

UPDATED FOR WORK/LIVE

APARTMENT #

SHARES:

11825 Owners Corp.

COPY

Lessor,

TO

Lessee,

REVISED
PROPRIETARY LEASE
FOR
118 EAST 25TH STREET
NEW YORK, NEW YORK 10016

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REVISED PROPRIETARY LEASE

Proprietary Lease, made as of _____ by and between 11825 Owners Corp., a New York Corporation, having an office at 118 East 25th Street, New York, New York, (hereinafter called the "Lessor") and _____, having offices at _____, (hereinafter called the "Lessee").

WITNESSETH:

Whereas, the Lessor is the owner of the land and the building erected thereon in the City, County and State of New York known as and by the street number 118 East 25th Street (hereinafter called the "Building"); and

Whereas, the Lessee is the owner of _____ shares of the Lessor, to which this lease is appurtenant and which have been allocated to Unit _____ in the Building; and

Whereas, the original form of proprietary lease adopted by the Board of Directors of the Lessor upon conversion of the Building to cooperative ownership was a residential form of proprietary lease; and

Whereas, such original form of proprietary lease has proven inadequate for the regulation of the landlord/tenant affairs of the Lessor and its tenant-shareholders; and

Whereas, the tenant-shareholders of Lessor, at a duly called meeting of all such tenant-shareholders of Lessor held on June 23, 1999, have determined that it would be in their best interest and in the best interest of Lessor to revise the form of proprietary lease for all Lessees in the Building to reflect the commercial nature of their tenancies; and

Whereas, this revised form of proprietary lease was approved and adopted as and for the form of proprietary lease for all Lessees in the Building by the tenant-shareholders at said meeting of the shareholders of Lessor to replace the original form of proprietary lease previously in use by Lessor.

Demised Premises; Term:

Now, therefore, in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to the terms and conditions hereof, Unit _____ in the Building (hereinafter referred to as the "Unit") for a term from June 1, 1985, until December 31, 2080 unless sooner terminated as hereinafter provided). As used herein the "Unit" means the entire floor area measured from interior wall to interior wall of the floor in the Building corresponding to the Unit together with the appurtenances and fixtures and any terraces, balconies, roof or portion thereof outside of said floor area which are allocated exclusively to the occupant of the Unit, less any stairways, elevator shaft(s), pipe stands, risers, boiler or other building fixture areas, superintendent work room and supply storage areas, lobby or building

entrance areas or other areas used or reserved for the common use or benefit of all lessees in the Building located on the designated floor.

1. Rent (Maintenance):

(a) How Fixed: The rent (sometimes called maintenance) payable by the Lessee for each year, or portion of a year during the term shall equal the proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of Lessor allocated to the Unit 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. Lessee shall also pay Lessee's pro rata share (determined in the same manner as maintenance) of any special assessment that may be levied by Lessor from time to time to pay for any repair, alteration, or improvement to the corporate property, or any deficit from operations for a prior period, or other cash requirements. Such special assessment shall be deemed additional rent and shall be payable in a lump sum or in periodic installments, as the Directors shall determine. 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 proprietary lease heretofore executed by the Lessor there has been specified, and in every property lease hereafter executed by it there will be specified, the number of shares of the Lessor issued to a lessee simultaneously therewith, which number, in relation to the total number of shares of the Lessor issued and outstanding, shall constitute the basis for fixing, as hereinbefore provided, the proportionate share of the Lessor's cash requirements which shall be payable as rent by the Lessee.

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

(d) Authority Limited to Board of Directors: Whenever in this paragraph or 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 of Lessor.

(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 are issued on a date other than the first or last day of a month, the rent for the month in which issued shall be apportioned. The cash requirements at last determined shall, upon the issuance of such shares, be deemed increased by an amount equal to such rent.

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

(g) Failure to Fix Cash Requirements: The failure 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 the covenants and provisions hereof, or a release of the Lessee from the obligation to pay the maintenance or any installment thereof, but the maintenance computed on the basis of the cash requirements as last determined for any year or portion thereof shall thereafter continue to be the maintenance until a new determination of cash requirements shall be made.

2. Lessor's Repairs: The Lessor shall at its expense keep the Building in good repair, including all of the units, the sidewalks and courts surrounding the same, and its equipment and apparatus except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof.

3. Services by Lessor: The Lessor shall maintain and manage the Building as a first-class commercial building, and shall keep the elevators and the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and service of the Building, and shall provide the Unit with a proper and sufficient supply of cold water and of heat. Except as set forth in Paragraph 47 below, 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 Unit or Building:

(a) Repair or Replacement: If the Unit or the means of access thereto or the Building shall be damaged by fire or other cause covered by multiperil policies commonly carried by commercial landlords in New York City (any other damage to be repaired by Lessor or Lessee pursuant to Paragraphs 2, 18 and 25, 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 commercial buildings of the type of the Building, the Building, the Unit, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring and conduits in the Unit. Anything in this Paragraph or Paragraph 2 or 25 to the contrary notwithstanding, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in interest, nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in the Unit or to refinish floors located therein.

(b) Rent Abatement: In case the damage resulting from fire or other causes shall be so extensive as to render the Unit partly or wholly untenable, or if the means of access thereto shall be destroyed, the rent hereunder shall proportionately abate until the Unit shall again be rendered wholly tenantable 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 invitees of Lessee or any occupant of the Unit, such rental shall abate only the extent of the rental value insurance, if any, collected by Lessor with respect to the Unit.

(c) Expiration of Lease Due to Damage: If the Board of 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 of Lessor at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Board of 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 hereupon 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 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.

(e) Theft, Loss, Damage, Reimbursement, Indemnity: Lessor and its agent shall not be liable for any damage to the property of Lessee or of others entrusted to employees of the Building nor for loss of or damage to any property of Lessee by theft or otherwise, nor for any injury or damage to person or property unless caused by or due to the negligence of Lessor, its agents, servants or employees. Nor shall Lessor or its agents be liable for any damage caused by other Lessees or persons in, upon or about the Building or caused by

operations in construction of any private, public or quasi-public work. If at any time the windows of the Unit are temporarily closed, darkened or bricked-up (or permanently closed, darkened or bricked-up, if required by law) for any reason whatsoever, including, but not limited to Lessor's own acts, Lessor shall not be liable for any damage to Lessee sustained thereby and Lessee shall not be entitled to any compensation, therefore, nor any abatement or diminution of rent nor shall the same release Lessee from its obligations hereunder nor constitute an eviction.

5. Inspection of Books of Account Annual Report: 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 fiscal year an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, certified by an independent certified public account.

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 the holders of at least two-thirds of the Lessor's then issued and outstanding shares. 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 (2/3) of the Lessor's then issued and outstanding shares then issued, and such changes shall be binding on all lessees, even if they did not vote for such changes, except that the proportionate share of rent or cash requirements payable by any lessee may not be increased nor may his right to cancel the lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Notwithstanding the foregoing, in no event shall any change in the form of proprietary lease and any of the provisions thereof be made which shall adversely affect certain rights granted to (i) purchasers of Unsold Shares (pursuant to Paragraph 38 hereof) or (ii) the Secured Party (its successors or assigns) as set forth in Paragraph 17(b) below, unless all such purchasers of Unsold Shares and the Secured Party affected thereby shall have unanimously agreed to each such change.

7. Appurtenant Space:

(a) Terraces and Roof Rights: If the Unit includes a terrace or a portion of the roof adjoining a Unit, the Lessee shall have and enjoy the exclusive use of the terrace or that portion of the roof appurtenant to the Unit, subject to the applicable provisions of this lease and to the use of the terrace or roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Directors. The Lessor shall have the right to erect equipment on the roof, including without limitation radio and television aerials and antennas, for its use and the use of the lessees in the Building and shall have the right of access thereto for such installations and for the repair thereof. The Lessee shall keep the terrace or portion of the roof appurtenant to his Unit clean and free from snow, ice, leaves and other debris and shall maintain all screens and drain boxes in good condition. No planting, fences, structures or lattices shall be erected or installed on the terraces or roof of the Building without the prior written approval of the Lessor. No cooking

shall be permitted on any terraces or the roof of the Building, nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor. Any planting or other structures erected by the Lessee or his predecessor in interest may be removed and restored by the Lessor at the expense of the Lessee for the purpose of repairs, upkeep or maintenance of the Building.

(b) Vault Space: No vaults, vault space or area, whether or not enclosed or covered, not within the property line of the Building is leased hereunder, anything contained in or indicated in any sketch, blueprint, plan or anything contained elsewhere in this lease to the contrary notwithstanding. Lessor makes no representation as to the location of the property line of the Building. All vaults and vault spaces in all such areas not within the property line of the Building, which Lessee may be permitted to use and/or occupy, is to be used and/or occupied under a revocable license, and if any such license be revoked, or if the amount of such space or area be diminished or required by any federal, state or municipal authority, or public utility, Lessor shall not be subject to any liability nor shall Lessee be entitled to any compensation or diminution or abatement of any rent, nor shall such revocation, diminution or requisition be deemed constructive or actual eviction. Any tax, fee or charge of municipal authorities for such vault space or area shall be paid by Lessee as additional rent hereunder.

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 Unit, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof, and the Lessee by the execution hereof assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's rights against said third party.

9. Cancellation of Prior Agreements: If at the date of the commencement of this lease, the Lessee has the right to possession of the Unit under the original proprietary lease or any other agreement or statutory tenancy, this lease shall supersede such original proprietary lease and any such agreement or statutory tenancy which shall be of no further effect after the date of commencement of this lease, except for claims theretofore arising thereunder.

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 Unit without any suit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the Unit, and subject to any and all mortgages and any underlying or overriding lease(s) or ground lease(s) (any and all such lease(s) being hereinafter collectively called "ground lease") of the land or Building, or both as provided in Paragraph 22 below.

11. Indemnity: The Lessee agrees to indemnify and 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 occupying or visiting in the Unit, 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 (Maintenance): The Lessee will pay the rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent promptly, and if Lessor shall, in its discretion, so demand, Lessee shall (i) pay interest thereon at the maximum legal rate from the date when such installment shall have become due to the date of the payment thereof, and/or (ii) a late charge not to exceed 20% of the rental payment as liquidated damages for the administrative costs, and damages suffered by the Lessor for Lessee's failure to pay such rent in a timely manner.

13. House Rules: The Lessor has adopted House Rules which are appended hereto; and the Directors may alter, amend or repeal such House Rules and adopt new House Rules. Such House Rules which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee hereby covenants to comply with all such House Rules and see that they are faithfully observed by the agents, guests, employees and subtenants of the lessee. Breach of a House Rule shall be a default under this lease. The Lessor shall not be responsible to the Lessee for the nonobservance or violation of House Rules by any other lessee or person.

14. Use of Premises:

(a) Commercial Use: The Lessee shall not, without the prior written consent of the Lessor, on such conditions as Lessor may prescribe, occupy or use the Unit or permit the same or any part hereof to be occupied or used for any purpose other than for the business offices of Lessee and for such other ancillary uses as may be permitted by the New York City zoning ordinances, building code and other rules and regulations of governmental authorities having jurisdiction over the Building and as may also be permitted by the certificate of occupancy for the Building. The Lessee of the Unit on July 1, 1999 shall always have the right to occupy and/or use the Unit for the purposes set forth in this Paragraph 14(a), despite any future amendment to this Lease to the contrary." Notwithstanding the foregoing, in no event shall any Lessee use the Unit, or any portion thereof, for any of the following activities:

- (i) Packaging or preparation or storage of food or drink and/or sale of food or drink and/or sale of food or drink for on or off premises consumption;
- (ii) The harboring of live animals whether or not for profit, animal exhibits, animal pound or crematorium or hospital;
- (iii) Cabaret, nightclub, banquet, ball, private club, disco or private or public dancing establishment or any establishment selling, renting or charging for admission to hear or see live or recorded musical events, theatrical events or other forms of entertainment;

- (iv) Any use of the Unit requiring the storage or use of prescription or narcotic drugs on the premises;
- (v) Manufacture or packaging of any of the following: adhesives, machinery, hardware, machine parts, appliances, asphalt, asbestos, concrete, athletic equipment, awnings, bricks, bushes, brooms, building material, cameras, canvas products, ceramic products, charcoal, chemicals, clothing, cork products, disinfectants, fertilizer, excelsior, furniture, fungicides, glass, glue, graphite products, gypsum, hats, hemp products, hosiery, insecticide, linoleum, luggage, matches, mattresses, metal products, novelty products, plastic products, petroleum products, perfume, rubber products, soap, shoes, tar products, textiles, tiles, toiletries, toys, turpentine, varnish or other similar products;
- (vi) Soldering, welding or fabrication of metals, foundry, art metal craft shop, blacksmith shop, gun repair shop, tool and dye or metal pattern making facility, finishing, plating, grinding, sharpening, polishing, cleaning, rust-proofing, heat treatment or similar facility;
- (vii) Public auction rooms;
- (viii) Auditorium, meeting hall, theatre;
- (ix) Automotive or marine repair shop, tire sales, automotive or marine supply store (with or without repair services), automotive or marine show room, automotive service station, machinery repair facility;
- (x) Laundry, dry cleaning, carpet cleaning, dyeing of fabrics;
- (xi) Penny arcades, recreational centers, steam bath, billiard parlor, bowling alley, gymnasium, sauna, pool, skating rink (ice or roller-skating), masseur facility;
- (xii) Carpentry shop, woodworking or cabinet making shop, lumber-processing facility;
- (xiii) Storage facility for gas, oil, chemicals, natural gas, coal, paints, stairs, fuels or flammable materials, depository for storage of office records, microfilm, or computer tapes; scrap metal, paper or rag storage facility, warehouse (public or private);

- (xiv) Data processing center;
- (xv) Tannery or leather working shop, facility for finishing, curing, drying or processing of furs, animal skins, bides, feathers, hair or other animal products, facility for processing, washing, curing or dyeing felt;
- (xvi) Publishing and printing except for printing qualifying in Use Group 9 of the Zoning Resolutions of the City of New York;
- (xvii) Taxidermist; funeral establishment;
- (xviii) Employment agencies and temporary help agencies; and
- (xix) Messenger services, letter or parcel pickup or delivery service, "express mail" services.

