

214 RIVER OWNERS CORP. SUBLET POLICY
As of January 29, 1996

SUBLET POLICY

1. **GENERAL**

Under the By-Laws of the cooperative and your proprietary lease, subletting your apartment is not an absolute right, it is a privilege that is subject to the discretion of the Board of Directors. The Board is charged with the responsibility to administer applications for sublet in a manner that is in the best interests of the corporation. Accordingly, the Board is vested with discretion to approve or deny any shareholder's application to sublet and/or any proposed subtenant. In order to insure that the Board's discretion is exercised fairly, the following rules have been adopted.

2. **TERM**

Absent exceptional circumstances, an apartment may be sublet for no more than three consecutive one-year terms. The owner must occupy or leave the apartment vacant for at least one year after the last approved consecutive term before being eligible to apply to sublet again. When the Board approves an application to sublet, such approval shall be effective for one year only and shall be applicable only for approved subtenant(s) who have satisfactorily completed the subtenant application. At the end of the first term, a shareholder who wishes to sublet beyond the first year must either apply in writing to the Board for an extension for the original subtenant, or re-apply (with a new sublet application) for a new subtenant.

When a shareholder applies to sublet his or her apartment beyond an initial one year term, the Board of Director's decision to permit or deny such request shall be informed by consideration of the following six non-exclusive questions:

1. Has the shareholder made any efforts to sell, and have such efforts been serious?
2. Does the proposed sublessor have a history of subletting in the building, and if so, is the impression favorable?
3. Has the shareholder been the beneficiary of previous extensions of or exceptions to the sublet policy?
4. What is the percentage of total sublets in the building at the time the request is made?
5. What is the liquidity of the apartment in light of the conditions existing in the market at the time the request to sublet or extend a sublet is made?
6. What is the relative hardship that would be imposed on the shareholder if the request were to be denied?

These questions will be considered each time a sublet renewal is requested. Sublet requests for the first and second consecutive years are presumptively favored. Requests to sublet in the third

consecutive year will be scrutinized more thoroughly. Any extension requested beyond a third consecutive year requires an explicit exception to the sublet policy. Shareholders seeking sublet extensions beyond the third consecutive year will have the burden of establishing a compelling case of hardship and good faith attempts to comply with the building policy.

3. SUBLET FEE

The sublet fee of 10% of the Monthly Maintenance will be charged in the first and second year. In the third year the sublet fee will increase to 15%. In the event that the Board approves a sublet beyond the third consecutive term, an additional 5% of Monthly Maintenance shall be added to the sublet fee for each additional consecutive term approved. (e.g., the total sublet fee in the fourth year would be 20% of Monthly Maintenance, in the fifth year it would be 25%). This fee will be collected by management as part of the monthly maintenance bill.

4. DAMAGE TO COMMON AREAS/SECURITY DEPOSIT

The shareholder is responsible for any and all damage to the common areas of the building caused by his/her subtenant. The shareholder must deposit \$500.00 as security for move in/out damage, to be held by the Corporation until the end of the sublet. If no damage is incurred, the deposit will be refunded. If damage occurs as a result of the subtenant's conduct, the deposit will be used to pay for repairs and the remaining balance (if any) will be refunded. If the cost of repairing damage caused by a subtenant exceeds the amount of the deposit, the shareholder will be liable to the Corporation for the balance.

5. INSURANCE

Before an approved subtenant may move into the building, the shareholder must obtain premises liability insurance. Such policy shall insure against any and all physical damage to the apartment and to the building caused by accident or negligence as well as against personal injury caused by accident or negligence on the shareholder's premises and shall cover rental to others. The limit of coverage of such policy shall not be less than \$100,000. A copy of the insurance certificate naming the cooperative corporation as co-insured must be submitted before the subtenant will be allowed to move into the building.

6. RESIDENCY REQUIREMENT

A shareholder must have lived in his or her apartment for a minimum of one year before the Board will consider any application to sublet.

7. ARREARS

The lease between the shareholder and sublessor shall provide that in the event that the shareholder of a sublet apartment is in arrears in any payment due under the proprietary lease, the Corporation shall have the right to collect rent directly from the subtenant. All charges on the apartment must be current before the Board of Directors will consider a sublet request.

8. OBLIGATIONS

The approval of a sublease does not relieve the shareholder of any obligations under the Proprietary Lease or House Rules. The lease between the shareholder and sublessor shall provide that the sublessor will agree to be bound by all policies contained in the house rules and by-laws of the Corporation. The shareholder shall be responsible for any damage, nuisance or disturbance created by the subtenant. The shareholder shall reimburse the Corporation for any expenses it incurs in connection with the removal of a subtenant for a violation of provisions of the Proprietary Lease or House rules or provisions hereof and any such charge may be billed to the shareholder as additional maintenance.

