
Building No.:

Apartment No.:

No. of Shares:

WEST GATE HOUSE, INC.,

Lessor,

-to-

Lessee.

AMENDED AND RESTATED

PROPRIETARY LEASE

**ADOPTED BY THE SHAREHOLDERS AT A
SPECIAL MEETING HELD ON NOVEMBER 8, 2005**

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PROPRIETARY LEASE

Proprietary Lease, made as of _____, 20____, by and between West Gate House, Inc. , a New York corporation, having an office located at 870 West 181st Street, New York, New York 10033, hereinafter called the Lessor, and _____, hereinafter called the Lessee for Apartment _____ at 860/870 West 181st Street, New York, New York 10033 (the "Apartment").

WHEREAS, the Lessor is the owner of the land and buildings known as and by the street addresses 860 and 870 West 181st Street, New York, New York (jointly the "Building" or the "Property"); and

WHEREAS, Lessor is a cooperative housing corporation whose shareholders are entitled to use and occupy the apartments in the Building as residences; and

WHEREAS, the Building was converted to cooperative ownership pursuant to an offering plan, dated June 15, 1984, and filed with the Office of the Attorney General of the State of New York (the "Plan"); and

WHEREAS, Lessee is the owner of the _____ shares of Lessor (the "Shares") allocated to the Apartment; and

WHEREAS, the previous form of proprietary lease used previously by Lessor for all apartments in the Building was set forth in the Plan; and

WHEREAS, the previous form of proprietary lease used by Lessor provides that it may be amended by the consent of the holders of two-thirds (2/3rds) of the issued and outstanding shares of Lessor; and

WHEREAS, the shareholders of Lessor desired to amended and modernize the form of proprietary lease used by Lessor for all apartments in the Building; and

WHEREAS, at a meeting of shareholders of Lessor duly called for that purpose, and held on November 8, 2005, the holders of not less than two-thirds ($\frac{2}{3}$) of the shares of Lessor approved by vote or written consent, the following amended and restated proprietary lease to supercede and replace each of the former proprietary leases for apartments in the Building as of November 8, 2005; and

WHEREAS, this Lease supercedes and replaces the former proprietary lease for the Apartment as of November 8, 2005.

NOW, THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to terms and conditions hereof, the Apartment for a term from February 1, 2004, until December 31, 2075 (unless sooner terminated as hereinafter provided). As used herein the "Apartment" means the rooms in the Building as partitioned on the date of the execution of this Lease designated by the above-stated Apartment number, together with their appurtenances and fixtures.

1. Rent (Maintenance)--How Fixed:

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

(b) Accompanying Shares to be Specified in Proprietary Leases: In every Lease heretofore executed by the Lessor there has been specified, and in every Lease hereafter executed by it there will be specified, the number of shares of the Lessor issued to a Lessee simultaneously therewith.

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

(d) Authority Limited to Board of Directors: Whenever in this Paragraph 1 or in any other Paragraph of this Lease, a power or privilege is given to the Directors, the same may be exercised only by the Directors, and in no event may any such power or privilege be exercised by a creditor, receiver or trustee.

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

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

(g) Failure to Fix Cash Requirements: The omission of the 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 any of the covenants and provisions of this Lease, nor a release of the Lessee from the obligation to pay the maintenance or any installment thereof, but the maintenance computed on the basis of the Cash Requirements as last determined for any year or portion thereof shall thereafter continue to be the maintenance until a new determination of cash requirements shall be made.

(h) Tax Credits: Lessor may receive tax credits or abatements or other tax benefits from the status of the Lessee or occupant(s) of the Apartment. Currently such tax abatement or credit programs include, but are not limited to, Senior Citizen Rent Increase Exemption (SCRIE) programs for qualified elderly rental subtenants, Senior Citizen Homeowners Real Property Tax Exemption (SCHES) for qualified elderly lessees, New York State School Tax Relief (STAR) for residential lessees, enhanced STAR benefits for qualified elderly lessees, veterans exemptions for qualified former military personnel and other similar programs. New programs may be developed in the future for tax benefits for other qualified subtenants or lessees. Although the benefits are given to Lessor in the form of reduced real estate or other taxes on the Property, they are derived from the qualification or status of the Lessee or occupants of the Apartment or Lessee's subtenant and not by the Lessor or the Lessees of the Building as a whole qualifying for them. Notwithstanding the provisions of Paragraph 1 of the Lease, these benefits belong to the individual Lessees and not to Lessor; and the "Cash Requirements" computed pursuant to Paragraph 1 and the maintenance (rent) payable by Lessee shall not be reduced by the existence or use of such benefits or credits. Instead Lessor agrees to pay to the Lessee(s) who qualifies for such credits or benefits (or whose occupants or subtenant so qualifies) an amount equal to the benefit or credit derived by Lessor by reason of the existence of such benefits or credits within thirty (30) days after Lessor is first able to use such benefits or credits (even if Lessor elects not to so use them) and without any deduction, set off, discount charge or administrative fee for process or paying out such benefits or credits to the Lessee(s) entitled to them and without any

charge for processing applications or approvals of Lessee (or their subtenants) for such benefits or credits. If such credits and benefits are not paid within such thirty (30) day period, Lessee shall be entitled to interest and penalties at the rate of one (1%) per percent month for each month or fraction of a month such credits or benefits are not paid to Lessee.

(i) Additional Rent: This Lease permits the Board of Directors of Lessor to provide certain services to Lessee and other persons occupying Apartments in the Building on a consumption, rather than on a per share, basis. These services include, without limitation, electricity, natural gas, cable television and other telecommunications and internet services; and other utility services herein provided. To the extent these services are provided on a basis other than per share as permitted by the provisions of this Lease, they shall not be included in the "Cash Requirements" of Lessor.

2. Lessor's Repairs: The Lessor shall at its expense keep in good repair the Building, including the sidewalks and courts surrounding the same, and its equipment and apparatus, except those portions of the Building, the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraphs 4 or 18 hereof or which shall have been rendered necessary by the act or neglect or carelessness of the Lessee or any of the family, guests, employees or undertenants of the Lessee, in which case the expense is to be borne by the Lessee.

3. Services by Lessor: The Lessor shall maintain and manage the Building as a residential apartment building, and shall keep the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and service of the Building, and shall provide the Apartment with a proper and sufficient supply of hot and cold water and of heat. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from time to time what services and what attendants shall be proper and the manner of maintaining and operating the Building, and also what existing services shall be increased, reduced, changed, modified or terminated.

4. Damage to Apartment or Building:

(a) Insurance Coverage: If the Apartment or the means of access thereto or the Building shall be damaged by fire or other cause covered by multiperil policies commonly carried by cooperative corporations in New York City (any other damage to be repaired by Lessor or Lessee pursuant to Paragraphs 2 and 18, as the case may be), the Lessor shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced, with materials of a kind and quality then customary in buildings of the same type, the Building, the Apartment, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring and conduits in the Apartment. Notwithstanding anything in this paragraph or Paragraph 2 to the contrary, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in interest, nor shall the Lessor be obligated to

repaint or replace wallpaper or other decorations in Apartment or to refinish floors located therein.

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

(c) Expiration of Lease Due to Damage: If the Directors of Lessor shall determine that (i) the Building is totally destroyed by fire or other cause, or (ii) the Building is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued shares, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Directors, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 31 hereof, this Lease and all other Proprietary Leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease except as provided herein.

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

5. Inspection of Books of Account; Annual Financial Statement: The Lessor shall keep full and correct books of account at its principal office or at such other place as the Directors may from time to time determine, and the same shall be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee. The Lessor shall deliver to the Lessee within a reasonable time after the end of each year, but not later than May 31 of the following year, an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses for the prior year, certified by an independent certified public accountant.

6. **Changes in Terms and Conditions of Proprietary Leases:** Each proprietary Lease shall be in the form of this Lease unless a variation of any Lease is authorized by lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and lessees affected. The form and provisions of all the proprietary Leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least two-thirds of the Lessor's shares then issued and outstanding, and such changes shall be binding on all lessees even if they did not vote for such changes, except that the proportionate share of rent or cash requirements payable by any lessee may not be increased nor may his right to cancel the Lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting of shareholders of Lessor called for such purpose.

7. **Penthouses, Terraces and Balconies:** (omitted)

8. **Assignment of Lessor's Rights Against Occupant:** 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 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. If the Apartment is occupied by third parties who do not possess a statutory right to a lease renewal, Lessee shall not renew or extend such third parties' right to occupy the Apartment without Lessors prior written consent. Nothing in this Lease shall be construed as consent by Lessor or its Board of Directors to the use and occupancy of an Apartment by anyone other than Lessee and Lessee's Immediate Family. Occupancy of an Apartment by anyone other than Lessee or Lessee's Immediate Family (and any other person permitted by Real Property Law Section 331(F)) shall require the written consent of Lessor pursuant to Paragraph 15 hereof. No consent is hereby granted to any use or sublet of the Apartment by any person or entity other than Lessee, Lessee's Immediate Family and such other persons permitted by Real Property Law Section 331(F)

9. **Cancellation of Prior Agreements:** This Lease shall supercede the prior proprietary lease for the Apartment issued to Lessee or Lessee's predecessor in interest. The prior proprietary lease shall be deemed canceled as of the date of issuance of this Lease. Notwithstanding the foregoing, any sums due under the former proprietary lease, any obligations which matured or arose thereunder and any default which occurred thereunder shall be deemed continuing hereunder until cured. All sums due under such prior proprietary lease prior to the effective date of this Lease shall remain a first lien on the Shares appurtenant to the Apartment and shall be deemed an event of default hereunder if not promptly paid. Any cause of action or claim accruing to any party under the prior proprietary lease shall survive the cancellation of such proprietary lease.