(b) Residential Use: Notwithstanding any contrary provision in Paragraph 14(a) hereof permitting commercial use of the Unit, the Lessee may, with the prior written consent of the Lessor, on such conditions as Lessor may prescribe, occupy or use the Unit, or permit the same or any part thereof to be occupied as a private dwelling Unit for the simultaneous occupancy of the Lessee, the Lessee's Immediate Family (as defined in Paragraph 15(b) of this Lease) and/or domestic employees of the Lessee. All of the other provisions of this Paragraph 14 shall apply with regard to the use of the Unit. Prior to any use of a Unit for residential purposes, the Lessee shall comply with all of the terms and conditions set forth in Paragraph 21 of this Lease, (Alterations). *No amendment of this Paragraph 14(b) shall be effective prior to October 1, 2004. If the Lessee shall have converted the Unit to a private dwelling pursuant to the terms of this Paragraph 14(b) prior to October 1, 2004, the Lessee shall always have the right to use the Unit as a private dwelling despite any amendment of this Lease to the contrary.*"

(c) Additional Prohibited Uses: The Board of Directors of Lessor may from time to time supplement the foregoing list of prohibited uses with additional activities, provided, such additional prohibited uses do not adversely affect the then current use of the Unit by Lessee and, provided further, the decision of the Board is ratified by the shareholders of Lessor at the next meeting thereof by a simple majority of the shares present at such meeting.

(d) Permitted Exceptions: Notwithstanding the foregoing, any current use of the Unit which has continued without substantial interruption since January 1, 1986, shall be permitted to continue by the Lessor; provided, however, Lessee shall have no right to transfer permission to continue such non-conforming use to any sub-tenant or assignee of Lessee, it being the intention of Lessor and Lessee that such right to continue such non-conforming use shall be personal to Lessee.

(e) Requirement of Law; Fire Insurance; Floor Loads: Lessee shall, at Lessee's sole cost and expense, promptly comply with all present and future laws, ordinances and regulations of all state, federal, municipal and local governments, departments, commissions and boards and any direction from any public officer pursuant to law and all orders, rules and regulations of New York Board of Fire Underwriters or any similar body which shall impose any violation, order or duty upon Lessor or Lessee with respect to the Unit, whether or not arising out of Lessee's use or manner of use thereof or with respect to the Building if arising out of Lessee's use or manner of use of the Unit or the Building (including any use permitted under this lease).

(f) Structural Repairs: Except as provided in Paragraph 2 and 18 hereof, nothing herein shall require Lessee to make structural repairs or alterations unless Lessee has, by its manner of use of the Unit or method of operation therein, violated any laws, ordinances, orders, rules, regulations or requirements with respect thereto, or unless Lessee has caused structural damage by reason of Lessee's use of the Unit, Lessee's alteration or Lessee's negligence or willful misconduct. Lessee may, after securing Lessor to Lessor's satisfaction against all damages, interests, penalties and expenses, including, but not limited to, reasonable attorneys' fees, by cash deposit or by surety bond, in an amount and in a company satisfactory to Lessor, contest and appeal any such laws, ordinances, orders, rules, regulations or requirements provided same is done with all reasonable promptness and provided such appeal shall not subject Lessor to prosecution for a criminal offense or constitute of default under any ground lease, prior lease or mortgage under which Lessor may be obligated or cause the Unit or any part thereof to be condemned or vacated or cause the Building or any part thereof to be condemned or vacated and provided further that such appeal shall not subject any other lessee in the Building to prosecution for a criminal offense or constituted default under any other proprietary lease in the Building or any mortgage or Unit loan under which any lessee in the Building may be obligated, or cause any other Unit in the Building to be condemned or vacated.

(g) Governmental Regulations: Lessee shall not do or permit any act or thing to be done in or to the Unit or the Building which is contrary to law, or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of Lessor or any other lessee in the Building with respect to the Unit, any other unit in the Building or the Building, or which shall or might subject Lessor to any liability or responsibility to any person or for any property damage, nor shall Lessee keep anything in the Unit except as now or hereafter is permitted by the Fire Department of the City of New York, the Board of Fire Underwriters, the Fire Insurance Rating Organization or any other authority or quasi governmental agency having jurisdiction, and then only in such manner and such quantity as will not result in an increase in the rate for fire insurance applicable to the Building, nor use the Unit in a manner which will increase the insurance rate for the Building or any property or leases located therein over that in effect prior to the commencement of Lessee's occupancy.

(h) Fines and Penalties; Increased Insurance Premiums: Lessee shall pay all costs, expenses, fines, penalties or damages which may be imposed upon Lessor or upon any other lessee in the Building by reason of Lessor's failure to comply with the provisions of this Section and, if by reason of such failure, the fire insurance rate shall, at the beginning of this lease or at any time thereafter, be higher than it otherwise would be, then Lessee shall reimburse

Lessor, as additional rent hereunder, for that portion of all fire insurance premiums thereafter paid by Lessor which shall have been charged because of such failure by Lessee. Lessee shall make such reimbursement upon the first day of the month following such outlay by Lessor. Such reimbursement shall be deemed to be additional rent due under this lease. In any action or proceeding wherein Lessor and Lessee are parties, a schedule or "make-up" of rates for the Building or the Unit issued by the New York Fire Insurance Exchange, or other body making fire insurance rates applicable to the Building or the Unit shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rate then applicable to the Unit or the Building.

(i) Floor Load Capacity: Lessee shall not place a load upon any floor in the Unit exceeding the floor load per square foot which it was designed to carry and which is allowed by law. Lessor reserves the right to prescribe the weight and position of all safes, business machines, computers and other equipment and fixtures. Such installations shall be placed and maintained by Lessee, at Lessee's expense, in settings sufficient, in Lessor's sole judgment, to absorb and prevent vibration, noise annoyance to other Lessees and damage to the Building.

15. Subletting:

(a) Subletting for Commercial Use: Except as provided in Paragraph 17(b) and 38 of this lease, the Lessee shall not sublet the whole or any part of the Unit, unless 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, by Lessees owning 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. In the event that Lessee extends or renews a sublease which has been previously authorized by either the shareholders of Lessor or by the Board of Directors of Lessor, no additional consent shall be required, provided the Lessee shall notify the Board of Directors of such extension or renewal of such sublease. The criteria for approval for any sublease to be the same employed by the Board when considering approval of a prospective purchase by a shareholder-tenant. However, the income, profitability or financial status of a proposed sublease shall not be ground for denying such proposed sublease by the Board of Directors, nor shall it be considered in connection with such application. The Corporation shall not impose any fee over and above the properly allocated per Unit maintenance fee on any such subleased premises. However, in the event of legal fees incurred due to actions undertaken by the Lessor in case of a non-approved sublease, the cost of such legal expense shall be the responsibility of the Lessee. Any and all subleases shall be subordinate to the Proprietary Lease.

(b) Subletting for Residential Use: The Lessee shall not sublet the whole or any part of the Unit for any term to any person or persons without the Lessor's prior written consent, authorized by a resolution of the board of directors, or signed by a majority of the directors, or by lessees owning of record at least two-thirds of the capital stock of the Lessor accompanying proprietary leases then in force. Whenever the Lessee applies to the Lessor for a consent to a subletting, the Lessor may require as a condition thereto such conditions as the

directors or shareholders, as the case may be, may impose, including the obligation that the Lessee deliver to the Lessor a copy of the sublease to which consent is requested and the obligation to pay a sublet fee to Lessor in an amount fixed from time to time by the directors or shareholders, as the case may be. No consent shall be granted until the Lessee cures all defaults hereunder and pays any sublet fee charged by the Lessor, together with a sum to be fixed by the board of directors of Lessor to cover reasonable legal and other expenses of the Lessor in connection with such subletting. There shall be no limitation on the right of the directors or shareholders to grant or withhold consent, for any reason or for no reason, to a subletting. Notwithstanding the foregoing, if the Lessee uses the Unit as a private dwelling, the Lessee may sublet the Unit one time for a period not to exceed one calendar year, subject to the other conditions of this Paragraph 15(b).

16. Assignment:

(a) Conditions Precedent: The Lessee shall not assign this lease or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Lessor for any purpose, until

- (i) An instrument of assignment in form approved by Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and
- (ii) An agreement executed and acknowledged by the assignee in form approved by Lessor assuming and agreeing to be bound by all the covenants and conditions of this lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and
- (iii) All shares of the Lessor to which this lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and
- (iv) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to cover a contribution to the capital of the Lessor in the amount of three (3%) percent of the consideration paid for the shares to which this Lease is appurtenant, together with, a reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares (subject to Paragraph 17(b) and 38 hereof).

(v) A search or certification from a title or abstract company as the Directors may require shall be delivered to Lessor; and

(vi) Except as otherwise provided in Paragraph 17(b) and 38 of this lease, 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 30 days after submission of references to them or Lessor's agent, then by lessees owning of record at least 65% of the then issued shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting duly called for such purpose.

(b) Consents: On Death of Individual Lessee: If the Lessee by an individual and shall die while a shareholder of Lessor, consent shall not be unreasonably withheld to an assignment of the lease and shares to a financially responsible adult member of the Lessee's immediate family. "Immediate Family" shall mean the Lessee's child or children, spouse, parent(s), grandparent(s), grandchild or grandchildren or sibling and no other relative.

(c) Consents Generally: Stockholders' 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 an assignment.

(d) Transfer of Interest in Corporate or Partnership Shareholder: If a Lessee be a corporation, partnership, joint venture or any other form of entity except an individual (such entity being hereinafter referred to as a "Company"), the Company shall register with Lessor the names and addresses of all parties having any legal or beneficial ownership in the equity of the Company and the percentage of such equity ownership for each such party. Lessee agrees to report in writing to Lessor any proposed change in such equity ownership or percentage interest(s) prior to such change. Any change or changes in equity ownership or percentage of interests which aggregate a change of more than 35% of the beneficial or record ownership of the Company from the original registered ownership of the Company shall be deemed to be an assignment of this lease and shall require the consent of the Lessor pursuant to subparagraph (c) above. Failure to secure the consent of the Lessor shall be a default under this lease.

(e) Release of Lessee 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.

(f) Further Assignment or Subletting: Regardless of any prior consent theretofore given, neither the Lessee nor his executor, nor administrator, nor any trustee or

receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this lease, or to sublet the Unit, or any part thereof, except upon compliance with the requirements of this lease.

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

(h) Partition of Unit: Lessee may not subdivide or partition his Unit provided, however, if Lessee is the occupant of the Ground Floor and Basement he may subdivide his Unit into 2 separate Units one constituting the Ground Floor, the other constituting the Basement Floor and the Lessor will equitably reallocate the shares allocated to his Unit. Prior to such subdivision, Lessee must comply with all applicable laws and regulations and deliver proof thereof to Lessor.

17. Pledge of Shares and Lease:

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

(b) Secured Party: Notwithstanding the provisions of subparagraph (a) of this Paragraph 17 or any other provision of this lease to the contrary, the following provisions of this Paragraph shall govern and be binding:

(i) The Lessor agrees that it shall give to any holder of a security interest in the shares of the Lessor specified in the recitals of this lease or mortgagee of this lease who so requests in writing (any such holder being hereinafter referred to as a "Secured Party") a copy of any notice of default which the Lessor gives the Lessee pursuant to the terms of this lease, and if the Lessee shall fail to cure the default specified in such notice within the time and in the manner provided for in this lease, then the Secured Party shall have an additional period of time, equal to the time originally given to the Lessee, to cure said default for the account of the Lessee or to cause same to be cured, and the Lessor will not act upon said default unless and until the time in which the Secured Party may cure said default or

cause same to be cured, as aforesaid, shall have elapsed and the default shall not have been cured.

(ii) If this lease is terminated by the Lessor as provided in Paragraphs 31 or 35 of this lease, or by agreement with the Lessee, (i) the Lessor promptly shall give notice of such termination to the Secured Party and (ii) upon request of the Secured Party made within thirty (30) days of the giving of such notice, the Lessor (1) shall commence and prosecute a summary dispossession proceeding to obtain possession of the Unit, and (2) shall, within sixty (60) days of its receipt of the aforesaid request by the Secured Party, reissue the aforementioned shares to, and (with respect to any termination other than under Paragraph 36 below) shall enter into a new proprietary lease for the Unit with, any individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, all without the consent of the Directors or the shareholders to which reference is made in Paragraph 16(a)(vi) and 32(c) but with the consent only of the Lessor's then managing agent which shall not be unreasonably withheld or delayed, provided, however, that the Lessor shall have received payment of all rent, additional rent and other sums owed by the Lessee to the Lessor under this lease for the period ending on the date of reissuance of the aforementioned shares of the Lessor including, without limitation, sums owed under Paragraphs 32(a) and (c) of this lease. The individual designated by the Secured Party, if and as long as such individual does not actually occupy the Unit or permit the Unit to be occupied by others, shall have all of the rights provided for in Paragraphs 15, 16, 21 and 38 of this lease as if he were a holder of Unsold Shares; and accordingly, no surplus shall be payable by the Lessor to the Lessee as otherwise provided in Paragraph 32(c).

