condemnation.**

If the Building, or a material portion thereof (as determined solely by the Lessor), or the Apartment shall be taken or condemned by any public authority for any public or quasi-public use or purpose, this lease, upon the date of vesting of title in the proceeding, shall expire, and all right, title and interest of the Lessee thereunder shall cease and come to an end, and the rent payable by the Lessee shall be justly apportioned to the date of such termination. The total award made in the proceeding shall be payable to the Lessor, and the Lessee hereby assigns such award to the Lessor.

**(14) Floor Plans.**

The Lessee understands and agrees that the dimensions of the rooms in the Apartment as shown on any floor plan are approximations only, and the Lessor shall not be liable to the Lessee in any manner, nor shall this lease be affected in any way, because there exist any variations in the dimensions of any rooms or because of any encroachments upon room areas, closets, hallways, baths, or other space in the Apartment by other parts of the Building which are not indicated on such plans.

**(15) Written Notice Condition Precedent to Lessor's Liability.**

The giving of written notification by the Lessee to the Lessor in the manner provided herein in the event of (a) any need for the making of repairs or the furnishing of any service to be made or provided hereunder by the Lessor, or (b) any default by the Lessor, or (c) any breach by the Lessor of any covenants of this lease, or (d) any failure by the Lessor to comply with any law, ordinance or governmental regulation to be complied with hereunder by the Lessor, and the giving to the Lessor a reasonable opportunity after such notification to make such repairs, furnish such service or cure any default, breach or failure by the Lessor, shall be a condition precedent to the accrual of any right, claim or cause of action, or the bringing of any action by the Lessee against the Lessor, or the assertion by the Lessee against the Lessor of any defense, offset or counterclaim based thereon. The Lessor shall have a reasonable time after such notification to comply or perform or to commence compliance or performance.

**(16) Permission to Show Apartment.**

Lessor and its agents may show the Apartment to mortgagees, ground lessors, prospective mortgagees, prospective ground lessors and prospective purchasers of all or part of the Development from time to time at reasonable hours. During the period of sixty (60) days prior to the expiration of the term, prospective lessees shall be admitted to visit the Apartment at all reasonable hours of the day.

**(17) Assignment of Lessor's Rights Against Occupants.**

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 hereof 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.

**(18) Cancellation of Prior Agreement.**

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 supersede such agreement or statutory tenancy which shall be of no further effect after the date of commencement of this lease, except for claims for breach of such agreement or statutory tenancy that arose prior to the commencement of the term of this lease.

**(19) Lessor's Right to Remedy Lessee's Defaults.**

If the Lessee shall fail to remedy any default hereunder then, in addition to all other rights and remedies provided herein or at law or equity, the Lessor may, but shall not be obligated to, perform or pay the same, and the Lessor shall be entitled to recover from the Lessee, upon written demand, as additional rent, all costs, expenses and fees, including reasonable legal and other professional fees or expenses, for which the Lessor has paid or contracted, and all payments made by the Lessor, plus interest thereon at the then highest legal rate.

**(20) Removal of Fixtures and Other Items.**

Without the 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 if the Lessee shall hereafter place in the Apartment at the Lessee's own expense, or if there shall exist in the Apartment as of the date the Lessor ceased being a Redevelopment Company, any additions, improvements, appliances or fixtures, including but not limited to lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, special interior 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 the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided: (a) 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; (b) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, repair all damage to the Apartment and Building which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; (c) 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; (d) that the Lessee has complied with all applicable provisions hereof and rules of the Lessor; and (e) that if any mortgagee has acquired a lien on any such property prior to the execution of this lease, the Lessor shall have first procured from such mortgagee its written consent to such removal.

**5. LESSOR'S DUTIES AND OBLIGATIONS.**

Lessor covenants and agrees as follows:



**(1) Lessor's Maintenance and Repairs.**

The Lessor shall maintain and keep in good repair the Development, including all the Buildings and the grounds and areas surrounding the same, and including the Apartment except those portions of maintenance repair within the Apartment which are stated to be the Lessee's responsibility pursuant to Paragraph 3(3) and other pertinent provisions hereof.

All such maintenance and repairs shall be at the expense of the Lessor, unless the same shall have been rendered necessary by the act or negligence or carelessness or misuse of the Lessee or the Lessee's invitees, licensees, employees, agents, contractors, subtenants and/or such persons as are permitted to co-reside in the Apartment with the Lessee hereunder, in which case the expense shall be borne by the Lessee. The Lessee shall give the Lessor prompt notice of any accident or defect known to the Lessee that requires repairs to be made by the Lessor.