10. **Quiet Enjoyment:** The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the Apartment without any let, suit, trouble or hindrance from the Lessor, subject, however, to the rights of present

tenants or occupants of the Apartment, and subject to any and all mortgages on the Property and the Building.

11. **Indemnity:** The Lessee agrees to save the Lessor harmless from all liability, loss, damage and expense arising from injury to person or property occasioned by the failure of the Lessee to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Lessee or of any person dwelling in or visiting the Apartment, or by the Lessor, its agents, servants or contractors when acting as agent for the Lessee as in this Lease provided. This Paragraph shall not apply to any loss or damage when Lessor is covered by insurance which provides for waiver of subrogation against the Lessee.

12. **Payment of Rent:** The Lessee will pay the rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent within ten (10) days of its due date, the Lessee shall pay a late fee in an amount to be fixed by the Board of Directors of Lessor in its sole discretion, and such late fee shall be deemed additional rent hereunder.

13. **House Rules:** The Lessor has previously adopted House Rules governing the use and occupancy of the Apartment. A copy of the current House Rules are appended to this Lease. The Lessor may from time to time establish such additional or modified House Rules as its Board of Directors may deem necessary or desirable for the management and control of the Building, and may also from time to time alter, amend and repeal such rules, and this Lease shall be in all respects subject to such rules, which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee shall obey all such rules and see that they are faithfully observed by the family, guests, employees and under-tenants of the Lessee, it being understood that such rules shall apply to and be binding upon all that such rules shall apply to and be binding upon all of Lessees and occupants of the Building, whether shareholders of the Lessor or not, but that the Lessor shall not be responsible to the Lessee for the non-observance or violation of such rules by any other Lessee or person.

14. **Use of Premises:**

(a) **Residential Use:** The Lessee shall not, without the written consent of the Lessor, on such conditions as Lessor may prescribe, occupy or use the Apartment or permit the same or any part thereof to be occupied or used for any purpose other than: (i) as a private dwelling for the Lessee, Lessee's Immediate Family (as defined in subparagraph (c) hereof), Permitted Occupants (as defined in subparagraph (c) hereof) and domestic employees, and (ii) for such "home occupations" as are defined in and permitted under the applicable zoning laws. The Lessee shall inform Lessor in writing of the name(s) of any Permitted Occupant(s) within thirty (30) days following the commencement of occupancy by such occupant(s) or within thirty (30) days following a request by the Lessor. Any use or occupancy of the Apartment, including, without limitation, the number of occupants residing in the Apartment shall conform to the terms

and conditions of the existing certificate of occupancy for the Building and all applicable government and municipal laws, regulations, ordinances and codes.

(b) Non-individual Lessee: Nothing in this Paragraph 14 shall be construed to require the Board of Directors of Lessor to accept a non-individual Lessee. If the Board of Directors permits a non-individual Lessee, then the non-individual Lessee shall not, without the written consent of the Lessor, on such conditions as the Lessor may prescribe, use the Apartment or permit the same to be used for any purpose other than as a private dwelling or for such home occupations as are defined in and permitted under the applicable zoning laws. Any use or occupancy of the Apartment, including without limitation, the number of occupants residing in the Apartment, shall conform to the terms and conditions of the existing certificate of occupancy for the Building and all applicable governmental and municipal laws, regulations, ordinances and codes. Such Lessee shall not, without the prior written consent of the Lessor, on such conditions as Lessor may prescribe, including, but not limited to, those conditions provided in Paragraph 15 of this Lease, permit the Apartments or any part thereof to be occupied by other than (i) a designated individual who is associated with such Lessee as an officer, principal, beneficiary, or employee; and (ii) members of such individual's Immediate Family (as defined in subparagraph (c) hereof, Permitted Occupants (as defined in subparagraph (c) hereof) and domestic employees. Prior to the execution of this Lease, or an assumption thereof, on not less than thirty (30) days before such individual takes occupancy, whichever is later, such Lessee shall provide Lessor pursuant to the provisions of Paragraph 27 of this Lease, with the name and relationship to Lessee of the individual whom Lessee designates to occupy the Apartment. The designation by Lessee of such initial individual and thereafter any additional or substitute individuals whom Lessee designates to occupy the Apartment shall be subject to the prior written approval of Lessor in the same manner as a request to sublet the Apartment pursuant to the provisions of Paragraph 15 of this Lease, except that approval of individual designees shall not be unreasonably withheld or delayed. All initial, additional or substitute designees must be in occupancy of the Apartment for a period of not less than twelve (12) months and substitute designees shall not be designated less than eleven (11) months after any prior designation. The designee shall inform Lessor in writing of the name(s) of any Permitted Occupant(s) within thirty (30) days following the commencement of occupancy by such occupant(s) or within thirty (30) days following a request by the Lessor.

(c) Definitions: For purposes of this Paragraph 14, the following definitions shall apply:

- (i) An "individual" shall mean a natural person over 18 years of age and otherwise legally competent;
- (ii) "Immediate Family" shall mean the Lessee's (or designee's pursuant to subparagraph (b)) spouse, their children, grandchildren, parents, grandparents, brothers, sisters, stepchildren and stepparents;
- (iii) "Permitted Occupants" shall mean one additional occupant for each person named as "Lessee" on the Lease and dependent children of such permitted

occupant(s), provided that Lessee or Lessee's spouse actually occupied the Apartment as Lessee's or Lessee's spouse's primary residence while such Permitted Occupant occupies the Apartment.

(d) Guests of Lessee: In addition to the foregoing, the Apartment may be occupied from time to time by guests of the Lessee (or designee(s) pursuant to subparagraph (b)) for a period of time not exceeding one (1) month, unless a longer period is approved in writing by the Directors. No guests may occupy the Apartment unless one or more of the permitted adult residents are then in occupancy, except as otherwise consented to in writing by the Directors. Notwithstanding anything contained elsewhere in this Paragraph 14, in no event shall more than one (1) married couple occupy the Apartment, without the written consent of the Lessor.

(e) Co-Ownership:

(i) If this Lease and the shares of Lessor to which it is appurtenant are held by two or more Lessees, the Co-Lessees may hold this Lease and the appurtenant shares of Lessor as tenants-in-common or as joint-tenants-with-right-of-survivorship. Unless the certificate representing such shares clearly indicates the intention to be joint tenants, the presumption shall be that Co-Tenants are holding the shares appurtenant to the Apartment and the Lease as tenants-in-common, with no survivorship rights.

(ii) Married Co-Lessees may also hold this Lease and the appurtenant shares of Lessor as tenants-by-the-entirety. However such tenancy-by-the-entirety shall not be implied or presumed by the fact of the Co-Lessees marital status unless such marital status is conspicuously noted on the Lease and the stock certificate itself, in which event, unless the certificate also specifically recites that the shares are held as tenants-in-common or joint-tenants, the ownership shall be presumed to be a tenancy-by-the-entirety. Upon a final decree of divorce of the Co-Lessee holding the Lease and shares as tenants-by-the-entirety, the ownership shall automatically convert to a tenancy-in-common."

(f) Transfer of Interest in Non-individual Lessee: The transfer or change of equity ownership of twenty-five (25%) percent or more (in the aggregate) of the equity in a corporation, partnership, limited liability company or other non-individual Lessee, or the change of a beneficiary, trustee or grantor of a trust which is a Lessee, shall be deemed a transfer of the shares of Lessor held by such non-individual Lessee and of this Lease requiring the consent of Lessor pursuant to Paragraph 16 below.

15. Subletting:

(a) Approval Required: The Lessee shall not without the consent of the Directors or shareholders as provided below, sublet the whole or any part of the Apartment, or renew or

extend any previously authorized sublease. Consent thereto shall have been duly authorized by a resolution of the Directors, or given in writing by a majority of the Directors or, if the Directors shall have failed or refused to give such consent, then by lessees owning at least sixty-five (65%) percent of the then issued and outstanding shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. There shall be no limitation on the right of Directors or lessees to grant or withhold consent, for any reason or for no reason, to a subletting.

(b) Conditions: Any consent to subletting may be subject to such conditions as the Directors or Lessees, as the case may be, may impose.

(c) Sublet Fee: Without limiting the rights of the Board of Directors of Lessor to grant or withhold consent or to establish conditions on any proposed sublet, the Directors shall have the further right to establish and/or modify a fee for subletting the Apartment (the "Sublet Fee"), payable to Lessor as the Directors shall determine and such fee shall be deemed additional rent. Such Sublet Fee shall not exceed 35% of the maintenance due on the Apartment. No sublet fee may be charged based upon a lease or tenancy of a subtenant who occupied the Apartment on January 1, 1985.

16. Assignment of Lease:

(a) Conditions on Assignment: Except as otherwise provided in this Lease, the Lessee shall not assign this Lease or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Lessor for any purpose, until:

- (i) An instrument of assignment in form approved by the Lessor and executed and acknowledged by the assignor shall be delivered to the Lessor; and
- (ii) An agreement in form approved by Lessor and executed and acknowledged by the assignee in form approved by Lessor assuming and agreeing to be bound by all the covenants and conditions of this Lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned Lease and entered into a new Lease in the same form for the remainder of the term, in which case the Lessee's Lease shall be deemed cancelled as of the effective date of said assignment; and
- (iii) All shares of the Lessor to which this Lease is appurtenant shall have been transferred to the assignee, with proper transfer fees and taxes paid and stamps affixed; and

- (iv) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor, its Managing Agent and Transfer Agent, in connection with such assignment and transfer of shares; and
- (v) A search or certification evidencing all liens on the shares and Lease have been extinguished is obtained from a title insurance or abstract company as the Directors may require; and
- (vi) Except in the case of an assignment, transfer or bequest of the shares and this Lease to the Lessee's spouse, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within thirty (30) days after submission of an application to transfer and any requested references to them or Lessor's agent, then by Lessees owning of record at least 65% of the then issued and outstanding shares of the Lessor. Consent by Lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose as provided in the By-laws of Lessor.