(iii) If the purchase by the Lessee of the shares allocated to the Unit was financed by a loan made by a bank, savings bank or savings and loan association and a default or an event of default shall have occurred under the terms of the security agreement or leasehold mortgage entered into between the Lessee and the Secured Party, and if (1) notice of said default or event of default shall have been given to the Lessor, (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, shall be entitled to become the owner

of the shares and the lessee under this lease pursuant to the terms of said security agreement or leasehold mortgage, (3) not less than five days' written notice of an intended transfer of the shares and this lease shall have been given to the Lessor and the Lessee, and (4) there has been paid all rent, additional rent and other sums owed by the Lessee to the Lessor under this lease for the period ending on the date of transfer of the aforementioned shares and (5) the Lessor shall be furnished with such affidavits, certificates, and opinions of counsel, in form and substance reasonably satisfactory to the Lessor, indicating that the foregoing conditions (1) through (4) have been met, then (a) a transfer of the shares and the proprietary lease shall be made to such individual, upon request, and without the consent of the Directors or the shareholders to which reference is made in Paragraph 16(a)(vi) but with the consent only of the Lessor's then managing agent, which consent shall not be unreasonably withheld or delayed, and (b) the individual to whom such transfer is made (if and as long as such individual does not actually occupy the Unit or permit the Unit to be occupied by others shall have all of the rights provided for in Paragraphs 15, 16, 21 and 38 of this lease as if he were an holder of Unsold Shares.

(iv)

Without the prior written consent of any Secured Party who has requested a copy of any notice of default as hereinbefore provided in subparagraph (a) of this Paragraph 39, (a) the Lessor and the Lessee will not enter into any agreement modifying or canceling this lease, (b) no change in the forms, terms or conditions of this lease, as permitted by Paragraph 6, shall eliminate or modify any rights, privileges or obligations of a Secured Party as set forth in this Paragraph 17, (c) the Lessor will not terminate or accept a surrender of this lease, except as provided in Paragraphs 31 or 35 of this lease and in subparagraph (b)(i) of this Paragraph 17, (d) the Lessee will not assign this lease or sublet the Unit, (e) any modification, cancellation, surrender, termination or assignment of this lease or any sublease of the Unit not made in accordance with the provisions hereof shall be void and of no effect, (f) the Lessor will not consent to any further mortgage on this lease or security interest created in the shares, (g) the Lessee will not make any further mortgage or create any further security interest in the shares of this lease, and (h) any such further mortgage or security interest shall be void and of no effect.

- (v) Any designee of a Secured Party to whom a transfer of a lease shall have been made pursuant to the terms of this subparagraph (b) may cancel this lease under the terms of Paragraph 35 hereof; except that such designee (a) may cancel this lease at any time after the designee acquires this lease and the shares appurtenant hereto due to foreclosure of the security agreement or leasehold mortgage; (b) need give only thirty (30) days' notice of its intention to cancel; and (c) may give such notice at any time during the calendar year.
- (vi) A Secured Party claiming or exercising any of the rights and privileges granted it pursuant to the provisions of this subparagraph (b) shall be deemed to have agreed to indemnify Lessor for all loss, liability or expense (including reasonable attorneys' fees) arising out of claims by Lessee, or his successors or assigns, against Lessor or the Secured Party, or their respective successors or assigns, for acts or omissions to act on the part of either Lessor or Secured Party, or their respective successors or assigns, pursuant to this subparagraph (b). Lessor will give the Secured Party written notice with reasonable promptness of any such claim against Lessor; and the Secured Party may contest such claim in the name and on behalf of Lessor with counsel selected by the Secured Party at the Secured Party's sole expense. Lessor shall execute such papers and do such things as are reasonably necessary to implement the provisions of this subpart (vi).
- (vii) Upon Lessee's final payment under the loan given by the Secured Party or upon prepayment of said loan, Secured Party will give Lessor notice of such final payment or prepayment (as the case may be).
- (viii) Upon request of the purchaser of Unsold Shares (referred to in Paragraph 38 below), Lessor shall enter into an agreement (commonly known as a "Recognition Agreement") with a Secured Party pursuant to which Lessor will acknowledge and agree that the foregoing provisions of this subparagraph (b) shall enure to the benefit of, and apply to, the Secured Party. The Recognition Agreement may contain such additional or different provisions as the Secured Party may request and Lessor shall execute and deliver same to Lender provided only that such additional or different provisions are

approved by counsel to Lessor (which approval may not be unreasonably withheld or delayed and shall be given or deemed given if same are of substantially similar tenor to the provisions of this subparagraph (b)). All costs and expenses incurred by Lessor in connection with such Recognition Agreement (including legal fees) shall be borne entirely by Lessor, and no charge therefor may be assessed to said purchaser of Unsold Shares, or his successors or assigns, including the individual acquiring this lease and the appurtenant shares from the purchaser of Unsold Shares. The provisions of this subpart (viii) shall not apply to a lessee who is not a purchaser of Unsold Shares.

(ix) Subject to the provisions of subpart (viii) above, a Recognition Agreement between a Lender and Lessor may contain such additional or different provisions as the Lessor and said Lender may agree to.

(c) No Second Liens: Except for the lien of Lessor for unpaid changes hereunder and the lien of a single lender, to whom the shares of the Lessor allocated to the Unit and this lease have been pledged, no lien on the shares and lease for a Unit shall be recognized by Lessor.

18. Repairs by the Lessee:

(a) As Is Condition: The Lessee shall take possession of the Unit and its appurtenances and fixtures "as is" as of the commencement of the term hereof. Subject to the provisions of Paragraph 4 above, the Lessee shall keep the interior of the Unit (including interior walls, floors and ceilings, windows, window panes, window frames, sashes, sills, entrance doors to the Unit [unless such entrance door opens onto a public street], frames and saddles in good repair, shall do all of the painting and decorating required to his Unit, 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 removable and through-the-wall air conditioners, and other appliances, as may be in the Unit. Entrance doors which open onto the public street shall be maintained and painted by Lessor, unless the existing door is replaced by Lessee in which event the cost of maintaining and painting the new replacement door shall become the obligation of the Lessee of the Unit. All entrance doors which open on the public street shall be painted the same color as the main entranceway into the Building. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Lessee may install within the wall or ceiling, or under the floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceilings or floors or air conditioning or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures,

appliances, and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's Unit. 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 Unit to any terrace.

(b) Odors and Noises: The Lessee shall not permit unreasonable odors to escape into the Building. The Lessee shall not permit or suffer any unreasonable noise 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 or air conditioning to the Building, or if any such appliances visible from the outside of the Building shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

(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 Unit. 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 Unit, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirement of such mortgage or mortgages and 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 and ground lease.

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 Unit, 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 using or occupying the Unit shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the part of Lessor; provided that, if the condition requires prompt action, notice of less than 30 days may be given or, in case of emergency, no notice need be given. In all such cases the 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 a notice from Lessor (not less than 5 days), then Lessor may, but shall not be obligated, to comply herewith, and for such purpose may enter upon the Unit 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 only and 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 Unit 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 Unit by the Lessee, the rate of fire insurance on the Building or a Unit 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 personally liable for the additional insurance premiums incurred by Lessor or any lessee or lessees of Units in the Building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such lessees as additional rent for the Unit due on the first day of the calendar month following written demand therefor by the Lessor.

21. Alterations

(a) Consent of Lessor:

(i) The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld or delayed, make in the Unit or Building, or on any roof, or terrace appurtenant thereto, any alteration, enclosure 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 Unit or Building. The performance by Lessee of any work in the Unit 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. Anything herein or in subparagraph (b) below to the contrary notwithstanding, the consent of the Lessor shall not be required for any of the foregoing alterations, enclosures or additions made by, or the removal of any additions, improvements or fixtures from the apartment by, a holder of Unsold Shares.

(ii) Notwithstanding the foregoing, no additions, alterations or improvements shall be made by a holder of Unsold Shares in the public areas of the Building or in any unit not leased to such holder of Unsold Shares without first obtaining the consent of the Lessor (which consent shall not be unreasonably withheld or delayed) and (if applicable) the lessee of such other unit.

(b) Removal of Fixtures: Without Lessor's written consent, which consent shall not be unreasonably withheld or delayed, the Lessee shall not remove any fixtures, appliances, additions or improvements from the Unit except as hereinafter provided. If the Lessee, or a prior lessee, shall have heretofore placed, or the Lessee shall hereafter place, in the Unit, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to lighting fixtures, air conditioners, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the Unit, 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; (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, repair all damage to the Unit 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 Unit any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the Unit, 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; (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, and any cost and expense incurred by the Lessor in respect thereof shall have been paid by the Lessee; and (v) that prior to any such removal, the Lessee shall give written notice thereof to the Lessor.

(c) Moving Lessee Fixtures: Lessee shall not move any safe, heavy machinery, heavy equipment, bulky matter or fixtures in or out of the Building without Lessor's prior written consent. If such safes, machinery, equipment, bulky matter or fixtures require special handling, all work in connection therewith shall comply with the Administrative Code of the City of New York and all other laws and regulations applicable thereto and shall be done during such hours as Lessor may designate. Lessee shall indemnify and save Lessor harmless from and against all liabilities, obligations, damages, penalties, claims, cost and expenses for which Lessor shall not be reimbursed by insurance, including reasonable attorneys' fees paid, suffered or incurred as a result of any breach by Lessee, Lessee's agents, contractors, employees, invitees or licensees of any of the covenants and conditions of this lease, or the carelessness, negligence or improper conduct of the Lessee, Lessee's agents, contractors, employees, invitees or licensees. Lessee's liability under this lease extends to the acts and omissions of any subtenant and any agent, contractor, employee, invitee, or licensee of any subtenant. In case any action or proceeding is brought against Lessor by reason of such claim, Lessee, upon written notice from Lessor will, at Lessee's expense, resist or defend such action or proceeding by counsel approved by Lessor in writing, such approval not to be unreasonably withheld or delayed.

(d) Surrender on Expiration of Term: On the expiration or termination of this lease, Lessee shall surrender to the Lessor possession of the Unit 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. Any other personal property not removed by the Lessee at or prior to the termination of this lease may be removed by the Lessor to any place of storage and stored for the account of the Lessee without the Lessor in any way being liable for trespass, conversion or negligence by reason of any acts of the Lessor or of the Lessor's agents, or of any carrier employed in transporting such property to the place of storage, or by reason of the negligence of any person in caring for such property while in storage.

(e) Lessee's Own Trade Fixtures: Except as provided in subparagraph 21(d) above, nothing in this lease shall be construed to give Lessor title to, or to prevent Lessee's removal of trade fixtures, movable office furniture, and equipment; but upon removal of any such furniture or equipment from the Unit or upon removal of other installations as may be required by Lessor, Lessee shall immediately at its sole cost and expense, repair and restore the Unit to the condition existing prior to the installation and the repair of any damage to the Unit or the Building due to such removal. Pursuant to subparagraph 21(d) above, all such property permitted or required to be removed by Lessee remaining in the Unit after Lessee's removal shall be deemed abandoned and may, at the election of Lessor, either be retained as Lessor's property or may be removed from the Unit and/or from the Building by Lessor at Lessee's expense.

(f) Governmental Approvals: Lessee shall, before making any alterations, additions, installations or improvements, at Lessee's sole cost and expense, obtain all permits, approvals and certificates required by any governmental bodies and (upon completion) certificate of final approval thereof and shall promptly deliver duplicates of all such permits, approvals and certificates to Lessor; Lessee agrees to carry and will cause Lessee's contractors and subcontractors to carry such workman's compensation, general liability, personal and property damage insurance as Lessor may require.

(g) Damage From Moving: Lessee shall repair all damage to the Building and the Unit caused by the moving of Lessee's fixtures, furniture or equipment. All such repairs shall be of a quality or class equal to the original work or construction. If Lessee fails, after ten (10) days prior written notice to proceed with due diligence to make repairs required to be made by Lessee, the same may be made by Lessor at the expense of Lessee and the expenses thereof incurred by Lessor shall be collectable as additional rent after rendition of a bill or statement, therefore.

(h) Extermination of Vermin; Building System Defects: If the Unit be or become infected with vermin, Lessee shall, at Lessee's expense, cause the same to be exterminated from time to time to the satisfaction of Lessor. Lessee shall give Lessor prompt notice of any defective condition in the plumbing, heating, or electrical lines located in or servicing or passing through the Unit and following such notice Landlord shall remedy the condition with due diligence, but at the expense of Lessee if repairs are necessitated by damage or injury attributable to Lessee, Lessee's servants, agents, employees, invitees, or licensees as aforesaid. There shall be no allowance to Lessee for a diminution of rental value and no liability on the part of Lessor by reason of inconvenience, annoyance or injury to business arising from

Lessor, Lessee or others making or failing to make any repair, alteration, addition or improvement in, or to any portion of the Building or the Unit or in and to the fixtures, appurtenances or equipment thereof.