**(2) Services by Lessor; Electricity.**

(a) The Lessor shall maintain the elevators, public halls, stairways, lobbies, meeting rooms, storage rooms, work rooms and laundry facilities of the Buildings in a clean and orderly condition and properly lighted and heated, and the sidewalks, grounds and outdoor public areas in a clean and orderly condition and properly lighted, and shall also furnish elevator service, hot and cold water, gas for cooking and, subject to the applicable provisions hereof, electric current, in reasonable quantities, and heat for the Apartment during the heating season of each year.

(b) The Lessor may impose upon the Lessee a separate charge for electric current and/or gas and/or water consumed in the Apartment and/or for sewage or frontage, in accordance with a schedule of charges as may be adopted from time to time by the Board of Directors, and such charge shall be paid by the Lessee as additional rent. The Lessor may discontinue provision of electricity or gas or water as aforesaid in the event that it provides for such service to the Apartment directly through a meter or submeter which measures actual consumption in the Apartment, provided any such approval as may be required by law is first obtained. In such event, Lessee shall pay for electricity or gas or water consumed in the Apartment as shown on the meter or submeter and for sewage or frontage directly to the public entity or generating utility or to the Lessor as the case may be. Following a change to metered electricity or gas or water, the rent shall be appropriately adjusted by the Lessor to reflect the change in the Lessor's operating costs, if any.

(c) The Lessor's aforesaid obligations are conditioned upon the Lessee paying the rent and additional rent and performing all the covenants and conditions hereof on the Lessee's part to be observed and performed.

### **(3) Quiet Enjoyment.**

If, and so long as, the Lessee shall pay the rent and additional rent and shall perform and observe the covenants and conditions hereof upon the part of the Lessee to be performed and observed, the Lessee shall quietly enjoy the Apartment, subject, however, to the terms, provisions and limitations of this lease and subject to any and all mortgages and underlying leases.

## **6. DEFAULTS AND CONSEQUENCES THEREOF**

### **(1) Lessor's Option to Terminate Lease.**

If upon, or at any time after, the happening of any of the events mentioned in this Paragraph (1), the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least ten (10) days thereafter, and the default is not fully cured within said 10-day period, 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 thereupon shall quit and surrender the Apartment to the Lessor, but the Lessee shall remain liable as herein provided:

(a) The Lessee shall be in default in the performance of any covenant or provision hereof, other than the payment of rent or additional rent, and such default shall continue for ten (10) days after written notice from the Lessor;

(b) The Lessee shall cease to be the owner of the shares of stock of the Lessor 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; or

(c) Any of the shares of the stock of the Lessor owned by the Lessee shall be levied upon under court process, or by any federal, state or municipal taxing authority; or

(d) This lease or any of the shares of such stock owned by the Lessee shall be mortgaged or pledged without the prior written consent of the Lessor; or

(e) This lease shall be assigned or the rights of the Lessee hereunder shall devolve upon or pass to any third person without the prior written consent of the Lessor as required hereunder and in the Lessor's Bylaws; or

(f) (i) The then holder of this lease shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of the property of such holder of this lease shall be appointed under any provision of the laws of the State of New York or any other state having jurisdiction or under any statute of the United States, and the order appointing such receiver shall

not be vacated within thirty (30) days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) 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 (iv) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee provided that within such period after the death as may be established from time to time by the Lessor's Board of Directors, said lease and shares shall have been transferred in accordance with the provisions hereof and the Lessor's Bylaws; or

(g) (i) There shall be any subletting hereunder, without the prior written consent of the Lessor as required hereunder and in the Lessor's Bylaws, or (ii) any person not authorized hereunder 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 (10) days after written notice from the Lessor; or

(h) the Apartment is, in the Lessor's sole judgment, abandoned; or

(i) The Board of Directors of the Lessor by resolution adopted by the affirmative vote of two-thirds (2/3) of the full Board of Directors at a meeting at which an opportunity to be heard before the Board has been extended to the Lessee, shall determine that the conduct of the Lessee or of any of the Permitted Occupants or of any invitee, licensee or contractor of the Lessee, has been improper or objectionable or has not been in accordance with the cooperative principles under which the Development is being operated; or

(j) The purchase by the Lessee of the shares accompanying this proprietary lease was financed, and an event of default shall occur pursuant to the terms of the agreement entered into between the Lessee and the lender and notice of said event of default shall be given to the Lessor; or

(k) The Lessor shall determine, upon the affirmative vote of two-thirds (2/3) of the full Board of Directors at a meeting of such Directors duly called for that purpose, and the affirmative vote of at least two-third (2/3) of all the lessees entitled to vote thereon, at a stockholders' meeting duly called for that purpose, voting in the manner prescribed by Lessor's Certificate of Incorporation, to terminate all proprietary leases; or

(l) The Building or Buildings shall be destroyed or damaged and the Lessor shall decide not to repair or rebuild, as herein provided; or

(m) The Building or a material portion thereof or of the Apartment shall be taken or condemned by any public authority, as herein provided.