(b) Consents: On Death of Lessee: If the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the Lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse, parents, adult siblings or adult issue as to whom no consent is required).

(c) Consents Generally: Lessees' and Directors' Obligations to Consent: There shall be no limitation, except as above specifically provided, on the right of Directors or lessees to grant or withhold consent, for any reason or for no reason, to a proposed assignment of this Lease and the shares to which it is appurtenant.

(d) Release of Lessee for Future Liability Upon Assignment: If the Lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability on any of the covenants of this Lease to be thereafter performed.

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

(f) Transfer Fee:

- (i) The Lessor shall collect a transfer fee (the "Transfer Fee") in connection with any assignment of Proprietary Leases and transfer of Shares of Lessor (such transfer or assignment being hereinafter referred to as a "Resale").

- (ii) The Transfer Fee shall be equal to three (3%) percent of the “gross consideration” received by the Lessee, or paid on account of, or at the direction of, the Lessee, in connection with the Resale. The term “gross consideration” shall mean the value of all consideration (whether cash, promissory note, bond, letter of credit, tangible or intangible personal property or otherwise) received by the Lessee or transferred or paid at Lessee’s direction or for his benefit. Any consideration received for personal property or fixtures located in the Apartment of the Lessee or owned by the Lessee and transferred either simultaneously with the Proprietary Lease and Shares or in connection therewith, shall be deemed to be a portion of the “gross consideration”.
- (iii) Any dispute or question concerning the amount of calculation of the gross consideration received or paid on a Resale or the amount of the Transfer Fee due the Lessor, shall be determined by the majority vote of the members of the Board of Directors of Lessor, whose decision shall be conclusive and binding on Lessor, its managing agent and transfer agent, Lessee and his purchaser or assignee.
- (iv) The Transfer Fee shall be paid to Lessor in addition to any fees fixed by Lessor to cover actual managing agent and legal fees charged in accordance with Paragraph 16(a) of this Lease.
- (v) The application of the Transfer Fee shall be subject to the deferral, waiver, reduction or payment in any other manner and at such other times as the Board of Directors of Lessor shall so direct upon a vote of the majority of the members of the Board of Directors of Lessor if, and only if, the Board of Directors receives a written opinion from counsel to Lessor or from the independent accountant who regularly service the books of Lessor that the receipt of payment of the Transfer Fee, in any instance or generally, upon the closing of any Resale may adversely affect the status of Lessor as a qualified cooperative housing corporation under Section 216 of the Internal Revenue Code or may adversely affect Lessor and it shareholders under any other applicable statute or regulation of the United States government, the State of New York, or the City of New York, now or hereinafter in effect, governing or affecting the tax deductibility of any portion of the maintenance (rent and charges paid by shareholders to Lessor).
- (vi) The Transfer Fees collected by Lessor shall be maintained in a separate, segregated account of Lessor and not commingled with any operating or other funds of Lessor.

- (vii) The Transfer Fees and any income generated by the Transfer Fees such as interest or dividends shall only be used by Lessor to perform Building-wide capital improvements. It may not be used to pay operating expenses of Lessor nor for ordinary repairs nor to amortize or pay down any mortgage indebtedness on the Property nor for any other purpose except for Building-wide capital improvements.
- (viii) The Transfer Fee shall not apply to sales by 860/870 Realty to Bona Fide Purchasers (as such term is defined in Attorney General Regulation §18.3.
- (ix) If a third party subscribes for the Shares and Lease for an Apartment and, before the Shares and Lease are issued (whether or not the Lessor consented to such transfer) shall assign the rights to acquire the Shares and Lease to another party, such assignment shall be deemed a "Resale" pursuant to this Paragraph 16(F) and shall be subject to a Transfer Fee payable by the new proposed transferee/assignee equal three (3%) of the consideration paid by the proposed transferee/assignee to both the Lessee (or Lessee's designee(s)) and the assignor (or such assignor's designee(s)). Such Transfer Fee shall be in addition to any Transfer Fee payable by the Lessee on the Transfer of the Shares and Lease and shall be paid prior to the Shares and Lease being issued to such transferee/assignee.
- (x) Proprietary Lease: If a third party subscribes for the Shares and Leases for an Apartment and, before the Shares and Leases are issued (whether or not the Lessor consented to such transfer) shall assign the rights to acquire the Shares and Lease to another party, such assignment shall be deemed a "Resale" pursuant to this Paragraph 16 (F) and shall be subject to a Transfer Fee payable by the new proposed transferee/assignee equal there (3%) of the consideration paid by the proposed transferee/assignee to both the Lessee (or Lessee's designee(s) and the assignor (or such assignor's designee(s)). Such Transfer Fee shall be in addition to any Transfer Fee payable by the Lessee on the Transfer of the Shares and Lease and shall be paid prior to the Shares and Lease being issued to such transferee/assignee.

17. **Pledge of Shares and Lease:**

(a) Generally: The Lessee may pledge and assign this Lease and the shares of the Lessor allocated to the Apartment as security for a loan made to the Lessee by a bank, trust company, insurance company or other recognized lending institution (the "Lender"), for any purpose whatsoever, 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 "Lender" may include the seller or any third party when the pledge and assignment is for the purpose of purchasing the shares allocated to the Apartment and this Lease and said shares are assigned to the Lender only as security for the repayment of the loan. "Lender" shall

not include mortgage bankers, mortgage brokers, funding companies and other parties who intend to sell the loan within six (6) months of closing.

(b) Notice of Default: In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this Lease, the Lessor will give written notice thereof to the Lender provided, (i) the Lender's lien on the shares and Lease has been perfected; and (ii) written notice of the name and address of the Lender has been given by registered or certified mail to the Lessor prior to the date of any such default. If the Lessee shall fail to cure said default within the time and in the manner provided for in this Lease, then the Lender shall have an additional period of time equal to the time originally given to the Lessee to cure said default, and the Lessor will not act upon said default until the time of the Lender to cure said default has elapsed and the Lender has not cured said default.

(c) Lender's Rights: In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this Lease, or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligation of the Lessee to the Lender, the Lessor after written notice thereof from the Lender will exercise the right of termination of this Lease granted to the Lessor pursuant to Paragraph 31 hereof, and if the Lessee shall fail to vacate the Apartment, will institute summary dispossess proceedings against the Lessee and take all steps and do all acts thereafter required in order to obtain possession of the Apartment, all at the expense of the Lender, provided, however, that the Lender shall meanwhile pay all maintenance charges and other charges becoming due hereunder for the account of the Lessee until this Lease and shares allocated to the Apartment are acquired for personal occupancy.

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

(e) Sale after Termination: If this Lease is terminated at the Lender's request by reason of a default by the Lessee in any of the terms, covenants, conditions, or provisions of this Lease or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligation of the Lessee to the Lender, the Lender may sell and assign the shares of the Lessor allocated to the Apartment and this Lease subject to the provisions of Paragraph 16 of this Lease, or sublet the Apartment, for the account of the Lender subject to provisions of Paragraph 15. If written notice of any such perfected lien has been given to the

Lessor by the Lender as aforesaid, the Lender may assign all its rights thereto and to its security interest in the shares of Lessor allocated to the Apartment and this Lease by giving written notice to the Lessor by certified or registered mail setting forth the name and address of the assignee, and such assignee and any subsequent assignee or assignees shall thereupon have all the rights of the Lender under this Paragraph 17.

(f) Failure to Notify of Default: If through oversight or negligence, Lessor or Lessor's agents or employees shall fail to notify Lender of Lessee's default prior to termination of the Lease, Lender shall not seek to hold Lessor, its employees and/or agents liable for any damage or injury caused by such oversight or negligence nor shall Lessor be liable therefore; and such oversight or negligence shall not void or vitiate any notice default, notice of cancellation or other notices given to Lessee's or third parties, provided: (i) that Lessor shall advise Lender promptly after discovering Lessor's failure, and (ii) if Lessor has already sold or contracted to sell the shares and Lease, that Lessor pay Lender the net proceeds of such sale (after reimbursing Lessor for all sums due Lessor), or such lesser sum as shall equal the amount owing to Lender by the Lessee (the balance being payable to the Lessee), or (iii) if Lessor has not contracted to sell the shares and Lease allocated to the Apartment, and if Lessee's default can be cured by the payment of money, that Lessor will take no further action to foreclose on its lien for such money or to sell the shares and Lease until fifteen days after notice to Lender, during which fifteen (15) days, Lender may redeem the shares and Lease by payment of all sums due from Lessee. If Lessor has not contracted to sell the shares and Lease allocated to the Apartment and if the Lease was terminated and the shares cancelled for a default not curable by the payment of money, provided Lender pays when due all sums owed to Lessor, Lessor shall not sell the shares and Lease or sublet the Apartment without either: (x) Lender's consent which shall not be unreasonably withheld; or (y) Lender has been afforded a reasonable opportunity to cure the non-monetary default, but in no event less than thirty (30) days.