(i) Alterations for Residential Use: Provided the Lessee obtains the written consent of the Lessor as set forth in Paragraph 21(a) hereof, the Lessee may perform alterations to the Unit to permit the residential use of the Unit as provided in Paragraph 14(b) of this Lease subject to the following conditions:

(i) the Lessee shall enter into and comply with the Lessor's standard form of Alteration Agreement *which shall provide for the following among other matters:*

(a) Lessee acknowledges and agrees that, in addition to any of the requirements set forth in the Lessor's standard form of Alteration Agreement, no plumbing for a kitchen or bath shall be installed in the Unit unless it is in a zone designated as permissible for such use by the Lessor (hereinafter, "Permissible Zone") except if the plumbing associated with such kitchen or bath is located solely within the Unit. The Permissible Zone shall be the zone designated in Exhibit A annexed hereto and made a part of this Lease. A change in the Permissible Zone shall require the approval of lessees owning at least two-thirds (2/3) of the Lessor's then issued and outstanding shares, as set forth in Paragraph 6 hereof;

(b) In the event the Lessee desires to install plumbing for a kitchen or bath in an areas of the Unit which has not been designated as a Permissible Zone by the Lessor, the Lessee shall obtain the written consent of the Lessor and any lessees in adjoining units who would be affected by the installation of such plumbing;

(c) Plumbing alterations other than those existing within the walls and ceiling installations, shall be the responsibility of the Lessee in perpetuity. The Lessee will be responsible in perpetuity for any alterations to the already existing plumbing system.

(ii) the Lessee shall perform, at the Lessee's sole cost and expense, any and all work which may be required by the Lessor's architect, engineer or other *advisor*, in order to convert the Unit and other requisite portions *and/or common areas* of the Building to residential use;

(iii) the Lessee shall be responsible, at its sole cost and expense, for any and all costs, including any and all construction and material costs, associated with complying with the requirements, rules and regulations of the New York City Department of Buildings, New York City Department of Planning and any and all other governmental agencies having jurisdiction in order to convert the Unit and the requisite portions *and/or common areas* of the Building to residential use;

(a) any work to be performed on the requisite portions and/or common areas of the Building to accomplish the conversion to residential use shall be performed by a contractor retained by the Lessor, at the sole cost and expense of the Lessee, if the Lessee elects to convert the Unit to residential use. Any and all future maintenance or repairs to be performed to the requisite portions and/or common areas of the Building in connection with the conversion to residential use shall be performed by the Lessor at the sole cost and expense of all lessees who have converted their units to residential use unless such maintenance or repair is due to the act or negligence of the Lessor.

(b) the Lessor's then managing agent shall keep an accounting of all costs which shall be expended by lessees in connection with the costs associated with converting, maintaining and repairing the requisite portions and/or common areas of the Building to residential use. Any lessee who shall subsequently convert their unit to residential use shall, prior to obtaining the Lessor's approval to perform the alteration as set forth in this Paragraph 21(i), tender to the Lessor's then managing agent their proportionate share of any and all costs associated with converting the requisite portions of the Building to residential use previously expended by lessees who have already converted their units to residential use. Such amounts shall be distributed ratably by Lessor's then managing to all lessees who have previously converted their units to residential use.

(iv) the Lessee shall be responsible, at its sole cost and expense, for any and all increases in and/or additional real estate or other taxes and professional fees, including but not limited to legal, accounting, engineering and management fees, which may result from the conversion of the Unit from

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commercial to residential use (the "Residential Conversion Costs"). The Lessee shall pay its pro rata share of the Residential Conversion Costs, as they come due, but in no event later than ten (10) days after demand by Lessor.

No Amendment of this Paragraph 21(i) shall be effective prior to October 1, 2004.

22. **Lease Subordinate to Mortgages:** This lease is and shall be subject and subordinate to any mortgages now or hereafter liens upon such lease or on the land and Building, and to any and all extensions, modifications, consolidations, renewals and replacements thereof and to all security agreements and chattel mortgages on personal property covered by any mortgage. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground lessee. In confirmation of such subordination the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages, 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 the 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 Unit to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as 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 paid or incurred in connection therewith, including reasonable attorney's 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 Unit 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 Unit and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the Unit and storage space to its proper and usual condition at Lessor's expense if such repairs are the obligation of Lessor or at Lessee's expense if such repairs are the obligation of Lessee or are caused by the act or omission of the Lessee or any of the Lessee's family, guests, agents, employees or subtenants. In order that the Lessor shall at all times have access to the Unit or storage rooms for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each lock providing access to the Unit or the storage rooms, and if any lock shall be

altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to Lessor, the Lessor or the Lessor's agent (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the managing agent of Lessor) may forcibly enter the Unit or storage space without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the Unit, 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: Any notice by or demand from either party to the other shall be duly given only if in writing and sent by certified or registered mail, return receipt requested; if by the Lessee, addressed to the Lessor at the Building with a copy sent by regular mail to the Lessor's managing agent; if to the Lessee, addressed to the Building. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed, except notices of change of address shall be deemed served when received.

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

29. Lessor's Immunities:

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

30. Window Cleaning: The Lessee will not require, permit, suffer or allow the cleaning of any window in the Unit 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 and its employees, as a result of the Lessee's requiring, permitting, suffering or allowing any window in the Unit 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 events mentioned in subdivisions (a) to (k) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the Unit 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 Unit and to remove all persons and personal property therefrom, either by summary dispossession proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the Unit in its former estate 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 or be assigned to anyone who is not then the owner of all 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 property of such holder or of this lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be

vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee and provided that within eight (8) months (which period may be extended by the Directors) after the death of the Lessee this lease and shares shall have been transferred to an assignee in accordance with Paragraph 16 hereof; or (vi) this lease or any of the shares to which it is appurtenant shall pass to anyone other than the Lessee herein named by reason of a default by the Lessee under a pledge, security agreement or a leasehold mortgage made by the Lessee;

(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 Unit, and the Lessee shall fail to cause such unauthorized person to vacate the Unit within ten 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 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; provided, however, that if said default consists of the failure to perform any act the performance of which requires any substantial period of time, then if within said period of thirty days such performance is commenced and thereafter diligently prosecuted to conclusion without delay and interruption, the Lessee shall be deemed to have cured said default;

(f) Lessee's Objectionable Conduct: If at any time the Lessor shall determine, upon the affirmative vote of two-thirds (2/3) 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 occupying or using in the Unit, repeated after written notice from Lessor, the tenancy of the Lessee is undesirable; (it being understood, without limiting the generality of the foregoing, that repeatedly to violate or disregard the House Rules hereto attached or hereafter established in accordance with the provisions of this lease, or to permit or tolerate a person of dissolute, loose or immoral character to enter or remain in the Building or the Unit, shall be deemed to be objectionable conduct);

(g) 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 issues shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

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

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

(j) **Lessee's Default Under Security Agreement:** If Lessee shall default in the payment or performance of any of Lessee's obligations under any pledge or other security agreement (the "Security Agreement") given a Secured Party (who has complied with the provisions of said Paragraph 17(b)), and written notice of such default is given to Lessor by the Secured Party or its counsel.

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

(a) **Reletting Unit:** In the event the Lessor resumes possession of the Unit, either by summary proceedings, action of ejectment or otherwise because of default by the Lessee in the payment of any rent or additional rent due hereunder, or in the expiration of the term pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in subsections (a) to (f) inclusive or (i) or (j) 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 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 Unit for its own account, or (ii) relet the Unit as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent, in its discretion. Any reletting of the Unit shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the Unit has been relet for the Lessor's own account. The fact that the Lessor may have relet the Unit as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the Unit for its own account. If the Lessor relets the Unit 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 Unit, 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 following four 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 Unit shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the Unit for its own account; (D) the date upon which all proprietary leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to account to the Lessee for any avails of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

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

(c) **Sale of Shares:** Upon the termination of this lease under the provisions of subdivision (a) to (f) inclusive of (i) or (j) 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 proprietary lease for the Unit and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the Unit 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 first, towards the payment of Lessee's indebtedness hereunder (including interest, attorney's fees and other expenses incurred by the Lessor); second, if said termination shall result pursuant to subdivision (j) of Paragraph 31 by reason of a default under the Security Agreement towards the payment of Lessee's indebtedness under the Security Agreement (including all costs, expenses and charges payable by Lessee thereunder); and, third, if the proceeds are sufficient to pay the foregoing, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness due hereunder and (if applicable) under said Security Agreement. 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.

33. **Waiver of Right of Redemption:** The Lessee hereby expressly waives any and all right of redemption in case the Lessee shall be dispossessed by judgment or warrant of any court or judge. The words "enter," 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 (f) inclusive of (j) 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 Unit 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 Unit or in the Building.

35. Lessee's Option to Cancel:

(a) Notice of cancellation; Deposit: This lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Plan of cooperative organization pursuant to which proprietary leases were originally issued upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1 in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

- (i) The Lessee's counterpart of this lease with a written assignment in form required by the Lessor, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances, pledges, security interests and other charges whatsoever (except rights of occupancy of third parties existing on the date the Lessor acquires title to the Building);
- (ii) The Lessee's certificate for his shares of the Lessor, endorsed in blank for transfer and with all necessary transfer tax stamps affixed or 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.

(b) Removal of Fixtures; Possession: All additions, improvements, appliances and fixtures which are removable under the terms of this lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Lessee prior to August 31 of the year of cancellation, and on or before said August 31 the Lessee shall deliver possession of the Unit 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, pledges, security interests 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 Unit: The Lessor and its agents may show the Unit to prospective lessees, contractors and architects at reasonable times after notice of the Lessee's intention to cancel. After August 31st or the earlier vacating of the Unit, the Lessor and its agents, employees and lessees may enter the Unit, 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 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 after Notice of Cancellation: If the Lessee shall give the notice but fail to comply with all of the other provisions of this paragraph, 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) Other Tenant-Shareholders: 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 30th in such year, give a written notice to the holders of all issued shares of the Lessor stating the total number of shares then outstanding and in its treasury and the total number of shares owned by lessees holding proprietary leases who have given notice of intention to cancel. In such case the proprietary lessees to whom such notice shall have been given shall have the right to cancel their leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before the following July 1 instead of the preceding April 1.

(b) Right of Lessees to Cancel all Proprietary Leases: 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 as a commercial cooperative building, (b) to alter, demolish or rebuild the Building or any part thereof, or (c) to sell the Building and liquidate the assets of the Lessor, and the 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 the Lessor's grantor(s) or individuals produced by the Lessor's grantor(s) pursuant to the Plan of cooperative organization of Lessor; and, all shares which are Unsold Shares shall cease to be designated as Unsold Shares or to retain their character as such (regardless of transfer) when (1) such shares become the property of a purchaser for bona fide occupancy of the Unit to which such shares are allocated, or (2) the holder of such shares becomes a bona fide occupant of the Unit. The term "holder of Unsold Shares" wherever used herein shall include a "purchaser of Unsold Shares"; such terms being used interchangeably in this lease, provided, however, a "purchaser of Unsold Shares" for consideration who (i) occupies the Unit (ii) intends to occupy the Unit when the lease or sublease of an existing tenant in the Unit expires or (iii) intends to hold the Unit for investment and/or sublease, shall not be deemed to succeed to the rights of Lessor's grantor as a holder of Unsold Shares.

(b) Subletting Unit and Sale of Shares: Neither the subletting of the Unit nor the assignment of this lease, by the Lessee who is the holder of the block of Unsold Shares allocated thereto, shall require the consents of the Directors or shareholders of Lessor, as provided in Paragraphs 15 and 16.

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

(d) Restriction on Cancellation: The provisions of Paragraph 35 may not be availed of by a Lessee who is the holder of a block of Unsold Shares accompanying this lease unless (i) lessees owning a majority of Lessor's outstanding shares shall have given notice of intention to cancel pursuant to Paragraph 35 or 36 or (ii) all Unsold Shares constitute 15% or less of Lessor's outstanding shares and at least five (5) years shall have elapsed since Lessor acquired title to the Building and on the effective date of cancellation Lessee shall have paid to Lessor a sum equal to the product of the then current rent (maintenance charges) payable under this lease multiplied by 24.

39. Foreclosure -- Receiver of Rents: Notwithstanding anything contained in this lease, if any action shall be instituted to foreclose any mortgage on the land or the building or the leasehold of the land or building, the Lessee shall, on demand, pay to the receiver of the rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the rent for the Unit 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 land or the Building or the leasehold of the land or 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 Lessee or to a shareholder of the Lessor shall be deemed to include the executors, administrators, legal representatives, legatees, distributees and assigns of the Lessee or of such shareholder; and the covenants herein contained shall apply to, bind and enure to the benefit of the Lessor and its successors and assigns, and the Lessee and the executors, administrators, legal representatives, legatees, distributees, successors and 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 Unit, or any claim of damage resulting from any act or omission of the parties in any way connected with this lease or the Unit.

42. Lessor's Additional Remedies: In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessee shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

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; and such

clause shall be deemed deleted, limited, expended or otherwise modified or conditioned to the extent necessary to render it valid.

45. Notice to Lessor of Default: The Lessee may not institute an action or proceeding against the Lessor or defend, or assert a counterclaim in any action by the Lessor related to the Lessee's failure to pay rent, if such action, defense or counterclaim is based upon the Lessor's failure to comply with its obligations under this lease or any law, ordinance or governmental regulation unless such failure shall have continued for at least thirty days before such action or proceeding was commenced and after the giving of written notice thereof by the Lessee to the Lessor.