## **(2) Lessor's Rights Upon Default.**

If the notice provided for in Paragraph (1) above shall have been given and the term shall expire as aforesaid, or if the Lessee shall default in the payment of any rent or additional rent or other charge or sum due hereunder, then and in any such event the Lessor shall have the right to re-enter the Apartment and to remove and dispossess all persons and personal property therefrom, either by summary proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the Apartment 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 of re-entry, repossession and removal herein granted and reserved.

In case of any such default, re-entry, expiration and/or dispossession by summary proceedings or otherwise, (a) the rent shall become due thereupon and be paid up to the time of such re-entry, dispossession and/or expiration, together with such expenses as the Lessor may incur in connection therewith for reasonable legal and other professional fees, brokerage and leasing commissions, decorations, alterations and repairs in and to the Apartment, costs incurred in maintaining the Apartment and any rent concessions granted (collectively the "Lessor's Apartment Expenses"); (b) the Lessor may re-let the Apartment or any part or parts thereof, either in the name of the Lessor or otherwise, for a term or terms which may at Lessor's option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease, and for a rent which may be less than the rent payable hereunder, and may grant rent concessions; (c) the Lessee or the legal representatives of the Lessee shall also pay the Lessor as liquidated damages for the failure of the Lessee to observe and perform the Lessor's covenants herein contained, any deficiency between the rents hereby reserved and/or covenanted to be paid and the net amount, if any, of the rents collected on account of the lease or leases covering the Apartment for each month of the period which would otherwise have constituted the balance of the term of this lease. In computing such liquidated damages there shall be added to the said deficiency the Lessor's Apartment Expenses incurred in connection with any such re-letting. Any such liquidated damages shall be paid in monthly installments by the Lessee on the payment day specified in this lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of the Lessor to collect the deficiency for any subsequent month by a similar proceeding, except that the Lessor's Apartment Expenses shall be paid in full upon written demand. The Lessor shall in no event be liable in any way whatsoever for failure to re-let the Apartment, or in the event that the Apartment is re-let, for failure to collect the rent thereof under such re-letting. In the event of a breach or threatened breach by the Lessee of any of the covenants or provisions hereof, the Lessor shall have the right to injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not herein provided for. In addition to all other rights and remedies, the Lessor shall be entitled to recover from the Lessee consequential and/or punitive damages, to the extent the same are incurred by the Lessor as a consequence of any event of default on the part of the Lessee.

### **(3) Lessor's Rights in Event of Default by Lessee During Subletting.**

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 Lessor's acceptance of rent from any subtenant shall not be deemed a consent to or approval of any assignment by the Lessee, or any subletting not previously consented to, nor a release or discharge of any of the obligations of the Lessee under this lease.

### **(4) Surrender of Certificates.**

In the event of the termination of this lease or the recovery of possession of an Apartment by the Lessor under any of the provisions of this lease, the Lessee shall forthwith surrender to the Lessor the stock certificate for the shares of capital stock of the Lessor Corporation owned by the Lessee to which this lease is appurtenant, and upon the failure or refusal of the Lessee so to surrender the certificate, the same shall be automatically cancelled and rendered null and void.

The shares of stock represented by the certificate so surrendered or so cancelled may be sold by the Lessor at public or, to the fullest extent permitted by law, private sale, and the proceeds of such sale shall be applied towards the payment of all indebtedness of the Lessee to Lessor, including but not limited to attorneys' fees and other expenses incurred by the Lessor in respect of default, and the Lessor shall remit any balance, after payment of the expenses of the sale, to the Lessee; but, if the proceeds shall be insufficient, the Lessee shall remain liable for the balance of the indebtedness.

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 allocated to the Apartment when a purchaser for said shares is obtained, provided that the issuance of such shares and such lease to such purchaser is authorized by a resolution of the Lessor's Board of Directors. Such new certificate shall represent the same shares as were represented by the original certificate, and upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void.

### **(5) Waiver by Lessee of Right of Redemption.**

The Lessee hereby expressly waives any and all right of redemption provided for in any statute now or hereafter in force in case the Lessee shall be dispossessed by a judgment or by warrant of any court or judge. The terms "enter," "reenter," "entry," or "reentry," as used in this lease, are not restricted to their technical legal meanings.