(g) Indemnity: Lender and any subsequent assignee or successor in interest to Lender shall indemnify Lessor, its employees and agent, and any transferee of the shares and Lease against any loss, liability or expense incurred in connection with any claim by Lessee, or anyone claiming by, for or through Lessee or by an other creditor of Lessee arising out of any action taken by Lessor or its employees or agents pursuant to this Paragraph 17 including, without limitation, the giving of notices, commencement of any action against Lessee required or requested by Lender, the transfer of the shares and Lease allocated to the Apartment to Lender or to any designee, assignee or transferee of Lender. Such indemnity shall be confirmed in writing by Lender upon the request of Lessor. If in Lessor's reasonable judgment a bond or surety or opinion of Lender's counsel is required to protect Lessor pursuant to this indemnity, Lessor may require such bond or surety to be posted by Lender or such opinion to be delivered prior to Lessor undertaking any acts required or permitted under this Paragraph 17.

(h) Recognition Agreement: Upon the request of a proposed transferee or a Lessee, Lessor shall enter into an agreement (commonly known as a "Recognition Agreement") with a Lender pursuant to which Lessor will acknowledge and agree that the foregoing provisions of

this Paragraph 17 will enure to the benefit of and apply to the Lender named in the Recognition Agreement.

(i) Additional Terms: The Recognition Agreement may contain such additional or different provisions as the Lender may request and the Lessor shall execute and deliver same to the Lender provided only that such additional or different provisions are approved by counsel to the Lessor and shall be given or deemed given if same are of substantially similar tenor to the provisions of this Paragraph 17 and provided further that if the provisions of the Recognition Agreement conflict with the provisions of subparagraphs (c), (d), (e), (f) or (g) above, the provisions of subparagraphs (c), (d), (e), (f) and/or (g) (as the case may be) shall control. All costs and expenses incurred by the Lessor in connection with such Recognition Agreement (including legal fees) shall be borne entirely by the Lessee or his transferee, except that the Lessor will enter into a Recognition Agreement with any lender(s) designated by Holders of Unsold Shares without charge to said Holder of Unsold Shares.

18. Repairs by the Lessee:

(a) Repairs: The Lessee shall keep the interior of the Apartment (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills and entrance doors, frames and saddles) in good repair, shall do all of the painting and decorating required for the Apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair, and replacement of plumbing, gas and heating fixtures and equipment and such refrigerators, stoves, removable and through-the wall air conditioners, ranges and other appliances, as may be in the Apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special fixtures, 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 which were installed by Lessor or air conditioning or heating equipment which is part of the standard Building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's Apartment. Any ventilator or air-conditioning device which shall be visible from the outside of the Building shall at all times be painted by the Lessee in a standard color which the Lessor may select for the Building. Lessee shall be solely responsible for the maintenance, repair and replacement of doors leading from the Apartment to any penthouse terrace, balcony, rear yard, or solarium and for any fixtures installed by Lessee or Lessee's predecessor(s) in interest.

(b) 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.

(c) Equipment and Appliances: If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the Building or poor quality or interruption of service to other portions of the Building, or overloading of, or damage to facilities maintained by the Lessor for the supplying of water, gas, electricity, air conditioning or other utilities or services in the Building, or if any such appliances visible from the outside of the Building shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition. No clothes washing machines or clothes dryers, hot tubs, Jacuzzi tubs or similar devices are permitted in any apartment.

(d) Rules and Regulations and Requirements of Mortgage: The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the Apartment. If any mortgage or ground Lease affecting the land or the Building shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the Apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages or ground Lease relating thereto. Upon the Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of each and every such mortgage.

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

20. Increase in Rate of Fire Insurance: The Lessee shall not permit or suffer anything to be done or kept in the Apartment which will increase the rate of fire insurance on the Building or the contents thereof. If, by reason of the occupancy or use of the Apartment by the Lessee, the rate of fire insurance on the Building or an Apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than 30 days after written notice

from the Lessor specifying the objectionable occupancy or use) become liable for the additional insurance premiums incurred by the Lessor or any lessee or lessees of Apartments in the Building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or any such lessees as additional rent for the Apartment due on the first day of the calendar month following written demand therefor by the Lessor.

21. Alterations:

(a) Generally: The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld, make in the Apartment, any alteration, enclosure or addition or any alteration of or addition to the water, gas, or steam risers or pipes, heating or air-conditioning system or units, electrical conduits, wiring or outlets, plumbing, fixtures, intercommunication or alarm system, or any other installation or facility in the Apartment, or the Building. The performance by Lessee of any work in the Apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the Building or adversely affect the operation of any Building system. Consent by Lessor to any proposed alteration shall not be deemed waiver of the requirement that Lessee obtain all necessary governmental permits, approvals, licenses or waivers of same nor waiver of the requirement that Lessee obtain any amendment to the certificate of occupancy for the Building or the Fire Underwriter's certificate or any subsequent governmental approvals or inspections necessitated by the alteration; nor shall such consent be construed as an opinion that the alteration is feasible or will not damage or affect the Building or any system therein, all of which are Lessee's responsibility.

(b) Removal of Fixtures: Without Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the Apartment except as hereinafter provided. If the Lessee or a prior lessee shall have heretofore placed, or the Lessee shall hereafter place, in the Apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, ranges, woodwork, wall work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the Apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this Lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this Lease; and (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this Lease, repair all damage to the Apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; (iii) that if the Lessee shall have removed from the Apartment any articles or materials owned by the Lessor or its predecessor in interest, or any fixtures or equipment necessary for the use of the Apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; and (iv) that if any

mortgagee had acquired a lien on any such property prior to the execution of this Lease, Lessor shall first procure from such mortgagee its written consent to such removal.

(c) Surrender on Expiration of Term: On the expiration or termination of this Lease, the Lessee shall surrender to the Lessor possession of the Apartment with all additions, improvements, appliances and fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this Lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability to the Lessee.

(d) Continuing Responsibility for Alterations: Any alterations or additions made to an Apartment made by Lessee's predecessor in interest shall remain the responsibility of both the current Lessee and any predecessor in interest who made or installed same notwithstanding the provisions of Paragraph 16(d) of this Lease, any consent received from Lessor and/or any subsequent assumption of Lessee's obligations by a subsequent transferee or assignee (who shall likewise be responsible).

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

23. Mechanic's Lien: In case a notice of mechanic's lien against the Building shall be filed purporting to be for labor or material furnished or delivered at the Building or the Apartment to or for the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expenses and amounts paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

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

25. **Right of Entry; Key:** The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the Apartment and any storage space assigned to Lessee at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the Building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the Apartment and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the Apartment and storage space to its proper and usual condition at Lessor's expense, if such repairs are the obligation of the Lessor, or at 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 family, guests, agents, employees or subtenants. In order that the Lessor shall at all times have access to the Apartment or any storage space for the purposes provided for in this Lease, the Lessee shall provide the Lessor with a key to each lock providing access to the Apartment or such 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 Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the Managing Agent of the Lessor) may forcibly enter the Apartment or any 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, except as herein specifically provided.

26. **Waivers:** The failure of the Lessor to insist, in any one or more instances, upon a strict performance of any of the provisions of this Lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver, or a relinquishment for the future, of any such provisions, options or rights, but such provision, option or right shall continue and remain in full force and effect. The receipt by the Lessor of rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Directors.

27. **Notices:**

(a) **Written Notices:** Any notice by or demand from either party to the other shall be duly given if in writing.

(b) **Mailing:** Notices which are mailed shall be sent by certified or registered mail: if by the Lessee, addressed to the Lessor at the Building with a copy sent by regular mail to the Lessor's Managing Agent, if any; if to the Lessee, addressed to the Building. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed.

(c) Alternate Methods of Giving Notice: Notwithstanding the foregoing, any notice or demand from either party to the other shall be deemed duly given if in writing and sent by:

- (i) Telefacsimile transmitted to the other party at such party's telefacsimile machine in his or her principal place of business or residence, with an additional copy sent by regular mail addressed to the address to which notices are otherwise to be sent; or
- (ii) Personally delivered to the principal place of business or residence and a receipt signed by an adult at such address is received or for which an affidavit is obtained from the messenger attesting to the delivery; or
- (iii) Sent by overnight delivery courier/express service to the residence of such party or to that party's principal place of business and a receipt signed by an adult at such address is received.

28. **Reimbursement of Lessor's Expenses:**

(a) Legal Fees on Default: If the Lessee shall at any time be in default hereunder and if Lessor shall incur any legal fees or disbursements in connection with such default, the Lessee will reimburse Lessor for such actual disbursements including, but not limited to, reasonable attorneys' fees thereby incurred by Lessor and Lessor shall have the right to collect the same as additional rent.

(b) Proceedings: If the Lessee shall at any time institute any action or proceeding against Lessor, whether or not arising under this Lease or if Lessor shall institute any action or proceeding against Lessee, whether or not arising under this Lease, and if Lessor shall prevail in such action or proceeding, the Lessee will reimburse Lessor for the actual disbursements incurred by Lessor, actual courts costs and the reasonable attorneys' fees incurred by Lessor, and Lessor shall have the right to collect the same as additional rent; and, if Lessee shall prevail in such action or proceeding, Lessor shall simultaneously reimburse Lessee.

(c) Other Expenses: If the Lessee shall at any time be in default hereunder and the Lessor shall incur any other expense (whether or not theretofore paid) in performing the acts which the Lessee is required to perform, the expense thereof to the Lessor shall be paid by the Lessee to the Lessor, on demand, as additional rent.