46. Unit of Shares and Lease: The shares of the Lessor held by the lessee and allocated to the Unit have been acquired and are owned subject to the following conditions agreed upon with the Lessor and with each of the other proprietary lessees for their mutual benefit:

- (i) The shares represented by each certificate are transferable only as an entirety and only in connection with a simultaneous transfer of this lease, unless transferred pursuant to Article V Section 4 of the By-Laws of the Lessor in connection with the regrouping of space in one or more Units.
- (ii) The shares shall not be sold or transferred except to the Lessor or to an assignee of this lease after compliance with all of the provisions of this lease relating to assignments.

47. Use and Consumption of Utilities & Services:

(a) Gas and Electricity: The Unit shall be separately metered for the use and consumption of electric current and gas. Lessee covenants and agrees to pay all electrical and utility charges due with regard to the consumption of electricity or gas in the Unit. In addition, Lessee covenants and agrees that at all times its use of electric current shall not exceed the capacity of existing feeders to the Building or the risers or wiring installation, and Lessee may not use any electrical equipment which, in Lessor's opinion, reasonably exercised, will overload such installations or interfere with the use thereof by other lessees in the Building. The change at any time of the character of electrical service shall in no wise make Lessor liable or responsible to Lessee for any loss, damage or expense, which Lessee may sustain. If at any time or times during the term of this lease, the consumption of gas or electricity, or both, in the Unit is measured by a meter which also measures consumption outside the Unit, 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 such consumption of gas or electricity, or both, and any such charges shall be payable monthly in advance or in such payments or installments as shall be required by the Directors 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 Unit bears to all shares of Lessor then issued and outstanding, or in the approximate proportion that the floor area

of the Unit bears to all floor areas measured by such meter, or such other equitable method as may be determined by the Directors.

(b) Water Charges: If Lessee requires, uses or consumes water for any purpose in addition to ordinary lavatory purposes (of which fact Lessee constitutes Lessor to be the sole judge), Lessor may install a water meter and thereby measure Lessee's water consumption for all purposes. Lessee shall pay Lessor for the cost of the meter and the cost of the installation thereof and throughout the duration of the Lessee's occupancy of the Unit, Lessee shall keep said meter and installation equipment in good working order and repair at Lessee's sole cost and expense. If Lessee defaults in such obligation, Lessor may cause such meter and equipment to be replaced or repaired and collect the costs thereof from Lessee. Lessee agrees to pay for water consumed, as shown on said meter as and when bills are rendered, and on default in making such payment, Lessor may pay such charges and collect the same from Lessee as additional rent. Lessee covenants and agrees to pay the sewer rent, charges or any other taxes, rents, levies or charges which now or hereafter are assessed, imposed or become a lien upon the Unit or the reality of which they are a part pursuant to law, order or regulation made or issued in connection with the use, consumption, maintenance or supply of water, water systems or sewage connection or systems. The bill rendered by Lessor shall be payable by Lessee as additional rent. If the Building or the Unit or any part thereof be supplied with water through a meter through which water is also supplied to other Units, Lessee shall pay to Lessor as additional rent, on the first day of each month, Lessee's pro rata share of the total meter charges based upon the number of shares which Lessee owns in Lessor in relation to all of the shares owned by Lessee's of Lessor who are sharing such meter, or in approximate proportion that the floor area of the Unit bears all floor area measured to by such meter, or such other equitable method as may be determined by the Directors.

(c) Sprinklers: Anything else wherein this lease contain to the contrary notwithstanding, if the New York Board of Fire Underwriters or the New York Fire Insurance Exchange or any bureau, department or official of the federal, state or city government requires or recommends the installation of a sprinkler system or any changes, modifications, alterations or additional sprinkler heads, or other equipment be made or supplied in an existing sprinkler system by reason of Lessee's business or the location of partitions, trade fixtures or other contents of the Unit or for any other reason, or if any such sprinkler system installations, changes, modifications, alterations, additional sprinkler heads or other such equipment become necessary to prevent the imposition of a penalty or charge against the full allowance for a sprinkler system in the fire insurance rates set by any said Exchange or by any fire insurance company, Lessee shall, at Lessee's sole expense, promptly make such sprinkler system installations, changes, modifications, alterations and supply additional sprinkler heads or other equipment as required, whether the work involved shall be structural or non-structural in nature.

(d) Elevators, Heating and Cleaning:

(i) As long as Lessee is not in default under any of the covenants of this lease, Lessor shall provide necessary freight elevator facilities on business days from 9:00 A.M. to 5:00 P.M. and on Saturdays from 8:00 A.M. to 12:00

P.M.; the passenger elevator shall be made available to all lessees in the Building 24 hours per day, including Saturdays, Sundays and legal holidays, but subject to temporary discontinuance of service for periodic repair and maintenance. Lessor shall also furnish heat to the Unit, when and as required by law, on business days from 9:00 A.M. to 5:00 P.M. and on Saturdays from 8:00 A.M. to 12:00 P.M. The Board of Directors of Lessor may extend the hours of freight elevator service and heat.

(ii) Lessee shall at Lessee's own expense keep the Unit clean and in order to the satisfaction of Lessor. Lessee shall comply with the House Rules of Lessor with regard to the removal of refuse and rubbish from the Building. Lessor reserves the right to stop service of the heating, elevator, plumbing and electrical systems, when necessary by reason of accident or emergency or for repairs, alterations, replacements or improvements, which in the judgment of Lessor are necessary or desirable, and such services shall be abated until such repairs, alterations, replacements or improvements shall be completed.

(iii) Lessor shall have no responsibility or liability for failure to supply heat, elevator, plumbing and electrical services during said period or when prevented from doing so by strikes, accidents, or by causes beyond Lessor's control or by laws, orders or regulations of any federal, state or municipal authority or shortages of any fuel supply or inability by exercise or reasonable diligence to obtain any fuel.

48. Adjacent Excavation -- Shoring: If an excavation shall be made upon land adjacent to the Building, or shall be authorized to be made, Lessee shall afford to the person causing or authorizing to cause such excavation, license to enter upon the Unit for the purpose of doing such work as said persons shall be necessary to preserve the wall or the Building from injury or damage and to support the same by proper foundations, without any claim for damage or indemnity against Lessor or diminution or abatement of rent.

49. Glass: Lessor shall replace, at the expense of Lessee, any and all plate or other glass damaged or broken from any cause whatsoever in or about the Unit. Lessor may insure, and keep insured, at Lessee's expense, all plate and other glass in the Unit for and in the name of Lessor and Lessee.

50. No Representations by Lessor:

(a) Neither Lessor nor Lessor's agents have made any representations or promises with respect to the physical condition of the Building, the land upon which it is erected or the Unit, the rents, leases, expenses of operation or any matter or thing effecting or related to the Unit or the Building, except as herein expressly set forth; and no rights, easement or license is acquired by Lessee by implication or otherwise, except as expressly set forth in the provisions of this lease. Lessee has inspected the Building and the Unit and thoroughly acquainted with their condition, and agrees to take the same "As Is."

(b) All understandings and agreements heretofore made between Lessor and Lessee are merged into this lease which alone fully and completely expresses the agreement between Lessor and Lessee; and any executory agreement hereinafter made shall be ineffective to change, modify or discharge or effect an abandonment of it in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

51. No Waiver: The failure of Lessor to seek redress for violation of, or to insist upon the strict performance of any covenants or conditions of this lease or of any of the house rules or regulations set forth or hereinafter adopted by Lessor, shall not prevent a subsequent act which would have originally constituted a violation from having all of the force and effect of an original violation. The receipt by Lessor of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach and no provision of this lease shall be deemed to have been waived by Lessor unless such a waiver be in writing and signed by Lessor. No payment by Lessee or receipt by Lessee of a lesser amount than the monthly rent set by the Board of Directors of Lessor shall be deemed to be other than on account of the earliest due rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed and accord in satisfaction. Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such rent or pursue all the remedies in this lease provided. No act or thing done by Lessor or Lessor's agent during the term hereby demised shall be deemed an acceptance of a surrender of the Unit except in accordance with the provisions of Paragraph 35 hereof, and no agreement to accept such surrender shall be invalid unless in accordance with the provisions of said Paragraph 35. No employee of Lessor or Lessor's agent shall have any power to accept the keys of the Unit prior to the termination of this lease and the deliver of keys to any such agent or employee shall not operate as a termination of the lease or surrender of the premises unless the provisions of Paragraph 35 are complied with.

52. Inability to Perform: This lease and the obligations of Lessee to pay rent hereunder and perform all of the other covenants and agreements hereunder on the part of Lessee to be performed shall in no way be effected, impaired or excused because Lessor is unable to fill any of its obligations under this lease or to supply, or is delayed in supplying, any service expressly or impliedly to be supplied or is unable to make, or is delayed in making, any repair, additions, alterations, or decorations or is unable to supply, or is delayed in supplying any equipment or fixtures if Lessor is prevented or delayed from doing so by reason of strike or labor troubles or any cause whatsoever including, but not limited to, governmental preemption in connection with a national emergency or by reason or any rule, order or regulation or any

department or subdivision thereof of any governmental agency or by reason of the condition(s) of supply and demand which have been or are effected by war or other emergency or material shortages.

53. No Discrimination: The Lessor will not discriminate against any person because of his race, creed, religion, color, national origin, ancestry, sex or other ground proscribed by law when exercising any right reserved to it in this lease.

54. Marginal Headings: The marginal headings of the several paragraphs of this lease shall not be deemed a part of this lease.

55. Changes to Be in Writing: The provisions of this lease cannot be changed orally.

IN WITNESS WHEREOF, the parties have executed this lease to take affect as of the date set forth in the preamble hereof.

Lessor:

[Corporate Seal]

11825 Owners Corp.

Attest:

By _____
(Vice) President

(Assistant) Secretary

Lessee:

_____(L.S.)

_____(L.S.)

Witnessed: (for Individual Lessee)

Attest (for Corporate Lessee):

Secretary

[Corporate Seal]

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

On the _____ day of _____, in the year _____, before me personally appeared _____, to me known, who being by me duly sworn, did depose and say that he resides at _____ that he is the _____ of 11825 Owners Corp. the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.

Notary Public

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

On the _____ day of _____, in the year _____, before me personally appeared _____, to me known and known to me to be the individual described in and who executed the foregoing instrument, and duly acknowledged to me that he executed the same.

Notary Public

STATE OF NEW YORK)
)
COUNTY OF)

ss.:

On the _____ day of _____, in the year _____, before me personally appeared _____, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who being duly sworn, did depose and say that he resides at _____; that he knows _____ the individual described in and who executed the foregoing instrument; that he, said subscribing witness, was present and saw _____ execute the same; and that he, said witness, thereupon at the same time subscribed his name as witness thereto.

Notary Public

STATE OF NEW YORK)
)
COUNTY OF)

ss.:

On the _____ day of _____, in the year _____, before me personally appeared _____, to me known and known to me to be the individual described in and who executed the foregoing instrument, and duly acknowledged to me that he executed the same.

Notary Public

118 EAST 25TH STREET
HOUSE RULES

(1) The public halls and stairways of the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Unit in the Building, and the fire towers shall not be obstructed in any way. No article shall be placed in the halls or on the staircase landings or fire towers, nor shall anything be hung or shaken from the doors, windows, terraces or balconies or placed upon the windowsills of the Building.

(2) No business invitee of any Lessee in the Building shall be permitted to wait in the lobby of the Building.

(3) No Lessee shall make or permit any disturbing noises in the Building or do or permit anything to be done therein, which will interfere with the rights, comfort or convenience of other Lessees.

(4) No awnings, window air-conditioning units or ventilators shall be used in or about the Building except such as shall have been expressly approved by the Lessor or the managing agent, nor shall anything be projected out of any window of the Building without similar approval.

(5) No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Lessee on any part of the outside of the Unit or Building if the same is visible from the outside of the Unit without the prior written consent of Lessor, except that the name of Lessee may appear on the entrance door of the Unit. In the event of the violation of the foregoing by any Lessee, Lessor may remove same without any liability, and may charge the expense incurred by such removal to the Lessee violating this rule. Interior signs on doors and upon the directory tablet in the lobby shall be inscribed, painted or affixed for each Lessee by Lessor at the expense of such Lessee, and shall be of a size, color and style acceptable to Lessor.

(6) Garbage and refuse from the Unit shall be disposed of only at such times and in such manner as the superintendent or the managing agent of the Building may direct. All garbage and refuse shall be placed in plastic bags and deposited in container supplied by Lessor.

(7) Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags or any other article be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the Lessee in whose Unit it shall have been caused.

(8) No employee of Lessor may be used by any Lessee for private business without the prior written approval of the Board of Directors of Lessor in each instance.

No Lessee shall send any employee of the Lessor out of the Building on any private business of a Lessee.

(9) No bird or animal shall be kept or harbored in the Building unless the same in each instance have been expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted on elevators or in any of the public portions of the Buildings unless carried or on leash. No pigeons or other birds or animals shall be fed from the windowsills, terraces, balconies or in the yard, court spaces or other public portions of the Building, or on the sidewalks or street adjacent to the Building.

(10) No radio or television aerial shall be attached to or hung from the exterior of the Building without the prior written approval of the Lessor or the managing agent.

(11) No vehicle belonging to a Lessee or guest, subtenant or employee of a Lessee shall be parked in such manner as to impede or prevent ready access to any entrance of the Building by another vehicle.

(12) No group tour or exhibition of any Unit or its contents shall be conducted, nor shall any auction sale be held in any Unit without the written consent of the Lessor.

