

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

**SUBLET POLICY**

**1. GENERAL**

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

**2. TERM**

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

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

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

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

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

**3. SUBLET FEE**

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

**4. DAMAGE. TO COMMON AREAS/SECURITY.DEPOSIT**

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

**5. INSURANCE**

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

**6. RESIDENCY REOUIREMENT**

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

**7. ARREARS**

The lease between the shareholder and sublessor shall provide that in the event that the shareholder of a sublet apartment is in arrears in any payment due under the proprietary lease, the Corporation shall have the right to collect rent directly from the subtenant. All

charges on the apartment must be current before the Board of Directors will consider a sublet request.

If at any time during the sublease, the shareholder is in arrears in an amount equal to or exceeding three months' maintenance charges, no extension of that sublease will be granted and the Corporation shall have no obligation to approve subsequent sublease requests.

## **8. OBLIGATIONS**

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

## **9. OCCUPANTS**

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

## **10. SERVICE OF PROCESS**

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