29. **Lessor's Immunities:**

(a) Failure of Building Systems: The Lessor shall not be liable, except by reason of Lessor's negligence, for any failure or insufficiency of heat, or of air conditioning (where air conditioning is supplied or air-conditioning equipment is maintained by the Lessor), water

supply, electric current, gas, telephone, or elevator service or other service to be supplied by the Lessor hereunder, or for interference with light, air, view or other interests of the Lessee. No abatement of rent or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the Building, or any fixtures or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor or other cause beyond Lessor's control, unless due to Lessor's negligence.

(b) 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 outside the Apartment, including but not limited to a television antenna or television cable or satellite dish transmission system, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license. The Lessee shall not use such storage space for the storage of valuable or perishable property and any such storage space assigned to Lessee shall be kept by Lessee clean and free of combustibles. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment or for any damages caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense.

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

30. Window Cleaning: The Lessee will not require, permit, suffer or allow the cleaning of any window in the Apartment from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor, its employees, other lessees and the Managing Agent, if any, 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 premises to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

31. Termination of Lease by Lessor: If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (j) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five (5) days

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

(a) Lessee Ceasing to Own Accompanying Shares: If the Lessee shall cease to be the owner of the shares to which this Lease is appurtenant, or if this Lease shall pass to anyone who is not then the owner of all of said shares;

(b) Lessee Becoming a Bankrupt: If at any time during the term of this Lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder of this Lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the laws of the State of New York; or under any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this Lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty (30) days; or (v) this Lease or any of the shares to which it is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty (30) days; or (vi) this Lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to any one 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 (vi) shall not be applicable if this Lease shall devolve upon the executors or administrators of the Lessee and provided that within twelve (12) months (which period may be extended by the Directors) after the death of the Lessee said Lease and shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof.

(c) Assignment, Subletting or Unauthorized Occupancy: If there be an assignment of this Lease, or any subletting hereunder, without full compliance with the requirements of paragraphs 15 or 16 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the Apartment, and the Lessee shall fail to cause such unauthorized person to vacate the Apartment within ten (10) days after written notice from the Lessor;

(d) Default in Rent: If the Lessee shall be in default for a period of one month in the payment of any rent or additional rent or of any installment thereof and shall fail to cure such default within ten (10) days after written notice from the Lessor;

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

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

(g) Default in Financing: If the Lessee shall default in the payment or performance of any of Lessee's obligations to any Lender who has made a loan in compliance with the provisions of Paragraph 17, and written notice of said default is given to Lessor by the Lender;

(h) Termination of All Proprietary Leases: If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors at a meeting of such directors duly called for that purpose, and the affirmative vote of the record holders of at least 80% in amount of its then issued shares, at a shareholders meeting duly called for that purpose, to terminate all proprietary Leases;

(i) Destruction of Building: If the Building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild the Building as provided in Paragraph 4.

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

32. Lessor's Rights After Lessee's Default:

(a) Generally: In the event the Lessor resumes possession of the Apartment, either by self held, summary proceedings, action of ejection or otherwise, because of default by the Lessee in the payment of any rent pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in subsections (a) to (j) inclusive of Paragraph 31, Lessee shall continue to remain liable for payment of a sum equal to the rent which would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the Apartment for its own account, or (ii) relet the Apartment as the agent of the Lessee, in the name of the Lessee or on its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this Lease, and may grant concessions or free rent, in its discretion. Any reletting of the Apartment shall be deemed for the account of the Lessee, unless within ten (10) days after such reletting the Lessor shall notify the Lessee that the premises have been relet for the Lessor's own account. If the Lessor relets the Apartment as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith,

including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the Apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four following dates: (A) the date of expiration of the term of this Lease as stated on page 1 hereof; (B) the date as of which a new proprietary Lease covering the Apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the Apartment for its own account; (D) the date upon which all proprietary Leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to account to the Lessee for any avails of reletting and the Lessee shall have no further liability, but the Lessee's discharge of liability shall not affect any liabilities theretofore accrued.

(b) Collection of Rent from Subtenants: If the Lessee shall at any time sublet the Apartment and shall default in the payment of any rent or additional rent, or if Tenant has otherwise been declared in default pursuant to Paragraph 31 of this Lease, , the Lessor may, at its option, so long as such default shall continue, demand and receive from the subtenant the rent due or becoming due from such subtenant to the Lessee and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee, or a release or discharge of any of the obligations of the Lessee hereunder.

(c) Sale of Shares: Upon the termination of this Lease under the provisions of subdivisions (a) to (j) inclusive of Paragraph 31, the Lessee shall surrender to the Lessor the certificate for the shares of the Lessor owned by the Lessee to which this Lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new Lease for the Apartment and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the Apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such Lease to such purchaser is authorized by a resolution of the Directors, or by a writing signed by a majority of the Directors or by lessees owning, of record, at least a majority of the shares of the Lessor accompanying proprietary Leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares towards the payment of the Lessee's indebtedness to Lessor (including interest, attorneys' fees and other expenses incurred by the Lessor) whether or not arising under this Lease and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee or to the Lender pursuant to Paragraph 17, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary Lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses accrued to that time. The Lessor shall not, however, be obligated to sell such shares and appurtenant Lease or otherwise make any attempt to mitigate damages.

(d) Auction of Lease and Shares: Lessor and Lessee agree that (i) Lessor is a "Cooperative Organization" as defined in Uniform Commercial Code (UCC) Section 9-102(A)(27-C), (ii) Lessor possesses a "Cooperative Organization Security Interest" in this Lease and the appurtenant shares of Lessor held by Lessee and allocated to the Apartment (the "Shares") (iii) the "Cooperative Unit" referred to Article 9 of the UCC is the Apartment, (iv) the Lease and Shares constitute the "Cooperative Interest" described in UCC 9-102(A)(27-B) and (iv) the Cooperative Record" means the offering plan and all amendments filed with the Department of Law of the State of New York pursuant to which the Building was converted to cooperative ownership and the shares and Leases of Lessor were issued and sold (the "Offering Plan"), the certificate of incorporation and bylaws of Lessor, this Lease, the stock certificate for the Shares, any loan recognition agreement between Lessee, Lessee's lender and Lessor and any document relating to the "Cooperative Organization Security Interest".

(e) First Lien: Lessor and Lessee agree that, for all maintenance, assessments, late fees, sublet fees, flip or transfer fees, alteration fees, repair costs, utility charges, garage or parking charges, or other charges arising under this Lease or are otherwise incident to ownership of the Shares and Lease, the Lessor shall have a first lien on the Shares and Lease, which first lien shall be deemed a "Cooperative Organization Security Interest" under Article 9 of the UCC. In addition, Lessor may possess other liens for other sums owed by Lessee which do not arise under this Lease and are not otherwise incident to ownership of this Lease or the Shares. Such liens are either governed by separate agreements between Lessor and Lessee or are governed by Lessor's rights under the Offering Plan and/or bylaws of Lessor.

(f) Direct Remedy: Lessee agrees Lessor shall have a direct remedy against Lessee's interest in this Lease and the Shares for all sums due Lessor incident to Lessee's ownership of the Shares and Lease. Lessee shall also be personally liable for all such sums.

(g) Financing Statements: Lessee hereby authorizes Lessor to file any financing statements, notices, or other evidence of Lessor's Cooperative Organization Security Interest and/or any extension, termination, assignment or other notices relating to the initial financing statement filing which Lessor deems necessary or desirable to perfect or protect such Cooperative Organization Security Interest. The signature of Lessee shall not be required on any such financing statement, notice, modification, extension, termination or assignment statement.

(h) Lien Priority: This Cooperative Organization Security Interest shall have priority over all other liens on, or security interests in, Lessee's interest in the Lease and the Shares.

(i) Public Sale: In the event Lessee is in default for the payment of any money pursuant to this Lease, Lessor will notify Lessee as required by Paragraph 31(d) of this Lease. If Lessee fails to pay what is owed within thirty (30) days of such notification, Lessor may in addition to any and all of its other legal rights, sell the Lessee's interest in this Lease and the appurtenant Shares of Lessor allocated to the Apartment at a public sale provided such public sale is advertised at least twice in a newspaper of general circulation in the county in which the Apartment is located. One such advertisement shall be published not less than fifteen (15) days

before such public sale and the second publication of the advertisement shall occur not less than eight (8) days before the proposed public sale. Lessor shall also serve a copy of the Notice of Sale on Lessee. If Lessee lives in the Apartment or in the county in which the Apartment is located, service shall be made in a manner proscribed for service of a summons and complaint. If such service cannot, with due diligence be found within such county, then such notice shall be served by mailing it certified mail, return receipt requested, to Lessee at his last known address to which Lessor has sent maintenance bills. The Board of Directors of Lessor may proscribe such auction rules as it deems appropriate for the conduct of any public auction sale under this Paragraph 32. Copies of such auction sales shall be made available for inspection (i) at the office of Lessor's managing agent; and (ii) at the office of the attorney for the Lessor not less than seven (7) days prior to the auction date. Additional copies of such sales shall be available for inspection at the time and place of the public auction.

(j) Special Proceeding: Within ten (10) days after service of the notice of public sale, Lessee may commence a special proceeding to determine the validity of the lien. The special proceeding may be brought in any court which would have jurisdiction to render a judgment for a sum equal to the amount of the lien. If Lessor shall establish the validity of the lien, in whole or in part, the judgment or order shall fix the amount therefor, and shall provide that the sale may proceed upon the expiration of five (5) days after service of a copy of the judgment or order, together with notice of entry upon Lessee, unless the Shares and this Lease are redeemed prior to the start of the public auction sale. Lessor shall not be required to readvertise the auction date or the new date of the auction sale if the original advertised date has passed.