(13) The Lessee shall keep the windows of the Unit clean. In case of refusal or neglect of the Lessee during 10 days after notice in writing from the Lessor or the managing agent to clean the windows, such cleaning may be done by the Lessor, which shall have the right, by its officers or authorized agents, to enter the Unit for that purpose and to charge the cost of such cleaning to the Lessee.

(14) The service elevator shall be operated only by employees of the Lessor, and there shall be no interference whatever with the same by Lessees, their licensees, guests, employees or subtenants.

(15) Complaints regarding the service of the Building shall be made in writing to the managing agent of the Lessor.

(16) Any consent or approval given under these House Rules by the Lessor shall be revocable at any time.

(17) No Lessee shall install any plantings on the terrace, balcony or roof without the prior written approval of the Lessor. Plantings shall be contained in boxes of wood lined with metal or other material impervious to dampness and standing on supports at least two inches from the terrace, balcony or roof surface, and if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall plantings may be contained in masonry or hollow tile walls, which shall be at least three inches from the parapet wall and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. It shall be the

responsibility of the Lessee to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition.

(18) The agents of the Lessor, and any contractor or workman authorized by the Lessor, may enter any Unit at any reasonable hour of the day for the purpose of inspecting such Unit to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests. If the Lessor takes measures to control or exterminate carpet beetles, the cost thereof shall be payable by the Lessee, as additional rent.

(19) No carpet, rug or other article shall be hung or shaken out of any window of the Building; and no Lessee shall sweep or throw or permit to be swept or thrown from the Unit any dirt or other substances into any of the corridor halls, elevators, or out of the doors or windows or stairways of the Building, and Lessee shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Unit, or permit or suffer the Unit to be occupied or used in a manner offensive or objectionable to Lessor or other occupants of the Building by reason or noise, odors and/or vibrations, or interfere in any way, with other Lessees or those having business therein, nor shall any animals or birds be kept in or about the Building. Smoking or carrying lighted cigars or cigarettes in the elevators of the Building is prohibited.

(20) No Lessee shall drill through the, or in any way deface any part of the exterior of the Building. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Lessor, and as Lessor may direct.

(21) Freight, furniture, business equipment, merchandise and bulky matter of any description shall be delivered to and removed from the Unit only on the freight elevator and through the service entrances and corridors, and only during hours and in a manner approved by Lessor. Lessor reserves the right to inspect all freight to be brought into the Building and to exclude from the Building all freight which violates any of these House Rules or the proprietary lease of which these House Rules are a part.

(22) Canvassing, soliciting and peddling in the Building is prohibited and each Lessee shall cooperate to prevent the same.

(23) Lessee shall not bring or permit to be brought or kept in or on the Unit any inflammable, combustible or explosive fluid, material, chemical or substance, or cause or permit any odors of cooking or other processes, or any unusual or other objectionable odors to permeate in or emanate from the Unit.

(24) No floor load shall be placed on any portion of the Unit, which exceeds 120 pounds per square foot.

(25) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

**BY-LAWS
OF
11825 Owners Corp.**

**ARTICLE I
Meetings of Shareholders**

Section 1. Annual Meetings. Except for the first meeting of shareholders to be held within approximately 30 days after the closing under the Offering Plan to convert the corporation's property to cooperative ownership, each annual meeting of the shareholders of the corporation, for the election of directors and for such other business as may properly come before such meeting, shall be held in the City, Town or Village where such property is located, at such hour and place as may be designated in the notice of meeting, on the second Tuesday in May of each and every year, unless a legal holiday, in which event such meeting shall be held on the first day thereafter not a legal holiday. The notice of meeting shall be in writing and signed by the president or a vice president or the secretary or an assistant secretary. Such notice shall state the time when and the place at which such meeting is to be held, and a copy thereof shall be served, either personally or by mail, upon each shareholder of record entitled to vote at such meeting, not less than ten nor more than fifty days before the meeting.

Section 2. Special Meetings. Special meetings of shareholders other than those regulated by statute, may be called at any time by any officer of the corporation or by a majority of the board of directors, and it shall also be the duty of the secretary to call such a meeting whenever requested in writing so to do by shareholders of record of at least one-quarter of the outstanding capital stock. A notice of each special meeting, stating the time, place and purpose thereof and the officer or other person or persons by whom the meeting is called, shall be served, either personally or by mail, on each shareholder of record, not less than ten nor more than fifty days before the date of the meeting. No business other than that stated in the notice shall be transacted at any special meeting unless the shareholders of record of all outstanding shares of the corporation are present thereat in person or by proxy.

Section 3. Waiver of Mailing of Notice. The notice provided for in the two foregoing sections is not indispensable and any shareholders' meeting whatever shall be valid for all purposes if the shareholders of record of all shares of the corporation are present thereat in person or by proxy, or if a quorum is present as provided in the next succeeding section and notice of the time, place and purpose of such meeting has been duly waived in writing by all shareholders not so present. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him. Any notice to be served upon a shareholder by mail shall be directed to the shareholder at his address as it appears on the stock book unless the shareholder shall have filed with the secretary of the corporation, prior to the giving of a notice, a written request that notices intended for him be mailed to such other address, in which case it shall be mailed to the address designated in such request.

Section 4. Quorum. At all meetings of shareholders in order to constitute a quorum and to permit the transaction of any business except to adjourn a meeting, there shall be present either in person or by proxy the holders of a majority of the shares entitled to vote thereat. A majority of the shareholders present may adjourn a meeting to a subsequent day despite the absence of a quorum.

Section 5. Voting. Each shareholder of record shall be entitled at each shareholders' meeting to one vote, in person or by proxy, for each share standing in his name on the stock book at the time of the meeting. All proxies shall be in writing but need not be acknowledged or witnessed and shall be filed with the secretary at or previous to the time of the meeting. The person named as proxy need not himself be a shareholder of the corporation. All voting shall be viva voce, except that any qualified voter may demand a ballot vote, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy, if such ballot is cast by a proxy. All elections shall be determined by a plurality vote; and unless otherwise specified in these by-laws or the certificate of incorporation, the affirmative vote of a majority represented at any meeting of shareholders shall be necessary for the transaction of any item of business and shall constitute the act of the shareholders.

Section 6. Inspectors of Election. At any election of directors where more candidates are nominated than there are positions to be filled, the election shall be conducted by two inspectors of election to be appointed by the president or other Chairman of the meeting. No director or candidate for director shall be eligible to appointment as inspector. Before entering upon the discharge of their duties, the inspectors appointed to act at any meeting of the shareholders shall be sworn faithfully to execute the duties of inspectors at such meeting with strict impartiality, and according to the best of their ability, and the oath so taken shall be subscribed by them and immediately filed with the secretary of the corporation with a certificate of the result of the vote taken at such meeting.

Section 7. Consent of Shareholders. Whenever the shareholders are required or permitted to take any action by vote, such action may be taken without a meeting upon the written consent of the holders of all outstanding shares entitled to vote thereon, which consent shall set forth the action so taken.

Section 8. Order of Business. At each meeting of shareholders, the president, or in his absence a vice president, shall act as chairman of the meeting. The secretary, or in his absence such person as may be appointed by the chairman, shall act as secretary of the meeting. So far as is consistent with the purposes of the meeting, the order of business shall be as follows:

1. Call to order.
2. Presentation of proof of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings.
5. Reports of officers and committees.

6. If an annual meeting, the appointment of inspectors of election, if any.
7. If an annual meeting, the election of directors.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE II

Directors

Section 1. Qualification and Number. At least one more than a majority of the directors to be elected must be residents of the building owned by the corporation, and not holders of Unsold Shares. (The terms "Unsold Shares" and "holders of Unsold Shares" shall have the same meanings as in the aforesaid Offering Plan.)

All directors shall be at least 18 years of age.

The number of directors shall not be less than three and not more than seven. The first board shall consist of seven (7) members. The number of directors shall be determined by the shareholders from time to time at any annual or any special meeting of shareholders called for that purpose, and the number so determined shall be the number of directors of the corporation until changed by further action of the shareholders, provided, however, that the number of directors shall not be decreased to a number less than the number of directors then in office, except at an annual meeting of shareholders. Reference is made to Section 7 of this Article for the power of the board to fix the number of directors.

Section 2. Election and Term. The directors constituting the first board of directors shall be elected by the incorporator at the organization meeting of the incorporator. Directors, other than those constituting the first board, shall be elected at the annual meeting of shareholders, or at a special meeting called for that purpose as provided by law, by a plurality of the votes cast at such election. The entire number of directors to be elected shall be balloted for at one and the same time and not separately.

Directors elected by the incorporator shall serve until the election and qualification of directors elected at the first annual meeting of shareholders. Directors elected at the first annual meeting of shareholders and at meetings subsequent thereto shall serve until the date herein fixed for the next annual meeting of shareholders and until the election and qualification of their respective successors.

Section 3. Vacancies. When any vacancy exists or occurs among the directors by death, resignation or otherwise, the same shall be filled for the remainder of the term by a majority of votes cast at a special meeting of the remaining directors duly called for the purpose

or at any regular meeting of the directors, even though a quorum shall not be present at such special or regular meeting. If the number of the directors is increased, the additional directors shall be elected by a plurality of the votes cast at a meeting of shareholders duly called for that purpose and shall serve for the term above prescribed. If all the directors die or resign, any shareholder may call a special meeting of the shareholders as provided herein and directors for the unexpired term may be elected at such special meeting in the manner provided for their election at the annual meeting.

Section 4. Resignation and Removal. Any director may resign at any time by written notice delivered or sent by certified or registered mail, return receipt requested, to the president or the secretary of the corporation. Such resignation shall take effect at the time specified therein, and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed from office at any time with or without cause and at the pleasure of the shareholders, upon affirmative vote of the shareholders of record taken at a shareholders' meeting duly called for that purpose; provided, however, that the directors elected by the holders of "Unsold Shares" may be removed only by such holders of Unsold Shares who alone will have the right to designate replacement(s).

Any vacancy on the board by a director designated or elected by a holder or holders of Unsold Shares, whether arising from the resignation, removal, death or otherwise, shall be filled only by such holder or holders of Unsold Shares.

Except for directors elected by the holders of Unsold Shares, a director who ceases to be a shareholder or whose spouse ceases to be a shareholder, as the case may be, shall be deemed to have resigned as a director. Notwithstanding the foregoing, any director elected by the holders of Unsold Shares may be removed for dishonesty, fraud or similar egregious misconduct in office, upon affirmative vote of a majority of the shareholders of record, taken at a shareholders meeting duly called for such purpose.

Section 5. Meetings of the board of directors, regular or special, shall be held at such place within the City, Town or Village where the corporation's property is located as shall be specified in the notice calling the meeting. The first meeting of each newly elected board of directors shall be held immediately after the annual meeting of the shareholders and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. Regular meetings of the board of directors shall be held not less than once every eight weeks and may be held upon such notice, or without notice, and at such time and at such place in the City, Town or Village where the corporation's property is located as shall from time to time be determined by the board. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of a majority of the number of directors fixed by Section 1 of this Article II, except in the case of a special meeting called to fill vacancies in the board of directors, in which case a majority of the then acting directors shall

suffice. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meetings without protesting the lack of notice prior thereto or at its commencement. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these by-laws. A majority of the number of directors fixed by Section 1 of this Article II shall constitute a quorum for the transaction of business unless a greater or lesser number is required by law or by the certificate of incorporation or elsewhere by these by-laws. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or by the certificate of incorporation or elsewhere in these by-laws. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At all meetings of the board of directors, each director shall be entitled to one vote.

Section 6. Annual Budget. In furtherance of the definitions and provisions of the proprietary leases entered into or to be entered into by the corporation with its shareholders, the board of directors shall determine the cash requirements as defined therein, for each particular year of the term of such proprietary leases, by resolution or resolutions adopted during the particular year in question or the preceding year, and shall likewise fix the terms and times of payment of the rent due from shareholders who are lessees under such proprietary leases to meet such cash requirements. Immediately after the adoption of such resolution as above provided, the secretary shall mail or cause to be mailed, or deliver or cause to be delivered to each shareholder who is such a lessee a statement of the amount of the cash requirements so determined or a copy of the resolution of the board concerning the same. The board of directors shall have discretionary power to prescribe the manner of maintaining and operating the apartment building of the corporation, and any other premises acquired by the corporation by purchase or otherwise, and to determine the aforesaid cash requirements. Every such determination by the board shall be final and conclusive as to all shareholders who are lessees under proprietary leases and any expenditures made by the corporation's officers or agents under the direction or with the approval of the board shall, as against such shareholders, be deemed necessarily and properly made for such purposes. The operating year of the corporation shall be the calendar year.

So long as the Unsold Shares constitute 25% or more of the outstanding shares of the corporation, the board of directors of the corporation shall not take any of the following actions unless shareholders owning at least 75% of the shares of the corporation approve same in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purchase:

(i) increase the number or change the type of employees from that described in the aforesaid Offering Plan (Schedule of Projected Receipts and Expenses for First Year of Cooperative Operation);

(ii) provide for new or additional services from those indicated in the aforesaid Offering Plan in the Schedule of Projected Receipts and Expenses for First Year of Cooperative

Operation unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is no greater than those provided in said Schedule; or

(iii) undertake any capital or major improvement or addition, unless required by law.