**(6) Waiver of Trial by Jury and Counterclaims.**

**The parties hereto and anyone claiming through, by or under any of the parties, shall and they hereby do waive trial by jury in any action or proceeding 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, the Lessee's interest as shareholder of the Lessor, or any claim of damage resulting from any act or omission of the parties in any way connected with this lease or the Apartment.** The Lessee covenants that the Lessee will not interpose any counterclaim or set-off in any summary proceeding or action instituted by the Lessor for recovery of possession of the Apartment by reason of a default by the Lessee in any of the terms, covenants and conditions of this lease, including but not limited to the covenant to pay rent, and the Lessee consents to the dismissal, without prejudice, of any such counterclaim or set-off.

**(7) Reimbursement of the Lessor's Costs, Fees and Expenses.**

If the Lessor shall incur any cost, fee or expense (whether paid or not), including reasonable legal fees and other professional fees and disbursements: (a) in performing any act which the Lessee is required to perform; or (b) in connection with any action or proceeding brought by the Lessor against the Lessee, including any counterclaim asserted therein, which is based on a default of the Lessee hereunder or which is based on any other matter or thing relating to this lease, or to the Lessee's failure to perform any act which the Lessee is required to perform, or to the Lessee's occupancy in the Apartment, or to the shares of the Lessor issued to the Lessee, or to the Lessor's Bylaws, Certificate of Incorporation, House Rules, or regulations duly adopted by the Board of Directors; or (c) in connection with any action or proceeding brought by the Lessee against the Lessor, including any counterclaim asserted therein, which is based on an alleged default of the Lessor hereunder or which is based on any other matter or thing relating to this lease, or to any alleged failure by the Lessor to perform any act which the Lessor is required to perform, or to the Lessee's occupancy in the apartment, or to the shares of the Lessor issued to the Lessee, or to the Lessor's Bylaws, Certificate of Incorporation, House Rules, or regulations duly adopted by the Board of Directors, then such cost or expense shall be paid by the Lessee to the Lessor, on demand, as additional rent. The Lessee's obligation to reimburse the Lessor for such costs, fees and expenses shall include the costs, fees and expenses incurred by the Lessor in (a) obtaining an award of such costs, fees and expenses, including but not limited to proceedings to determine the amount of reasonable legal fees and other professional fees to be awarded, and (b) recovering payment in full of such costs, fees and expenses from the Lessee.

**(8) Storage Space and Laundry.**

If the Lessor shall furnish to the Lessee any storage bins or space, the use of the laundry, or any facility, television antenna, or any other such service, the same shall be deemed to have been furnished 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 the 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 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 the Lessee may make of such equipment shall be at the Lessee's own cost, risk and expense.

## **7. LESSEE'S CAPITAL STOCK**

The Lessee agrees that the shares of the capital stock of the Lessor owned by the Lessee are owned by the Lessee subject to the following conditions:

### **(1) When Transferable.**

Shares represented by any certificate are transferable only as an entirety and, except upon a transfer to the Lessor, only to a person who is or simultaneously therewith becomes the Lessee hereunder in accordance with all the conditions and limitations herein contained.

### **(2) Lessor's Lien.**

The Lessor shall at all times have a lien upon the shares of said capital stock (a) for all rent, additional rent and other sums which under the terms of this lease the Lessee shall become obligated to pay the Lessor or to reimburse the Lessor for, and (b) for all other indebtedness of the Lessee to the Lessor, however arising, including (i) any sums advanced by the Lessor to participants in its Substitute SCRIE Program (and any interest accrued thereon) under the applicable provisions of the Lessor's Bylaws, and (ii) all damages, costs, fees and expenses to which the Lessor shall become entitled under any of the provisions hereof. The Lessor shall have the right to refuse to transfer or to consent to the transfer of said capital stock unless and until any rent and such other sums and such other indebtedness and damages, costs, fees and expenses, are fully paid.

### **(3) Holder of Record.**

The Lessor shall be entitled to treat the holder of record of any shares of capital stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to, or interest in, such shares on the part of any other person, whether or not the Lessor shall have express or other notice thereof, except as expressly provided by the laws of the State of New York. The Lessor shall have the right to limit the number of persons who are holders of record of the shares allocated to any apartment, by resolutions adopted by the Board of Directors from time to time.