(k) Right of Redemption: At any time before Lessee's interest in the Shares and this Lease are sold, Lessee or any party holding a security interest in the Shares and Lease may redeem the Shares and Lease by paying Lessor the amount due to Lessee and whatever reasonable expenses have been incurred at the time of such payment in serving the notices on Lessee, advertising and conducting the public auction sale and any legal fees incurred in connection with such auction sale, the default and any litigation to enforce or defend Lessor's lien.

(l) Lessor May Acquire Lease: Lessor may bid to acquire the Lease and Shares at any public auction sale. If Lessor acquires the Lease and Shares at public auction, provisions set forth in subparagraph (c) with regard to distribution of sales proceeds shall apply only to the proceeds of the public auction sale and not to any resale or reissuance of the Lease and Shares to a subsequent buyer.

33. Waiver of Right of Redemption: The Lessee hereby waives any and all right of redemption in case (i) the Lessee shall be dispossessed by judgment or warrant of any court or (ii) after any public sale of the Shares and Lease pursuant to Paragraph 32(i). The words "enter," "re-enter" and "re-entry" as used in this Lease are not restricted to their technical legal meaning.

34. Surrender of Possession: Upon the termination of this Lease under the provisions of subdivisions (a) to (j) inclusive of Paragraph 31, the Lessee shall remain liable as provided in

Paragraph 32 of this Lease. Upon the termination of this Lease under any other of its provisions, the Lessee shall be and remain liable to pay all rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination, the Lessee shall vacate the Apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the Apartment.

35. Lessee's Option to Cancel:

(a) This Lease may be cancelled by the Lessee on any September 30 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:

- (i) the Lessee's counterpart of this Lease with a written assignment form required by 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;
- (ii) the Lessee's certificate for his shares of the Lessor, endorsed in blank for transfer and with all necessary transfer tax stamps affixed and with payment of any transfer taxes due thereon;
- (iii) a written statement setting forth in detail those additions, improvements, fixtures or equipment which the Lessee has, under the terms of this Lease, the right to and intends to remove;
- (iv) the consent of any Lender holding a lien on such shares and the Lease or proof of satisfaction or discharge of such lien;
- (v) all maintenance and other charges due under the Lease prior to the following September 30 and all other sums owed by Lessee to Lessor as of the date of the notice of cancellation whether or not payment of such sums are due prior thereto.

(b) Removal of Fixtures: All additions, improvements, and fixtures which are removable under the terms of this Lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Lessee prior to August 31 of the year of cancellation, and on or before said August 31 the Lessee shall deliver possession of the Apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subLeases and tenancies, liens,

encumbrances and other charges and pay to the Lessor all rent, additional rent and other charges which shall be payable under this Lease up to and including the following September 30.

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

(d) Effective Date of Cancellation: If the Lessee is not otherwise in default hereunder and if the Lessee shall have timely complied with all of the provisions of subdivisions (a) and (b) hereof, then this Lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the September 30 fixed in said notice, and the shares of the Lessor 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.

(e) Rights on Lessee's Default: If the Lessee shall give the notice but fail to comply with any of the provisions of this Paragraph 35, the Lessor shall have the option at any time prior to September 30 (i) of returning to the Lessee this Lease, the certificate for shares and other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this Lease, or (ii) of treating this Lease as cancelled as of the September 30 named in the notice of intention to cancel as the date for the cancellation of such Lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

36. Extension of Option to Cancel:

(a) Cancellation of All Leases: If on April 1 in any year the total number of shares owned by Lessees holding proprietary Leases who have given notice pursuant to Paragraph 35 of intention to cancel such proprietary Leases on September 30 of said year shall aggregate twenty percent (20%) or more of the Lessor's outstanding shares, exclusive of treasury shares, then the Lessor shall, prior to April 30 in such year, give a written notice to the holders of all issued shares of the Lessor stating the total number of shares then outstanding and in its treasury and the total number of shares owned by lessees holding proprietary Leases who have given notice of intention to cancel. In such case the proprietary Lessees to whom such notice shall have been given (including the holders of Unsold Shares) shall have the right to cancel their Leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such Leases shall be given on or before July 1 instead of the preceding April 1.

(b) Right of Lessees to Cancel: If Lessees owning at least 80% of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their Leases in one year, then

this and all other proprietary Leases shall thereupon terminate on the September 30 of the year in which such options shall have been exercised, as though every Lessee had exercised such option. In such event, none of the lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their Leases under the provisions hereof shall be returned to such lessees.

37. **Continuance of Cooperative Management of Building After All Leases Terminated:**

No later than thirty days after the termination of all proprietary Leases, whether by expiration of their terms or otherwise, a special meeting of shareholders of the Lessor shall take place to determine whether (a) to continue to operate the Building on a conventional rental basis, (b) to alter, demolish or rebuild the Building or any part thereof or (c) to sell the Building and liquidate the assets of the Lessor, and the Directors shall carry out the determination made at said meeting of shareholders of the Lessor and all of the holders of the then issued and outstanding shares of the Lessor shall have such rights as enure to shareholders of corporations having title to real estate.

38. **Unsold Shares:**

(a) Definition: The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor which were issued to Sponsor pursuant to the Offering Plan. The term "Unsold Shares" shall also apply to shares of Lessor which were issued to a transferee of Sponsor who complied with all of the requirements of Regulation 18-3(w) of the regulations of the Office of the Attorney General of the State of New York, including but not limited to:

- (i) Designation in an amendment to the Plan filed within thirty (30) days of the transfer;
- (ii) Transferee's obligations under this Lease or the predecessor proprietary lease were guaranteed, in writing, by Sponsor;
- (iii) Transferee filed a broker-dealer registration with the Department of State of New York pursuant to GBL Section 359(c);
- (iv) Transferee agreed, in writing, to be bound by the obligations of Sponsor with regard to this Lease and the shares of Lessor appurtenant to the Apartment.
- (v) Transferee agreed to file the required periodic update amendments to the Plan and thereafter punctually filed such amendments as required by the Regulations of the Office of the Attorney General of the State of New York;

- (vi) Transferee shall furnish to the Office of the Attorney General all information required for a principal of Sponsor by Section 18.2(c)(4)(iv) of the Regulations.

All shares which are Unsold Shares retain their character as such until: (1) such shares are transferred to a third party after August 1, 2005, or (2) the Holder of such shares (or a member of his family) becomes a bona-fide occupant of the Apartment or (3) the Holder fails to fulfill the foregoing obligations of a Holder of Unsold Shares. This Paragraph 38 shall become inoperative as to this Lease upon the occurrence of any of said events with respect to the Unsold Shares held by the Lessee named herein or his assignee.

(b) No Consent on Transfer To a Bona Fide Purchaser for Occupancy: The assignment of this Lease by the Lessee who is the original Sponsors with regard to any Apartment or a subsequent Holder of a block of Unsold Shares allocated to an Unsold Apartment, shall not require the consent of the Directors or shareholders, as provided in Paragraphs 15 and 16, provided that the Transferee is a Bona-Fide Purchaser for occupancy and not an investor or Holder of Unsold Shares.

(c) Alteration Without Consent: Anything contained in this Lease to the contrary notwithstanding, a Sponsor or Holder of Unsold Shares may make alterations or additions in or to its or their Apartment(s), and to its or their fixtures and equipment, without obtaining the Lessor's consent. However, nothing herein shall exempt the Sponsor or Holder of Unsold Shares from the obligation to observe all rules and regulations of Lessor regarding alterations. Such rules and regulations may include (without limitation):

- (i) restrictions, on the days and hours during which alterations may be undertaken;
- (ii) prohibition against using unlicensed or uninsured contractors or workers;
- (iii) restriction on the timing, method of removal, storage and disposal of construction debris;
- (iv) restriction or prohibition on the use of the passenger elevator in the Building;
- (v) control over the method of the removal of lead paint or asbestos containing material; or
- (vi) other construction activities which may affect the Building, its systems or its occupants. All such rules and regulations shall be identical to those imposed upon and enforced against other Lessees. Sponsor shall cause all contractors and subcontractors to be insured in the type of coverage and to the limits set by the Lessor. Lessor, Lessor's managing agent and engineer

or architect shall be named as additional insured parties on all such insurance policies. Sponsor and Holders of Unsold Shares shall comply with all applicable governmental laws, rules and regulations with regard to any alterations. Sponsor and Holders of Unsold Shares shall execute and deliver to Lessor an alteration agreement for each alteration undertaken by Sponsor or another Holder of Unsold Shares, which alteration agreement shall be Lessor's then usual form of alteration agreement applicable to other lessees in the Building.

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

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

41. **Waiver of Trial by Jury:** To the extent permitted by law, the respective parties hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the Lessee's use or occupancy of the Apartment, or any claim of damage resulting from any act or omission of the parties in any way connected with this Lease or the Apartment.

42. **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.

43. **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 notice to be given or action to be taken by the Lessee hereunder, including, without limiting the generality of the foregoing, the surrender or assignment of this Lease, or any request for consent to assignment or subletting. Each person named as Lessee shall be jointly and severally liable for all of the Lessee's obligations hereunder. Any notice by the Lessor to any person named as Lessee shall be sufficient, and shall have the same force and effect as though given to all persons named as Lessee.

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

45. **Insurance:** Lessee shall maintain public liability insurance and fixture and content insurance in such amounts as may be set forth in the House Rules of the Lessor or as may be determined, from time to time, by the Board of Directors. Certificates evidencing such insurance shall be delivered to the Board of Directors upon request or as the Board of Directors may determine. If required by Lessor, such insurance shall name Lessor as an additional insured party.