Section 7. Duties and Powers. The affairs and business of this corporation shall be managed by its board of directors except with respect to the powers, which are herein delegated to the officers. The directors shall at all times act as a board, regularly convened, and they may adopt such rules and regulations for the conduct of their meetings, the execution of their resolutions and the management of the affairs of the corporation as they may deem proper, provided same are not inconsistent with the laws of the State of New York, the certificate of incorporation or these by-laws. Furthermore, the board, from time to time, may fix the number of directors of the corporation, provided, the number of directors shall not be less than three (3), nor more than seven (7) or such higher number as the shareholders shall have determined pursuant to Article II, Section 1. The power of the board to determine the number of directors as herein provided is subordinate to the power of the shareholders to make such determination under said Article II, Section 1, so that if the board after having fixed a new number of directors shall be overruled by the shareholders, the determination of the shareholders shall govern.

The board of directors shall be responsible for carrying out the duties imposed upon it under these by-laws and the proprietary leases referred to in Article V below, regardless of whether an apartment in the building is vacant or occupied by the owner thereof (i.e., Shareholder-Lessee) or a permitted lessee or other occupant of such owner. This provision shall not be deemed to impose any greater obligation or responsibility on the board of directors than now provided for in the Business Corporation Law.

Section 8. House Rules. The board of directors shall have power to make and change reasonable rules applicable to the apartment building owned or leased by the corporation whenever the board deems it advisable so to do. All house rules shall be binding upon all tenants and occupants of the apartment building. Copies of changes in house rules shall be furnished to each shareholder and shall be binding upon the delivery thereof in the manner provided in the proprietary lease.

Section 9. Executive Committee. The board of directors may by resolution appoint an executive committee to consist of three or more directors of the corporation. Such committee shall have and may exercise all of the powers of the board in the management of the business affairs of the corporation during the intervals between the meetings of the board, so far as may be permitted by law, except that the executive committee shall not have power to determine the cash requirements defined in the proprietary leases, or to fix the rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the board. Vacancies in membership on the executive committee shall be filled by the board of directors at a regular or special meeting.

Section 10. Admissions Committee. In furtherance of the cooperative purposes of the corporation and to assure, so far as possible, that the occupants of all apartments therein shall be congenial and that all proprietary lessees shall be reputable and financially responsible, the board

may by resolution create an admissions committee of two or more persons to interview and consider the qualifications of proposed assignees and subtenants. Once such committee has been created, no consent to transfer of stock or assignment of lease or subletting of apartments shall thereafter be given by any member of the board of directors until the admissions committee shall have approved same, or until there shall have been a meeting of the board of directors to act on an unfavorable report of the admissions committee or any member thereof. All information received and reports by the admissions committee or any member of the board of directors (whether or not an admissions committee has been created) concerning a proposed assignee or subtenant, and the deliberations of the committee and the board thereon shall be deemed confidential and disclosed to no one except other directors of the corporation. On all applications for consent to assignment or subletting, the only action of the board shall be to "approve" or "disapprove" without comment. No member of the admissions committee or the board of directors shall be required to explain to any shareholder or any other person the reasons for his determination. The provisions of this Section are not applicable to a proposed assignment or subletting by purchasers of Unsold Shares.

Section 11. Other Committees. The board of directors shall also have the power to appoint such other committees, in accordance with Section 712 of the Business Corporation Law as it deems appropriate.

Section 12. Contracts and Transactions of the Corporation. No contract or other transaction between the corporation and any one or more of its directors or any other corporation, firm, association or other entity in which one or more of its directors are directors or officers, or are financially interested, shall be void or voidable for this reason alone or by reason alone that such director or directors are present at the meeting of the board, or of a committee thereof, which approves such contract or transaction, or that he or their votes are counted for such purpose, provided that the provisions of Section 713 of the Business Corporation Law are complied with.

Section 13. Compensation. No director, by virtue of his office as such, nor for any other reason, at any time, shall receive any salary or compensation for his services as such director, or otherwise, unless and until the same shall have been duly authorized in writing, or by affirmative vote taken at a duly held stockholders' meeting, by the record holders of at least two-thirds (2/3) of the then outstanding shares of the stock of the corporation.

Section 14. Distributions. No tenant-shareholder shall be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the corporation, to receive any distribution not out of earnings and profits of the corporation.

ARTICLE III

Officers

Section 1. Election and Removal. The board of directors at its first meeting after these by-laws become effective, and at each annual meeting, shall elect by a majority vote, a president and one or more vice presidents, a secretary and a treasurer, and may also at any time appoint or elect one or more assistant secretaries or assistant treasurers otherwise qualified may hold any two offices, except the offices of president and secretary. Each of the officers shall serve until the next annual meeting of the board and until the election or appointment of his respective successor; but any officer may be removed from office at any time, and a successor chosen, at the pleasure of the board, upon affirmative vote, taken at any meeting, by a majority of the then total authorized number of directors.

Section 2. Qualification and Vacancies. The president shall be a member of the board, but none of the other officers need be a member of the board.

Vacancies occurring in any office may be filled by the board at any time, upon affirmative vote taken at any meeting, by a majority of the then total authorized number of directors. An officer who ceases to be a shareholder or whose spouse ceases to be a shareholders, as the case may be, shall be deemed to have resigned as an officer.

Section 3. President and Vice President. The president shall preside at meetings of shareholders and of the board of directors. He shall, subject to the control of the board, have general management of the affairs of the corporation and shall perform all duties incidental to his office or prescribed for him by these by-laws or by the board, and shall make and sign in the name of the corporation all contracts, leases and other instruments which are authorized from time to time by the board. In the absence or inability of the president, the vice president shall have the powers and perform the duties of the president. The vice president shall at all times have power to make and sign proprietary leases in the name of the corporation.

Section 4. Secretary. The secretary shall keep and record in proper books provided for the purpose, the minutes of meetings of the board of directors and of the shareholders. He shall record all transfers of shares and cancel and preserve certificates of shares transferred, and he shall keep such other records as the board shall require. He shall attend to the giving and serving of notices of the corporation, he shall have custody of the corporate seal and affix the same to certificates of shares and to written instruments required by law, by these by-laws or by the board. He shall keep a book, to be known as the stock book, containing the names, alphabetically arranged, of all persons who are shareholders of the corporation, showing their places of residence, the number of shares of stock held by them respectively, the time when they respectively became the owners thereof, the amount paid thereon, and the denomination and amount of all stock transfer stamps affixed thereto, and such books shall be open daily during at least three business hours, for inspection by any judgment creditor of the corporation, or by any person who shall have been a shareholder of record for at least six months immediately preceding his demand, or by any person holding, or thereunto in writing authorized by the

holders of, at least five percent of all the outstanding shares. Persons so entitled to inspect the stock book may make extracts therefrom. In the absence or inability of the secretary, the assistant secretary shall have all of the powers and perform all of the duties of the secretary.

Section 5. Treasurer. The treasurer shall, subject to the control of the board, have the care and custody of, and be responsible for, all funds and securities of the corporation and shall keep the same in its name in such banks, trust companies or safe deposit companies as the board shall designate, and shall perform all other duties incidental to his office, or prescribed for him by these by-laws or by the board. If so required by the board, he shall, before receiving any such funds or securities, furnish to the corporation a bond with a surety company as surety, in such form and amount as the board from time to time shall determine. The premium upon such bond shall be paid by the corporation. Within a reasonable time after the close of each year ending December 31st but in no event later than April 1st of the year following said December 31st, the treasurer shall furnish to each shareholder who is a lessee under a proprietary lease then in force a statement of the income, expenses and paid-in surplus of the corporation during such year. In addition, no later than March 15th of the year following the close of each year ending December 31st, the treasurer shall send to each shareholder who is a lessee under a proprietary lease in force during said prior year a statement under his proprietary lease during such year which has been used by the corporation for the payment of taxes on real estate and interest on its mortgage or other indebtedness and such other information as may be necessary to permit him to compute his income tax liability or income tax benefits that may accrue to him in respect thereof. In the absence or inability of the treasurer, the assistant treasurer shall have all of the powers and perform all of the duties of the treasurer.

Section 6. Salaries. No salary or other compensation for service shall be paid to any office of the corporation for services rendered as such officer unless and until the same shall have been authorized in writing, or by affirmative vote taken at a meeting of shareholders called for that purpose, by the shareholders of record of at least two-thirds of the then outstanding capital stock.

ARTICLE IV

Indemnification of Directors and Officers

Section 1. (a) In Actions by or in the Right of Corporation. Any person made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he, his testator or in testate, is or was a director or officer of the corporation, shall be indemnified by this corporation against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him, in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the corporation under Section 717 of the Business Corporation law and except with respect to those amounts and expenses referred to in Paragraph (b) of Section 722 of the Business Corporation Law.

(b) **In Other Actions or Proceedings.** Any person made, a party to an action or proceeding other than one by or in the right of the corporation to procure a judgment in its favor, whether civil or criminal, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person, his testator or in testate, as a director or officer of the corporation, or of any other corporation which he served as such at the request of the corporation, shall be indemnified by this corporation against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted in good faith, for a purpose which he reasonably believed to be in the best interest of the corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act in good faith for a purpose which he reasonably believed to be in the best interests of the corporation or that he had reasonable cause to believe that his conduct was unlawful.

(c) **Payment.** A person who has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in Sections 722 or 723 of the Business Corporation Law shall be entitled to indemnification as authorized in said Sections.

Except as provided in Paragraph (a) of Section 724 of the Business Corporation Law, any indemnification under Section 722 or 723 of that law, unless ordered by a court under Section 725 thereof, shall be made by the corporation only if authorized in the specific case in accordance with the provisions of Paragraph (a) of said Section 724.

Expenses incurred in defending a civil or criminal action or proceeding may be paid by the corporation in advance of the final disposition of such action or proceeding if authorized under Paragraph (b) of said Section 724.

(d) **Other Provisions.** Indemnification of directors or officers shall be subject to the other provisions affecting the same as set forth in Section 726 of the Business Corporation Law.

ARTICLE V

Proprietary Leases

Section 1. **Form.** The board of directors shall adopt a form of proprietary lease to be issued by the corporation for the leasing of all apartments, extra servants' rooms and other residential space in the apartment building, if any, to be leased to shareholders under proprietary leases. Such proprietary leases shall be for such term, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment

thereof, the subletting of the premises demised thereby, and the sale or transfer of the shares of stock of the corporation accompanying the same, and such other terms, provisions, conditions and covenants, as the board deems advisable. After a proprietary lease in the form so adopted by the board has been executed and delivered by the corporation, all proprietary leases subsequently executed and delivered shall be in the same form (except with respect to commencement of the lease term and the statement as to the number of shares owned by the lessee), and shall not be changed in form or substance unless varied in accordance with the terms thereof. The term of all proprietary leases shall be uniformly extended or renewed if so determined by (i) the holders of a majority of the shares in writing or by vote at a meeting called for such purpose, or (ii) the board of directors (except the board shall not have the right to so extend or renew if the holders of a majority of the shares shall determine not to extend or renew).

Section 2. Assignment. Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions, of such proprietary lease. A duplicate original of each proprietary lease shall always be kept on file in the office of the corporation or with the managing agent of the apartment building.

Section 3. Accompanying Shares. The board of directors shall allocate to each apartment to be leased under a proprietary lease the number of shares of the corporation, which must be owned by the proprietary lessee thereof. The board shall adopt the allocation of shares set forth in the Offering Plan pursuant to which the corporation was organized. The allocation or any re-allocation of shares to an apartment shall bear a reasonable relationship to the portion of the fair market value of the corporation's equity in the building and the land on which it stands which is attributable to the apartment. In the event of any dispute between the board of directors and a shareholder as to whether such "reasonable relationship" test has been met on a proposed reallocation of shares, such dispute shall be resolved by the then managing agent of the building, whose determination shall be final and conclusive.

Section 4. Re-grouping of Space. The board of directors, upon the written request of the owner or owners of one or more proprietary leases covering one or more apartments in the apartment building and of the shares issued to accompany the same, may in its discretion at any time, permit such owner or owners, at his or their own expense: A: (1) to subdivide any apartment into two or more apartments; (2) to combined all or any portions of any such apartments into one or any desired number of apartments; and (3) to reallocate the shares issued to accompany the proprietary lease or leases so affected in such proportions as the said owners require, provided only that (a) the allotment of shares is based upon the fair market value of the equity in the property (including the building) is based upon the fair market value of the equity in the property (including the building) attributable to the subdivided or combined apartments, and (b) in any case, the total number of the shares so reallocated remains the same, and (c) the proprietary lease or leases so affected and the accompanying certificate(s) of shares are surrendered, and that there are executed and delivered in place thereof, respectively, a new proprietary lease for each such separate apartment, extra servant's room or suite of extra servant's rooms so created and a new proprietary lease; or B: to incorporate one or more servant's rooms, or other space in the building, not covered by any proprietary lease, into one or more apartments covered by a proprietary lease, whether in connection with any regrouping of space pursuant to

subparagraph A of his Section 4 or otherwise, and in allocating shares to any such resulting apartment or apartments, the board shall determine the number of shares from its treasury shares to be issued and allocated in connection with the incorporation of such additional space [such allocation to be based on the fair market value of the equity in the property (including the building) attributable to such resulting apartment or apartments], provided such incorporation shall be conditioned upon the surrender by the owner making such request of his proprietary lease and share certificate and provided further such owner shall execute a new proprietary lease covering such resulting apartment or apartments. A new certificate of shares for the number of shares so reallocated to the new proprietary lease will be issued to the owner surrendering said share certificate.

Anything hereinabove contained to the contrary notwithstanding, the holders of Unsold Shares shall have the absolute right, without payment of any fee or charge of whatsoever nature, to change the size and layout of any apartment including the right to subdivide any apartment owned by them, or any of them, into two or more apartments or to combine all or any portion of any such apartments into one or any desired number of apartments.