**(4) Endorsement on Stock Certificates.**

All certificates representing shares of the capital stock of the Lessor shall bear a legend reading as follows (subject to change by the Board of Directors):

"The rights of any holder hereof are subject to the provisions of the Bylaws of Hillman Housing Corporation as amended from time to time, and to all the terms, covenants, conditions, and provisions of a certain Proprietary Lease made between the person (s) in whose name(s) this certificate is issued, as Lessee, and the Corporation, as Lessor, for an apartment in the premises owned by the Corporation, in New York, New York, which Bylaws and Proprietary Lease limit and restrict the title and rights of any transferee hereof. The shares represented by this certificate are transferable only as an entirety and only to an assignee of the Proprietary Lease approved by the Board of Directors of the Corporation. Copies of the Bylaws of the Corporation and of the Proprietary Lease are on file and available for inspection at the offices of the Corporation.

In the event that any stockholder shall elect to sell, transfer, or assign his or her shares of stock in the Corporation, said stockholder shall comply with the requirements of the Proprietary Lease and the Bylaws as amended from time to time. The Corporation, by the terms of said Bylaws and Proprietary Lease, has at all times a first lien on the shares represented by this certificate, for all sums due and to become due to the Corporation from the owner or joint owners of said certificate under said Bylaws and said Proprietary Lease, or otherwise. The Board of Directors of the Corporation may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness or obligations of the stockholder or joint stockholders to the Corporation, arising under the provisions of said Bylaws and Proprietary Lease, or otherwise arising, are paid in full."

**8. RULES FOR ASSIGNMENTS AND TRANSFERS.**

The Lessee shall not assign or otherwise transfer this lease or the Lessee's right to possession of the Apartment except in connection with an assignment or transfer of all the shares of stock of the Lessor allocated to the Apartment and held by the Lessee, and only in accordance with the provisions hereof and the provisions of the Lessor's Bylaws applicable thereto. The Lessee acknowledges that the said Bylaws, in their pertinent provisions, (a) define the maximum (and/or minimum) resale price that the Lessee may receive for the shares of stock held by the



Lessee, to which his or her lease is appurtenant, (b) establish the right of the Lessor to participate in a portion of the proceeds of said resale price paid to the Lessee by means of a transfer fee and (c) grant the Lessor the option to itself purchase said shares of stock.

The Lessee agrees to be bound by all rules adopted by the Board of Directors of the Lessor, including but not limited to the House Rules annexed hereto, governing the transfer or assignment of this lease and the sale, transfer or assignment of the shares of stock of the Lessor, or of joint interest in them, held by the Lessee, and the surrender of possession of the Apartment in connection therewith, which rules may include but not be limited to:

(a) The Lessee's obligation to pay rent and any additional rent due hereunder until such time as the obligations under this lease are assumed by, and the shares allocated to the Apartment are transferred to, an incoming stockholder;

(b) The Lessee's responsibility for any costs of repairs, repainting and clean-up prior to the sale or transfer of the shares and assignment or transfer of the lease;

(c) The cost, if any, that may be borne by the incoming Lessee for such alterations and improvements as have been installed or assumed in the Apartment by the outgoing Lessee;

(d) The removal of any leasehold alterations and improvements (including but not limited to fixtures) installed in the Apartment by the outgoing Lessee without the Lessor's consent and/or in contravention of any provision hereof; and

(e) Any and all other matters relating to the transfer of possession of the Apartment from the Lessee to the next occupant.

The Lessor shall have the authority to fix from time to time, by resolution of the Board of Directors, and to collect, before any assignment of the proprietary lease takes effect as against the Lessor, fees to cover the Lessor's expenses and reasonable attorneys' fees in connection with such proposed assignment.

## **9. LESSOR'S ADDITIONAL REMEDIES.**

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

## **10. CONTINUANCE OF THE LESSOR AS A COOPERATIVE.**

No later than thirty (30) days after the termination of all proprietary leases, whether by expiration of their terms or otherwise, a special meeting of stockholders of the Lessor shall take

place to determine whether (a) to continue to operate the Development as a residential cooperative; (b) to alter, demolish or rebuild the Buildings or any portion thereof, or (c) to sell the Development and liquidate the assets of the Lessor, and the Board of Directors shall carry out the determination made at said meeting of stockholders of the Lessor, and all of the holders of the then issued and outstanding shares of the Lessor's stock shall have such rights as enure to shareholders of corporations having title to real estate.

## **11. PLEDGE OF SHARES OF STOCK AND LEASE; RECOGNITION AGREEMENT.**

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 or this lease, without first obtaining the consent of the Lessor in accordance with and after complying with all of the provisions of this lease applicable thereto. The acceptance by Lessor of payments by the pledgee or any transferee of the pledged security on account of rent or additional rent shall not constitute a waiver of the aforesaid provision.