46. **Window Guards:** Lessee shall promptly notify Lessor in writing when a child or children under the age of eleven (11) live(s) or reside(s) (even temporarily) in the Apartment. Lessor shall install, at Lessee's expense, the required window guards in all windows in the Apartment. The cost of such window guards shall be deemed additional rent (maintenance) under this Lease. Lessee shall maintain all window guards installed in the Apartment and shall not remove same until permitted by applicable law.

47. **Smoke Detectors:** Lessee shall install and maintain in good working order during the term of this Lease smoke detecting and carbon monoxide detecting alarm devices as may be required by applicable law or the House Rules of Lessor.

48. **Marginal Headings:** Any captions or headings of the several paragraphs of this Lease shall not be deemed a part of this Lease.

49. **Changes to be in Writing:** The provisions of this Lease cannot be changed orally.

50. **Charges for Gas, Electricity and other Utilities:**

(a) **Current Policy:** Lessee shall pay directly to the utility company providing services to the Apartment the cost of electrical, gas, telephone, cable television, and other utility services to the Apartment.

(b) Joint Meter: The consumption of gas, electricity, and other utility in the Apartment is now or hereafter measured by a meter which also measures consumption outside the Apartment, Lessor may determine from time to time by resolution of the Board of Directors thereof, the charges, if any, to be paid by the Lessee on account of such consumption of such utility in such payments or installments as shall be required by the Directors, and at such times as shall be provided in such resolution. Such charges may be determined in the proportion that the number of shares of Lessor allocated to the Apartment bears to all shares of Lessor then issued and outstanding or in the approximate proportion that the floor area of the Apartment bears to all floor areas measured by such meter, or such other equitable method as may be determined by the Directors in its sole discretion. Such determination shall be binding on all parties effected thereby. The charges for such utilities shall be considered rent (maintenance) payable when, as and if billed to Lessee by Lessor.

(c) Right to Charge for Consumption: Lessor reserves the right: (i) to install a master gas, and/or electrical meter or other measuring device for gas, and/or electrical service to the Building; and (ii) upon obtaining any required consent of the Public Service Commission, the New York City Department of Water Conservation or such other agency as may have jurisdiction over such utility, to submeter such utility service to the Apartment and to charge the cost of such utility actually consumed in the Apartment to Lessee as additional rent and maintenance hereunder. Upon such action by Lessor, the "Cash Requirement" specified in Paragraph 1 shall include the cost of such utilities provided to the common areas of the Building and to the superintendent's apartment, but not the utilities provided and separately metered to the individual apartments in the Building. However, the charges for such individually measured utilities shall be considered rent (maintenance) payable when, as and if billed to Lessee by Lessor.

51. Charges for Water and Sewer Expenses:

(a) Current Policy: The cost of water and sewer expenses is currently included as part of the Cash Requirements of Lessor and, therefore, included as maintenance pursuant to Paragraph 1 of this Lease.

(b) Right to Charge for Consumption: If at any time during the term of this Lease, the Building in which the Apartment is located is metered for the residential consumption of water, the Lessor may determine from time to time by resolution of the Board of Directors thereof, the charges, if any, to be paid by the Lessee on account of the consumption of such utilities in such payments or installments as shall be required by the Directors, and at such times as shall be provided in such resolution. Such charges may be determined in the proportion that the number of shares of Lessor allocated to the Apartment bears to all shares of Lessor then issued and outstanding or in the approximate proportion that the floor area of the Apartment bears to all floor areas measured by such meter, or such other equitable method as may be determined by the Directors in its sole discretion. Such determination shall be binding on all parties effected thereby. The charges for such utilities, shall be considered rent (maintenance) payable when, as and if billed to Lessee by Lessor.

(c) Separate Meters: Lessor reserves the right to install a separate water meter to measure the consumption of water in the Apartment and to charge the cost of such water actually consumed in the Apartment to Lessee as additional rent and maintenance hereunder. Upon such action by Lessor, the "Cash Requirement" specified in Paragraph 1 shall include the cost of water and sewer charges for the common areas of the Building and to the superintendent's apartment, but not water and sewer charges allocated and separately metered to the individual apartments in the Building. However, the charges for such individually metered water and sewer charges shall be considered rent (maintenance) payable when, as and if billed to Lessee by Lessor.

52. Obligations of Lessee of Occupied Apartments:

(a) Obligations to Subtenant: A Lessee of an Apartment occupied by a subtenant will be subject to the terms and conditions of the existing lease or tenancy. Such Lessee will be required to pay the maintenance charges for his Apartment whether such maintenance charges are greater or less than the rent received from the tenant in occupancy and will be entitled to receive all rent payable by the occupant. Such Lessee will also be responsible for all the obligations of the landlord under the lease or tenancy of the subtenant and under the Rent Control or Rent Stabilization Law and Code, if applicable. The Lessee will have the further obligation of repair, replacement and maintenance of the plumbing fixtures, refrigerator, range, light fixtures and other equipment in the apartment, as well as painting of the Apartment.

(b) Rent Stabilization Association: If the Apartment is occupied by a rent regulated tenant, subject to the rent stabilization association rules, or the rent-control laws, the Lessee will be required to join the Rent Stabilization Association until the tenant in occupancy vacates the Apartment. Failure to pay the requisite dues may result in the Apartment becoming rent controlled. All litigation costs, fees, and any dues related to the tenancy, are the sole responsibility of the Lessee.

(c) Investor Deposit: Any Lessee (other than a Holder of Unsold Shares) of an Apartment occupied by a rent regulated tenant is required to deposit with the managing agent of Lessor upon issuance of this Lease a sum not less than an amount equal to two months' maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and the laws and regulations applicable to the tenancy (e.g. the Rent Stabilization Law and Code). Upon notice by the managing agent or Lessor that said deposit has been diminished, the fund shall be replenished by Lessee within thirty days thereafter. The failure of Lessee to replenish the fund in a timely manner shall result in the Lessor having a lien against the shares appurtenant to the Apartment.

(d) Rent Deposit: Lessee of Apartments occupied by tenants shall deposit security deposits thereon in interest bearing accounts in a New York Bank which accounts shall earn interest at the prevailing rate and shall fully comply with the requirements set forth in Section 7-103 of the General Obligations Law.

(e) Notice to Tenant: Initial and subsequent Lessee's must notify the tenant in occupancy of the transfer of the shares allocated to the Apartment and this Lease, by regular mail, within thirty (30) days after such transfer.

(f) Power of Attorney: Purchasers of shares allocated to Apartments occupied by rent regulated tenants shall irrevocably appoint the managing agent of Lessor as their agent to provide to the non-purchasing tenant all services and facilities required by law.

53. Charges For Television Service:

(a) Current Policy: Until the Lessor exercises its rights under Clause (b) below, Lessee shall contract with and pay directly to the transmission company providing any television service, internet access, telecommunications and other communications services to the Apartment the cost of any cable television and/or satellite television reception.

(b) Master Systems: Lessor reserves the right: (i) to install a master cable television or satellite television system for the Building, or to install such other master internet access, telecommunications or other communications systems as the Board may determine is desirable for residents of the Building; and (ii) upon obtaining consent of the Public Services Commission or such other agency, if any, as may have jurisdiction over such service, to charge the cost of such service actually used in the Apartment to Lessee as additional rent and maintenance hereunder. Upon such action by Lessor, the "Cash Requirement" specified in Paragraph 1 of this Lease shall not include the cost of such satellite or cable television service, and it shall not be payable by Lessee of the Building on a per share basis. However, the charges for such television service used by the occupants of each apartment shall be based upon actual usage and shall be considered rent (maintenance) payable when, as and if billed to Lessee by Lessor. Nothing in this paragraph shall require Lessee to subscribe for any service offered on a bulk or building wide basis and Lessee shall not be charged for such services without Lessee's consent in each instance.

54. Hazardous Materials:

(a) Lessee's Responsibility: The Lessee is responsible for maintaining the interior fixtures and the walls, the floors and the ceilings of the Apartment. Since the Building was constructed prior to 1960 (when lead-based paint ("LBP") ceased to be used, generally, in residential buildings in New York City), there may be one or more layers of paint in the Apartment which contain lead. There also may be asbestos containing materials ("ACM") on exposed pipes, behind radiators or elsewhere in the Apartment and other materials identified by various governmental agencies as hazardous ("Hazardous Materials") in the Apartment. Lessee is responsible for complying with all applicable laws, rules and regulations regarding LBP, ACM and Hazardous Materials in the Apartment, including, without limitation, the rules and regulations of the New York City Department of Health and the New York City Department of Buildings, the United States Department of Environmental Protection and the Federal Occupational Safety and Health Administration.

(b) Responsibility: Unless the area which is affected by LBP, ACM and/or Hazardous Materials has been damaged by:

- (i) Lessor's failure to maintain the exterior of the Building or a Building system; or
- (ii) Lessor's negligence; or
- (iii) A loss or casualty to the Apartment or other portion of the Building not caused by the action or negligence of Lessee's immediate family or Lessee's invitees, Lessee shall be responsible for the cost of any abatement procedure required to remove, encapsulate, enclose or otherwise control the LBP, ACM and/or other Hazardous Materials in the Apartment.