The reallocation of shares shall be based upon the fair market value of the equity in the property (including the building) attributable to the subdivided or combined apartments, but in any event, the total number of shares so reallocated shall remain the same. Upon the surrender of the share certificate or certificates and proprietary lease or leases affected by such subdivision or combination, the board or directors shall issue a new share certificate or certificates and accompanying proprietary lease or leases covering the subdivided or combined apartments (as the case may be) in accordance with the foregoing.

Any dispute under this Section 4 concerning the number of shares to be reallocated, shall be resolved by the then managing agent of the building, whose determination shall be final and conclusive.

Section 5. Allocation of Shares to Additional Space. The board of directors may, in its discretion, authorize the conversion of space in the building not covered by a proprietary lease into space suitable for the primary purposes of the corporation, as set forth in the certificate of incorporation, allocate theretofore unissued shares to such space, and authorize the execution of a proprietary lease or leases covering such space.

Section 6. Fees on Assignment. Subject to the provisions of the form of proprietary lease adopted by the board of directors (and the rights of holders of Unsold Shares as herein and in the proprietary lease set forth), the board of directors shall have authority to fix by resolution and to collect, before any assignment of a proprietary lease or any reallocation of shares takes effect as against the corporation as lessor, reasonable fees to cover the corporation's expenses and attorneys' fees in connection with such proposed assignment, or reallocation, or both, as the case may be. However, no such fees may be charged to the purchasers of Unsold Shares in connection with the sale or transfer of such Unsold Shares and appurtenant proprietary leases or a reallocation of shares.

Section 7. Lost Proprietary Leases. In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the board of directors may authorize the issuance of a new proprietary lease, require the owner of the lost, stolen, destroyed or mutilated proprietary lease, or the legal representative of the owner, (i) to pay to the corporation a reasonable fee for the time and expense incurred in preparing the same; (ii) to make an affidavit or affirmation setting forth such facts as to the loss, theft, destruction or mutilation as it deems necessary; and (iii) to give the corporation a bond in such sum as it directs, not exceeding double the value of the shares accompanying such proprietary lease, to indemnify the corporation.

ARTICLE VI

Capital Shares

Section 1. Shares of stock the corporation shall be issued only in connection with the execution and delivery by the purchaser and the corporation of a proprietary lease of an apartment in the building owned by the corporation, and the ownership of the said shares so issued shall entitle the holder thereof to occupy for dwelling purposes the apartment specified in the proprietary lease so executed and delivered in connection with the issuance of said shares, subject to the covenants and agreements contained in such proprietary lease. Shares of stock of the corporation hereafter acquired and subsequently reissued, and unissued but authorized shares of the corporation hereafter issued, shall only be so reissued or issued, as the case may be, in conjunction with the execution of a proprietary lease of an apartment in the building.

Section 2. Certificates and Issuance. Certificates of the shares of the corporation shall be in the form prepared by the board of directors, and shall be signed by the president or a vice president and the secretary or an assistant secretary or the treasurer or an assistant treasurer, and sealed with the seal of the corporation, and shall be numbered in the order in which issued. Certificates shall be bound in a book and issued in consecutive order therefrom, and in the margin or stub thereof shall be entered the name of the person holding the shares therein represented, the number of shares and the date of issue. Each certificate exchanged or returned to the corporation shall be cancelled, and the date of cancellation shall be indicated thereon, but the secretary and such certificate shall be immediately attached in the certificate book opposite the memorandum of its issue.

Section 3. Transfer. Transfers of shares shall be made only upon the books of the corporation by the holder in person or by power of attorney, duly executed and witnessed (or with such signature guaranty as the board may request) and filed with the secretary, and on the surrender of the certificate of such shares, except that shares sold by the corporation to satisfy a lien which it holds thereon, or shares required to be (but which are not) surrendered under the proprietary lease, may be transferred without the surrender of such certificate. No transfer of shares shall be valid as against the corporation, its shareholders and creditors, for any purpose, except to render the transferee liable for the debts of the corporation to the extent provided for in the Business Corporation Law, until it shall have been entered in the stock book as required by the Business Corporation Law or any other applicable law by an entry from whom and to whom

transferred. No such transfer shall be valid or effected until all the requirements with respect thereto set forth in the proprietary lease shall have been satisfied and complied with.

Section 4. Units of Issuance. Shares issued to accompany each proprietary lease shall be issued in the amount allocated by the board of directors to the apartment or other space described in such proprietary lease. Unless and until all proprietary leases which shall have been executed by the corporation shall have been terminated, the shares of stock which accompany each proprietary lease shall be represented by a single certificate and shall not be sold or transferred except to the corporation or as an entirety to a person who has acquired such proprietary lease, or a new one in place thereof, after complying with and satisfying the requirements of such proprietary lease in respect to the assignment thereof.

Section 5. Fees on Transfer. Subject to the provisions of Section 6 of Article V hereof and subject further to the provisions of the proprietary lease, the board of directors shall have authority to fix by resolution and to collect, before the transfer of any shares, reasonable fees to cover the corporation's expenses and attorney's fees in connection with such proposed transfer.

Section 6. Corporation's Lien. The corporation shall at all times have a first lien upon the shares of each shareholder to secure the payment of such shareholder of all rent to become payable by such shareholder under the provisions of any proprietary lease issued by the corporation and at any time held by such shareholder and for all other indebtedness from such shareholder to the corporation and to secure the performance by the shareholder of all the covenants and conditions of said proprietary lease to be performed or complied with by the shareholder. Unless and until such shareholder as lessee defaults in the payment of any of such rent or other indebtedness or in the performance of any such covenants or conditions, said shares shall continue to stand in the name of the shareholder upon the books of the corporation and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The board may refuse to consent to the transfer of such shares until any indebtedness of the shareholder to the corporation is paid. The corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the corporation of such lien, or to the nominee of such purchaser, a certificate for the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder shall become void and such defaulting shareholder shall surrender the same to the corporation on demand. The failure of such defaulting shareholder to so surrender such certificate shall not affect the validity of the certificate issued in replacement thereof.

Section 7. Lost Certificates. In the event that any certificate of shares is lost, stolen, destroyed or mutilated, the board of directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The board may in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, theft, destruction or mutilation as it deems necessary, and to give the corporation a bond in such reasonable sum as it directs, not exceeding double the appraised value of the shares, to indemnify the corporation.

Section 8. Legend on Shares Certificate. Certificates representing shares of the corporation shall bear a legend reading as follows:

"The rights of any holder of the shares evidenced by this certificate are subject to the provisions of the certificate of incorporation and the by-laws of the corporation and to all the terms, covenants, conditions and provisions of a certain proprietary lease made between the corporation, as Lessor and the person in whose name this certificate is issued, as Lessee, for an apartment in the apartment house which is owned by the corporation and operated as a 'co-operative,' which proprietary lease limits and restricts the title and rights of any transferee of this certificate.

The shares represented by this certificate are transferable only as an entirety and only to an assignee of such proprietary lease approved in writing in accordance with the provisions of the proprietary lease. The directors of this corporation may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the shareholder to the corporation is paid.

Copies of the certificate of incorporation, proprietary lease and by-laws are on file and available for inspection at the office of the managing agent of the building.

Pursuant to the certificate of incorporation, certain actions of the board of directors and of the shareholders require a greater quorum and/or a greater vote than would otherwise be required by law.

Pursuant to Article VI Section 6 of the by-laws, the corporation shall at all times have a first lien upon the shares of each shareholder to secure the payment by such shareholder of all rent to become payable by such shareholder under the provisions of any proprietary lease issued by the corporation and at any time held by such shareholder and for all other indebtedness from such shareholder to the corporation and to secure the performance by the shareholder of all the covenants and conditions of said proprietary lease to be performed or complied with by the shareholder. The corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the corporation of such lien, or to the nominee of such purchaser, a certificate for the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares issued to such defaulting shareholder shall become void and such defaulting shareholder shall surrender the same to the corporation on demand. The failure of such defaulting shareholder to so surrender such certificate shall not affect the validity of the certificate issued in replacement thereof."

Section 9. No Preemptive Right. Ownership of shares of the corporation shall not entitle the holders thereof to any preemptive right under Section 622 of the Business Corporation Law, or otherwise, it being the purpose and intent hereof that the board of directors, as in its discretion it may deem advisable, shall have the full right, power and authority to offer for subscription or sale, or to make any other disposition of any or all unissued shares of the corporation or of any or all shares issued and thereafter acquired by the corporation.

ARTICLE VII

Seal

Section 1. Form. The seal of the corporation shall be in the form of a circle and shall bear the name of the corporation, the year of its incorporation and the words "Corporate Seal, New York."

ARTICLE VIII

Checks, Notes, Etc.

Section 1. Signatures on Checks. All checks, drafts, orders for payment of money and negotiable instruments shall be signed by such officer or officers, or employee or employees as shall be designated from time to time by the board of directors by resolution or special order, for that purpose.

Section 2. Signatures on Notes and Bonds. Promissory notes and bonds of the corporation shall be signed by any two officers who, from time to time, shall be designated by the board of directors for that purpose.

Section 3. Safe Deposit Boxes. Any officer or officers who, from time to time, shall be designated by the board of directors for that purpose shall have access to any safe deposit box of the corporation in the vault of any safe deposit company.

Section 4. Securities. Any officer or officers who, from time to time, shall be designated by the board of directors for that purpose shall have the power to control and direct the disposition of any bonds or other securities or property of the corporation deposited in the custody of any bank, trust company or other custodian.

ARTICLE IX

Sale, Lease, Demolition or Disposition of Property

Section 1. No decision to demolish or reconstruct any building standing on the land owned or leased by the corporation, or to sell or exchange the corporation's fee simple interest therein, or to lease any such building in its entirety or substantially in its entirety, shall be made except upon the affirmative vote of the holders of 80% of the shares of the corporation then issued and outstanding. Notwithstanding the foregoing, the sale, exchange, lease or other disposition of the property owned by the corporation after the termination of all of the

proprietary leases which are made by the corporation shall be determined by the affirmative vote of the holders of a majority of the shares of the corporation then issued and outstanding.

ARTICLE X

Amendments

Section 1. By the Shareholders. These by-laws may be amended, altered, repealed or added to at any shareholders' meeting by vote of shareholders of record, present in person or by proxy, of at least two-thirds (2/3) of the then outstanding capital shares, provided that the proposed amendment or the substance thereof has been inserted in the notice of meeting or that all of the shareholders are present in person or by proxy.

Section 2. By the Directors. The board of directors may, by a vote of two-thirds (2/3) of the then authorized total number of directors at any meeting (regular or special) of the board, make, alter, amend, or repeal these by-laws, other than Article I Section 5, Article II Sections 6, 13 and 14, Article III Section 6, Article V Sections 1 and 4, and Article VI Sections 1 and 4; provided, however, that the proposed amendment or the substance thereof shall have been contained in the notice of said meeting or that all directors shall be present in person and, provided further, that the board may not repeal or modify an amendment to these by-laws adopted by the shareholders pursuant to Section 1 of this Article X.

Section 3. General. Anything herein contained to the contrary notwithstanding, these by-laws and any provision hereof may not be altered, amended or repealed in such a manner as would adversely affect the rights or interests of the Sponsor under said Offering Plan (or its successors and assigns) in any shares and accompanying proprietary leases that may have been pledged with the Sponsor in connection with financing the purchase of apartments in the building. Anything herein contained to the contrary notwithstanding, so long as any Unsold Shares are issued and outstanding, these by-laws may not be altered, amended, repealed or added to without the unanimous consent of all of the holders of Unsold Shares.

ARTICLE XI

Fiscal Year

Section 1. Fiscal Year. The fiscal year of the corporation shall be the calendar year unless otherwise determined by resolution of the board of directors.

ARTICLE XII

Reports

Section 1. **Annual Reports.** The corporation shall within four (4) months following close of a fiscal year, send to each shareholder then listed on the books of the corporation, a financial statement including a balance sheet (as of the end of said prior fiscal year) and a profit and loss statement (for the entire prior fiscal year) prepared and certified by an independent certified public accountant. On the written request of any former shareholder who owned shares of the corporation during any portion of the fiscal year covered by the financial statement, such financial statement shall be sent to such former shareholder.

Section 2. **Tax Deduction Statement.** The corporation shall, on or before March 15th following the close of a fiscal year, send to each shareholder listed on the books of the corporation for the prior fiscal year, a statement setting forth the amount per share of that portion of the rent paid by such shareholder under his proprietary lease during such year which has been used by the corporation for payment of real estate taxes and interest on mortgage or other indebtedness paid by the corporation with respect to property owned by it.

ARTICLE XIII

Appointment of Board of Directors for Service of Process or Notice

Section 1. **Designation of Board of Directors for Service of Process or Notice Under Certain Circumstances.** Whenever an apartment in the building is occupied by other than the owner thereof (i.e., the Shareholder-Lessee) as permitted in these by-laws and the proprietary lease covering such apartment, the owner of such apartment, if the purchaser of Unsold Shares, shall be deemed to have designated the board of directors as such owner's agent for the service of process or notice upon said owner by such occupant as to matters relating solely to the occupancy of such apartment. The board of directors hereby consents to such designation and, upon receipt of process or notice from such permitted occupant of the apartment, shall, with reasonable diligence, forward such process or notice (as the case may be) to the owner, at the last known address of such owner.

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