Notwithstanding the foregoing, 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, savings and loan association, trust company, insurance company, credit union or other institutional lender ("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. The Lessor shall not unreasonably refuse or delay the execution and delivery of a so-called recognition agreement between the Lessor and the Lender (to which the Lessee may also be a party), whereby certain rights are conferred upon such Lender in order to protect the security for the loan, provided that (a) the Lender is a bank, savings and loan association, trust company, insurance company, credit union or other institutional lender; (b) the proposed recognition agreement is in the customary form of recognition agreement or its substantial equivalent with such modifications thereto as the Lessor may reasonably require; (c) the recognition agreement provides that any sale or transfer of the shares of Lessor's stock is subject to approval by the Board of Directors and all other provisions hereof regarding such sale or transfer, that the Lessor's priority lien is unaffected and that all transfer fees and other charges are paid to the Lessor as a condition of such sale or transfer. The Lessee does hereby consent to the execution and delivery by the Lessor of such recognition agreements from time to time at the request of the Lessee and of other lessees in the Development, notwithstanding that such recognition agreements may confer upon a Lender rights not provided for, and may detract from rights granted to the Lessee or to other lessees, in this lease or in the Lessor's Bylaws.

## **12. SHAREHOLDER VOTING.**

All action required or permitted by this lease to be taken by shareholders shall be taken by vote pursuant to the provisions of the Lessor's Certificate of Incorporation, which, on the date of execution of this lease, provides as follows:

"Every holder of capital stock of the Corporation shall be entitled to one vote regardless of the number of shares held by such stockholder. For this purpose, all joint or common holders of the same shares shall be deemed to be one stockholder."

Any amendments to the foregoing provision duly adopted pursuant to the requirements of the Business Corporation Law (or any applicable successor law) shall govern the actions of shareholders under this lease on and after the effective date of such amendments.

## **13. LESSEE'S OPTION TO CANCEL.**

(1) This lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Reconstitution Plan 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:

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

(b) The Lessee's certificate for the Lessee's shares of the Lessor, endorsed in blank for transfer, and with all necessary transfer tax stamps affixed and with payment of any governmentally imposed transfer taxes due thereon; and

(c) A written statement setting forth in detail those additions, improvements, fixtures or equipment which the Lessee has, under the terms of this lease, the right to and intends to remove.

(2) All additions, improvements, appliances and fixtures which are removable under the terms of this lease in Subparagraph (c) above shall be removed by the Lessee prior to August 31st of the year of cancellation, and 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 in proper operation condition and vacant and free from all subleases and tenancies, liens encumbrances and other charges, and shall 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 30th, not including any transfer fee payable pursuant to the By-Laws.

(3) The Lessor and its agents may show the Apartment to prospective lessees, brokers, 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 contractors 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.

(4) If the Lessee is not otherwise in default hereunder, and if the Lessee shall have timely complied with all the provisions of Subparagraphs (1) and (2) above, 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 Lessee shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing to the Lessor on said last mentioned date.

(5) 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, (a) 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 (b) of treating this lease as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such lease, and bringing such proceedings and action 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.

#### **14. DOGS AND OTHER ANIMALS.**

**No dogs or other animals or pets shall be kept or harbored in the Apartment, unless the Lessor's prior written consent shall have been obtained in each instance. Violation by the Lessee of this provision shall constitute a breach of a substantial obligation of tenancy and of this lease.**

The Lessee expressly agrees that the Lessor shall not be deemed to have waived the provisions of this Article by reason of having had notice or knowledge of a violation of such provisions unless (1) the Lessee has personally delivered written notice that the Lessee is harboring a pet to the Lessor's management office and (2) the Manager of the Lessor has signed and dated a copy of that written notice to signify that he or she has received it. The Lessee further agrees that nothing in this Article shall be construed as a waiver of any of the Lessor's rights hereunder or applicable law.

## **15. REGROUPING OF SPACE; ALLOCATION OF ADDITIONAL SHARES**

The Board of Directors, upon the written request of the lessee of one or more proprietary leases covering one or more apartments in the Development, in its discretion, at any time and upon such terms and conditions as the Board of Directors in its sole and absolute discretion shall impose, may permit such lessee, at such lessee's sole cost and expense: (1) to combine all or any portions of any such apartments into one or more apartments and to reallocate (but not increase) the shares issued to accompany the lease or leases so affected in such reasonable proportions among the apartments as the Board may determine; provided that the proprietary lease or leases so affected and the accompanying certificate(s) of shares are surrendered, and that there are executed and delivered in place thereof, respectively, a new proprietary lease for each such separate apartment so created and a new certificate of shares for the number of shares so reallocated to each such new proprietary lease; or (2) to incorporate other space in the Building not covered by any proprietary lease into such lessee's apartment at a price and for such number of additional theretofore unissued shares as determined by the Board of Directors in its sole and absolute discretion, whether in connection with any regrouping of space as aforesaid or otherwise; provided that the proprietary lease or leases so affected and the accompanying certificate(s) of shares are surrendered, and that there are executed and delivered in place thereof, respectively, a new proprietary lease for each such resulting apartment so created and a new certificate of shares for the number of shares so reallocated to each such new proprietary lease.