9. OCCUPANTS

Under no circumstances can the named subtenant sublet the apartment to another person(s).

10. SERVICE OF PROCESS

The shareholder shall designate the subtenant as shareholder's agent for the service of any legal process or legal notice in all matters arising from the proprietary lease and/or shareholder's ownership of shares in 214 River Owners Corporation and/or occupancy of the demised premises and prior to the subtenant's moving in shall execute all documents necessary to effectuate such designation.

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SUBLET PROCEDURES AND AGREEMENT

In order to sublet an apartment, and before a subtenant is found, the shareholder must apply in writing to the Board of Directors for permission to sublet. This letter must include a simple explanation of the reasons for the sublet, as well as any prior sublets of that unit. After permission to sublet has been granted by the Board, a prospective sublessor is found and sublease is signed, a sublet application must be submitted. This application can be obtained from the managing agent, Lawrence Properties, 855 Avenue of the Americas, Suite 200, New York, NY 10001. The application must also be accompanied by all materials as described in the "Sublet Application Procedure Checklist".

The completed sublet application package must be received by Lawrence Properties by the first of the month in order for an interview to be set up for that month. If the package is received after the first of the month, the interview will be arranged for the following month unless the shareholder requests an Expedited Interview. An Expedited Interview will be arranged if the Board agrees to interview a proposed subtenant on short notice and the shareholder pays an Expedited Interview fee of \$300.00.

The interview does not necessarily take place at a Board of Directors meeting. The Shareholder will be notified after the interview whether or not the Board has approved the subtenant. **UNDER NO CIRCUMSTANCES SHOULD YOU ALLOW YOUR SUBTENANTS TO MOVE IN BEFORE YOU HAVE RECEIVED APPROVAL FROM THE BOARD. YOUR SUBLEASE AGREEMENT SHOULD INCLUDE THE ANNEXED RIDER INDICATING THAT THE SUBLEASE IS CONTINGENT ON THE APPROVAL OF THE CORPORATION. VIOLATION OF THIS RULE CONSTITUTES AN EVENT OF DEFAULT UNDER THE PROPRIETARY LEASE AND COULD CAUSE THE CORPORATION TO TERMINATE YOUR PROPRIETARY LEASE.**

I have read and agree to abide by the sublet policy and procedure above.

Shareholder

Date

Subtenant

Date

Subtenant

Date

RIDER TO SUBLET OF
APARTMENT # _____ AT 214 RIVERSIDE DRIVE

1. (a) The demised premises are leased to Subtenant, subject to the terms and conditions of the Proprietary Lease and House Rules, as amended from time to time, between 214 River Owners Corporation ("the Cooperative Corporation") and Overtenant (a copy of the form of the house rules are annexed hereto and incorporated herein by reference).

(b) This Sublease is subject to and conditioned upon the approval of the directors or shareholders of the Cooperative Corporation as provided in the Proprietary Lease and in the corporate By-Laws. Subtenant agrees to submit to the Cooperative Corporation's managing agent, Lawrence Properties, within five (5) days after the execution and delivery hereof, the completed application form supplied by the managing agent, together with the names and addresses of persons to whom, or banks or corporations to which, reference may be had as to Subtenant's character and financial standing, and thereafter to attend (and to cause Subtenant's spouse, domestic partner or co-subtenant to attend) one or more personal interviews, if requested by the Cooperative Corporation or its managing agent, and to provide such further references and information as are commonly asked for in the Subleasing of cooperative apartments. In the event consent of the Cooperative is not received after Subtenant has duly and timely complied with the terms and condition of this paragraph 1(b), this Sublease shall be deemed terminated and canceled and Subtenant shall be entitled to a refund of any rent, security deposit and first month's rent paid on the execution of this Sublease. In no event shall Subtenant occupy the demised premises prior to receipt of written consent from the Cooperative Corporation; provided, however, if such consent to the Cooperative Corporation is not received by Subtenant on or before the 7th day prior to the commencement date of this Sublease, either party may cancel or terminate this Sublease and the rent and security previously paid by Subtenant shall be refunded to Subtenant. If Subtenant shall fail to comply with the provisions of this paragraph 1(b), Overtenant shall be entitled to retain, as liquidated damages, one month's rent and, upon breach by Subtenant, the balance of the rent and , upon breach by Subtenant, the balance of the rent and security paid by Subtenant to Landlord shall be promptly refunded to Subtenant.

Overtenant

Subtenant