(c) Alterations: Lessee will undertake no work in the Apartment, whether a capital improvement or a repair, a structural change or a cosmetic improvement, in any area containing LBP, ACM or other Hazardous Materials, unless:

- (i) Lessee notifies Lessor of Lessee's intention to undertake work which may disturb LBP, ACM or other Hazardous Materials;

- (ii) The work area is inspected or tested for LBP, ACM and/or other Hazardous Materials; and
- (iii) If LBP, ACM and/or Hazardous Materials are found, Lessee executes an agreement, in a form approved by Lessor, undertaking to perform such work in a method which (x) complies with all applicable laws, rules and regulations, including, without limitation, those laws, rules and regulations relating to LBP, ACM and/or other Hazardous Materials; and (y) protects the rest of the Building from LBP, ACM and/or other Hazardous Materials contamination; and (z) indemnifies and hold Lessor, its officers, directors, agents, employees, and other shareholders harmless from any loss, cost, expense, damage or liability, resulting from such work, including, without limitation, injury caused by LBP, ACM and/or other Hazardous Materials.

Lessor is authorized to adopt rules governing any alteration(s) in the Apartment to assure (i) compliance with all applicable laws, rules and regulations governing LBP, ACM and/or other Hazardous Materials; and (ii) to insure that procedures are followed to prevent injury to other occupants of the Building from LBP, ACM and/or any other Hazardous Material.

(d) Insurance: Any contractor performing any work in the Apartment shall carry such insurance (both types and amounts) as the Board of Directors of Lessor shall require. Such insurance shall include, without limitation, workers compensation insurance and public liability insurance with coverage for damage caused by LBP, ACM and other Hazardous Materials contamination and injury. All such insurance policies shall name Lessor, its officers, directors, agents and employees as additional insured parties.

(e) Violations: Unless the deteriorated condition of the LBP, ACM and/or other Hazardous Materials is caused by an event listed in subsection (b) above, which makes it the responsibility of Lessor, within ten (10) days after notice from Lessor, Lessee shall undertake abatement procedures to remove, encapsulate, enclose or otherwise control any LBP, ACM and/or other Hazardous Materials in the Apartment which is determined by any governmental agency or Lessor to be in a deteriorated condition or likely to cause injury to any occupant of the Building. Lessee shall permit Lessor to inspect the Apartment periodically for deteriorated LBP, ACM and/or Hazardous Materials and to undertake any abatement procedures to remove, encapsulate, enclose or otherwise control any Hazardous Materials which are the responsibility of Lessor or whose deterioration is the responsibility of Lessor pursuant to subsection (b) above.

55. Right of First Refusal:

(a) Except for transfers by the Sponsor or other Holder of Unsold Shares, no Lessee may sell and assign this Lease, or any interest therein, or any interest in the appurtenant shares of Lessor except by complying with the following provisions:

- (i) Any Lessee who receives a bona fide offer (hereinafter called an "Outside Offer") for the sale of any interest in his or her Lease and appurtenant shares, which he intends to accept, shall give notice to the Board of Directors of Lessor of such offer and of such intention, together with a fully executed duplicate original of the contract of sale of such interest in the Lease and appurtenant Shares, a description of the terms of the proposed transaction and such other information as the Board of Directors of Lessor may reasonably require, and shall offer to sell such interest in the Lease and appurtenant Shares to Lessor or its designees, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Lessee who has received such offer, to the Board of Directors of Lessor, (i) that such Lessee believes the Outside Offer to be bona fide in all respects; (ii) the contract of sale submitted to the Board of Directors is a true and complete counterpart and that there are no other understandings or agreements between the selling shareholder and such Outside Offeree; and (iii) that all information supplied to the Board of Directors of Lessor is true and correct as of the date of submission and the date the Lease and appurtenant Shares, or an interest therein, is assigned to the Outside Offeror.
- (ii) Within twenty (20) days after receipt of such notice and all requested reference material, the Lessor may elect, by notice to such Lessee, (x) to purchase the Lease and appurtenant Shares, or an interest therein, (or to cause the same to be purchased by its designee, corporate or otherwise), on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering; (y) to produce a purchaser who will purchase such Lease and appurtenant Shares, or an interest therein, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the Lessee; or (z) to waive such right of first refusal;
- (iii) In the event the Lessor shall elect to purchase the Lease and appurtenant Shares, or an interest therein, or to cause the same to be purchased by its designee, corporate or otherwise, title shall close at the office of the transfer agent for the Lessor in accordance with the terms of the offer, but not less than seventy (70) days after the giving of notice by Lessor of its election to accept such offer. At the closing, the Lessee shall assign the Lease and appurtenant Shares, or the offered interest therein, to Lessor or its designee, by surrendering the Certificate for the Shares, the Lessee's duplicate counterpart of the Lease and all transfer documents routinely required by such transfer agent and all tax returns, each duly executed with certified or bank checks for the payment of all taxes and/or all transfer stamps affixed, and shall pay all New York City Real Property Transfer taxes and all other taxes arising out of such sale and all fees due Lessor, its transfer agent and the managing agent pursuant to Lessor's Bylaws, the

Certificate of Incorporation and/or the Lease. The shareholder shall convey the Shares and Proprietary Lease (or offered interest therein) free of all liens, encumbrances, or rights of others, except as expressly set forth in the contract of sale submitted to the Board of Directors;

- (iv) In the event Lessor or its designee shall fail to accept such Outside Offer or to produce a purchaser within twenty (20) days as aforesaid or shall fail to act within said twenty (20) day period, the Lessee shall be free to sell such interest in the Lease and appurtenant Shares, within ninety (90) days after the expiration of the period in which Lessor or its designee might have accepted such offer, to the Outside Offeror, on the terms and conditions set forth in the notice from the Lessee to Lessor of such Outside Offer; provided, however, nothing contained in this Paragraph 16(g) shall diminish, modify or eliminate the obligation of the offering Shareholder to obtain the consent of the Board of Directors to the transfer to such prospective purchaser pursuant to Paragraph 16(g) above and the failure to exercise this right of first refusal shall not be deemed a consent to such transfer or a waiver of rights of the Corporation to approve same pursuant to such Paragraph 16(g) above;
- (v) In the event the Lessee shall not, within such ninety (90) day period, assign the Lease and appurtenant Shares, to the Outside Offeror on the terms and conditions contained in the Outside Offer, then should Lessee thereafter elect to assign the Lease and appurtenant Shares to the same or another Outside Offeror on the same or other terms and conditions, Lessee shall be required to again comply with all of the terms and provisions of this Paragraph 16(g);
- (vi) Any purported sale of any interest in any Shares or Proprietary Lease in violation of this Paragraph 16(g) shall be voidable at the election of the Lessor;
- (vii) This Right of First Refusal shall also be binding upon the holder of any lien upon the Lease and the appurtenant Shares of Lessor held by Lessee and shall be in addition to any rights of the parties under Paragraph 16 and/or 17 of this Lease or under any recognition or other agreement between Lessor and/or Lessee and such lienholder. This Right of First Refusal shall apply to any foreclosure sale or transfer as well as to any subsequent sale or transfer of any interest in the Shares and Proprietary Lease by the holder of any lien.

(b) Holder of Unsold Shares: The foregoing right of First Refusal shall not apply to transfers by the Sponsor or other Holders of Unsold Shares.

56. Investor Apartment:

(a) Irrevocable Power of Attorney; Deposits: If on the date of the commencement of this Lease, any third party who is protected by the rent-control or rent-stabilization laws of New York shall be in possession of the Apartment or have the right to possession of the Apartment, then the Lessee hereby:

- (i) irrevocably appoints managing agent as Lessee's agent and attorney-in-fact to perform for the account of Lessee, and at Lessee's expense, all services required to be furnished or performed by a landlord under such rent-controlled or rent-stabilized Tenant's lease or occupancy rights or under applicable laws and regulations; and
- (ii) deposit with the managing agent of Lessor an amount equal to two (2) months maintenance charges for the Apartment to be used for working capital to furnish services required under applicable laws and regulations.

(b) Replenishment of Deposit: On notice from the managing agent, or Lessor, Lessee shall replace any portion of the deposit used by Lessor or its managing agent in connection with its duties under this Paragraph 57 or increase the amount of the deposit in the event maintenance due on the Apartment is increased within thirty (30) days of such notice. If Lessee fails to replenish such deposit in a timely manner, or to reimburse Lessor or the managing agent for any additional sums expended in connection with the foregoing services or with the fees due the managing agent pursuant to the next succeeding subparagraph, the sums accrued under this Paragraph 57 which are not timely paid shall be a lien on the shares of Lessee and on this Lease.

(c) Default for Failure to Replenish or Reimburse: Such failure to timely pay such sums shall be a default pursuant to Paragraph 12 of the Lease entitling Lessee to its remedies pursuant to paragraphs 31 and 32. Lessor may also prohibit any transfer of Lessee's shares and this Lease while any such sums are outstanding.

(d) Fees: The managing agent of Lessor shall be entitled to charge Lessee a reasonable monthly fee for the services to be rendered pursuant to this Paragraph 57. Such fee shall not exceed five (5%) percent of the maintenance for the Apartment.

(e) Description of Services: On the written request of Lessee, the managing agent of Lessor shall provide Lessee with a description of the services provided to Lessee's sub-tenant and proof of the cost thereof.

IN WITNESS WHEREOF, the parties have executed this Lease.

Lessor:

WEST GATE HOUSE, INC.

By:
(Vice)-President

By:
Secretary/Assistant Secretary

Lessee:

(L.S.)

(L.S.)

[ACKNOWLEDGEMENTS APPEAR ON SUCCEEDING PAGE]

STATE OF NEW YORK)
)
COUNTY OF) ss.:

On the _____ day of _____, in the year 20_____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
)
COUNTY OF) ss.:

On the _____ day of _____, in the year 20_____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
)
COUNTY OF) ss.:

On the _____ day of _____, in the year 20_____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public