The Board of Directors may condition its consent to any such request on requiring the lessee seeking the consent to pay for all fees, costs and expenses (including reasonable attorneys', architects' and engineers' fees) incurred by the Lessor in connection therewith, and to comply with all applicable requirements of law, including, without limitation, amendment of the certificate of occupancy of the Building if and to the extent required.

In addition, the Board of Directors, in its discretion, may authorize the conversion of space in the Development not covered by a proprietary lease into space suitable for the primary purposes of the Lessor as set forth in the Lessor's Certificate of Incorporation, allocate theretofore unissued shares to such space and sell the same, and authorize the execution of a proprietary lease or leases covering such space.

## **16. AMENDMENT OF LEASE.**

The provisions of this lease may be amended at any time by the affirmative vote of at least two-thirds (2/3) of the stockholders of the Lessor entitled to vote thereon at any annual or special stockholders' meeting, voting in the manner prescribed in the Lessor's Certificate of Incorporation, provided that (a) the proposed amendment shall be set forth in or annexed to the notice of such meeting and (b) the amendment shall apply uniformly to all such proprietary leases. Each such duly adopted amendment shall be binding on all the lessees even if they did not vote for or agree in writing to the amendment.

## 17. MISCELLANEOUS PROVISIONS.

(1) **Entire Agreement.** This lease represents the entire agreement of the parties, and supersedes any occupancy agreement or other agreement in effect between the parties with respect to the Apartment as of the date of this lease.

(2) **Modifications to be in Writing.** Except as provided in Article 16 hereof, this lease cannot be modified or changed in any way, nor can the leasehold estate be surrendered, unless such modification or change or surrender is in writing and signed by the Lessor and Lessee.

(3) **Descriptive Headings.** The descriptive headings of the several Articles, Paragraphs and Subparagraphs of this lease, and the table of contents appended hereto, shall not be deemed a part of this lease, nor used as evidence of the intent of the parties.

(4) **Lessee More Than One Person.** If more than one person is named as Lessee hereunder, the Lessor may require the signatures of all such persons in connection with any notices 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, the exercise of any rights or renewal, or any request for consent to assignment or subletting. The obligations of each person named as Lessee shall be joint and several and each shall be fully 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.

(5) **Effect of Partial Invalidity.** If any clause or provision contained in this lease 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.

(6) **Pronouns and Plurals.** All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person, persons or entities to which they are applicable may require.

(7) **Governing Law.** This lease and the Lessee's tenancy shall in all respects be governed by the laws of the State of New York.

(8) **To Whom Lease Applies.** The lease and all of the terms and provisions hereof shall be binding upon and shall inure to the benefit of the Lessor, its successors and assigns, and the Lessee, his or her legal representatives, legatees, distributees and permitted assigns hereunder.

**IN WITNESS WHEREOF**, the parties have executed this lease the day and year first above written.

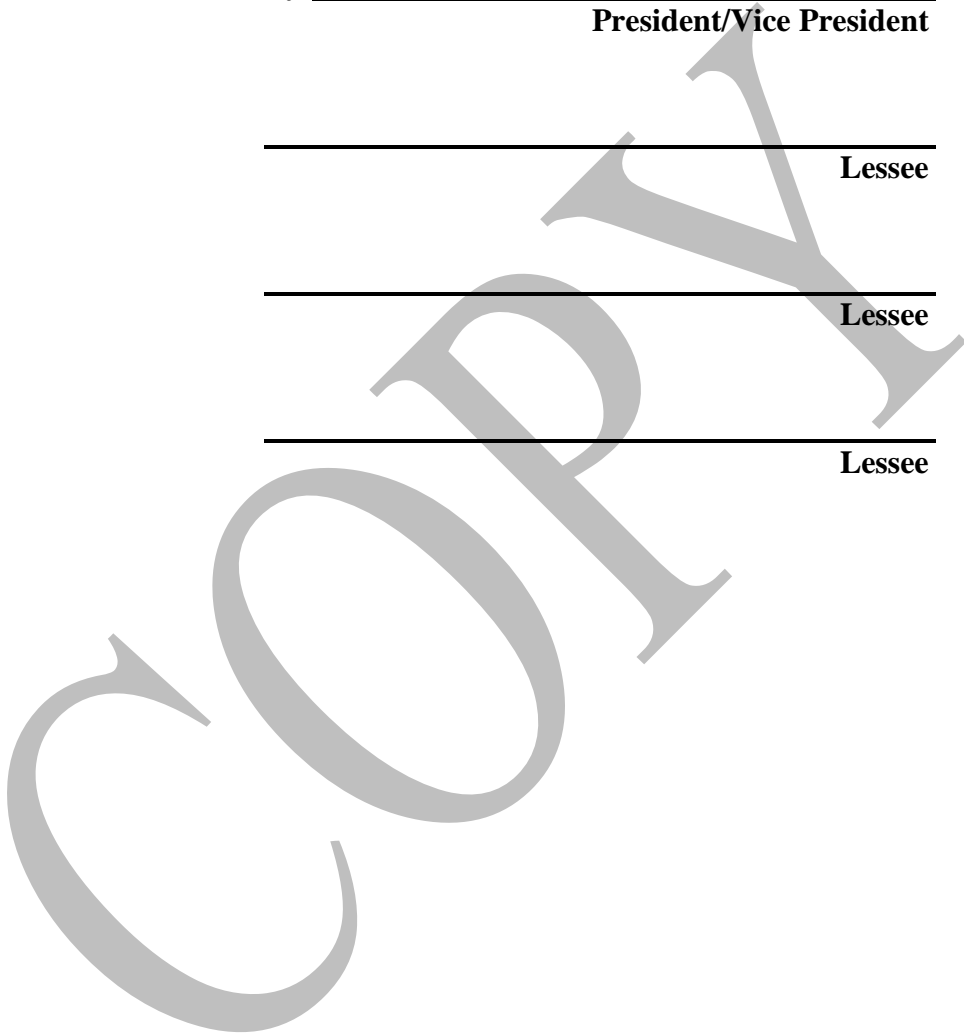
**HILLMAN HOUSING CORPORATION**

**By:** \_\_\_\_\_  
**President/Vice President**

\_\_\_\_\_  
**Lessee**

\_\_\_\_\_  
**Lessee**

\_\_\_\_\_  
**Lessee**



**SUPPLEMENT TO PROPRIETARY LEASE**

The Lessee shall be entitled to use the Apartment as an office for the following purposes only: \_\_\_\_\_ . Such use shall be subject to all the provisions of this lease and any additional rules and regulations adopted by the Lessor from time to time. The Lessor may impose upon the Lessee additional charges and fees related to the Lessee's use of the Apartment as aforesaid, and the same shall be payable and collectible as additional rent.

The Lessee shall also be entitled to occupy and use the Apartment for residential purposes, provided that such use or occupancy complies with all applicable provisions of this lease and does not violate the provisions of any applicable law, ordinance, or regulation. The Lessee recognizes that in order to occupy or use the Apartment for residential purposes, certain alterations, enclosures and improvements to the Apartment, together with an amendment to the Certificate of Occupancy of the Building, may be necessary. Notwithstanding any provisions of this lease to the contrary, the Lessee shall be entitled at any time to make any alterations, enclosures or improvements to the Apartment that may be necessary in order to make the Apartment suitable for residential use or for a residential Certificate of Occupancy, and the consent of the Lessor shall not be required for any such alterations, enclosures or improvements (provided, however, that the Lessee shall have first entered into an alteration agreement with the Lessor, which alteration agreement shall be in form and substance the same as any other alteration agreement entered into between the Lessor and any other lessee performing alterations in such lessee's apartment). Such alterations, enclosures or improvements, and such amendment to the Certificate of Occupancy of the Building, shall be made or obtained by the Lessee at the Lessee's sole cost and expense. The Lessor shall reasonably and in good faith cooperate with the Lessee in obtaining any such amendment to the Certificate of Occupancy, but at the cost of the Lessee.

**HILLMAN HOUSING CORPORATION**

**By: [SPECIMEN -- NOT TO BE SIGNED]  
President/Vice President**

**[SPECIMEN -- NOT TO BE SIGNED]  
Lessee**

**[SPECIMEN -- NOT TO BE SIGNED]  
Lessee**

**[SPECIMEN -- NOT TO BE SIGNED]  
Lessee**

NOTE: This supplement is not effective as part of the lease unless its use has been expressly authorized by the Board of Directors of the Lessor and it has been signed by Lessor and Lessee.