

BUILDING:
APARTMENT NO:
SHARES:
PARKING SPACE(S): SEE RIDER
SECURED STORAGE UNIT(S): SEE RIDER

GREAT NECK TERRACE OWNERS CORP.,

Lessor,

TO

Lessee,

PROPRIETARY LEASE

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PROPRIETARY LEASE

PROPRIETARY LEASE, made as of _____, 19____, by and between Great Neck Terrace Owners Corp., a New York corporation, having an office at 2 East Mill Drive, Great Neck, New York, hereinafter called the Lessor, and _____, hereinafter called the Lessee.

WHEREAS, the Lessor has acquired the interest of tenant in a lease, dated as of August 1, 1973, between Julius Guterman, Joseph Mascioli, Jacob W. Friedman and Rueben Guterman, the latter two as Executors and Trustees under the Last Will and Testament of Samuel Guterman, Deceased, collectively, as landlord, and Rondat, Inc., as tenant which lease or memorandum thereof was recorded in the Office of the County Clerk, Nassau County, in Liber 857 of Conveyances, Page 342, as subsequently amended, extended or assigned, (the "Master Lease"), covering the land and buildings and improvements erected thereon in the Town of North Hempstead, County of Nassau, State of New York, known as Great Neck Terrace, Great Neck, New York (hereinafter referred to as the "Property") (the buildings being hereinafter collectively referred to as 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 the apartment designated below and the parking space(s), if any, designated in the Parking Space Rider, if one is attached, and the secured storage unit(s), if any, designated in the Secured Storage Unit Rider, if one is attached;

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, Apartment _____ in the building known as and by the street address _____ Great Neck, New York (hereinafter referred to as the "apartment") and parking space(s), if any, designated on the Parking Space Rider, if one is attached, and the secured storage unit(s), if any, designated in the Secured Storage Unit Rider, if one is attached, for a term from the date hereof, until September 30, 2061 (unless sooner terminated or renewed as hereinafter provided). As used herein "the apartment" means the rooms in the building as partitioned on the date of the execution of this lease designated by the above stated apartment number, together with their appurtenances and fixtures and any closets, terraces, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the

occupant of the apartment. As used herein, the "parking space(s)" means the parking space (or spaces) at the Property, if any, specified in the Parking Space Rider, if one is attached. As used herein, the "secured storage unit(s)" means the secured storage unit(s) at the building, if any, specified in the Secured Storage Unit Rider, if one is attached. The Parking Space Rider and Secured Storage Unit Rider may be replaced or amended from time to time to add parking spaces or secured storage units, as the case may be, or to show that the parking space(s), if any, or the secured storage units, if any, are no longer covered by this lease.

RENT (MAINTENANCE) HOW FIXED

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

Accompanying Shares to be Specified in Proprietary Leases

(b) In every proprietary lease heretofore executed by the Lessor there has been specified, and in every proprietary lease hereafter executed by Lessor there will be specified, the number of shares of the Lessor issued to a lessee simultaneously therewith. An appropriate adjustment shall be made to take account of any change in the number of shares of the Lessor owned by the Lessee resulting from any acquisition or transfer by the Lessee of the shares of the Lessor allocated to the parking space(s) or secured storage unit(s), as the case may be, reflected on the Parking Space Rider or Secured Storage Unit Rider, respectively, attached hereto.

Cash Requirements Defined

(c) "Cash requirements" whenever used herein shall mean the estimated amount in cash which the Directors shall from time to time in its judgment determine to be necessary or proper for (1) the operation, maintenance, care, alteration and improvement of the corporate property during the year or portion of the year for which such determination is made; (2) the creation of such Contingency Fund 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

lessees), and (ii) cash on hand which the Board of Directors in its discretion may choose to apply. The Board of 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.

Until Unsold Shares (as defined in paragraph 38 of this lease) constitute less than 25% of the shares of Lessor or the fifth anniversary of the consummation of the Offering Plan to convert the leasehold interest in the Property to Cooperative Ownership (the "Offering Plan"), whichever is sooner, the Directors will not, without the consent of the holders of Unsold Shares (as defined in paragraph 38 of this lease), engage any employees in addition to those provided for in Schedule B set forth in the Offering Plan (the "Budget"); provide equipment or services in excess of those provided for in the Budget; increase the annual management fee, budgeted insurance or fidelity bond and accounting fees; refinance or increase the mortgage; prepay any interest or amortization on the mortgage; make a new mortgage; increase the Contingency Fund set forth in the Budget; establish or accrue a reserve, working capital or operating fund, however designated, for any purpose whatsoever; sell or lease the Property; make any assessment for capital improvements, whether so designated on the books of the Lessor or not; or spend any sums for any purposes whatsoever other than those listed in the Budget, or sums to (i) comply with applicable laws or regulations, (ii) comply with any work orders of a mortgagee or insurance carrier, or (iii) cure a notice of default by a mortgagee; provided however, that the consent of the holders of Unsold Shares shall not be required during such period with respect to engaging additional employees; providing additional equipment or services; increasing the annual management fee, insurance or fidelity bond or accounting fees; or increasing the Contingency Fund if such act would not increase the amount budgeted for any such item in Schedule B of the Offering Plan by more than ten (10%) percent over the amount budgeted for the previous year. Thereafter, until all Unsold Shares have been sold to purchasers for occupancy, no assessment for capital improvements shall be made unless the Working Capital Fund has been exhausted.

Authority Limited to Board of Directors

(d) 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.

Issuance of Additional Shares

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

Paid-In Surplus

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

Failure to Fix Cash Requirements

(g) The omission of the Directors to determine the Lessor's cash requirements for any year or portion thereof shall not be deemed a waiver or modification in any respect of 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.

LESSOR'S REPAIRS

2. The Lessor shall at its expense keep in good repair all of the building including all of the apartments, 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.

SERVICES BY LESSOR

3. The Lessor shall maintain and manage the building as a first class apartment building, and shall keep the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and service of the building, and shall provide the apartment with a proper and sufficient

supply of hot and cold water and of heat, and if there be central air conditioning equipment supplied by the Lessor, air conditioning when deemed appropriate by the Directors. 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.

Until all Unsold Shares have been sold to purchasers for occupancy, the Lessor shall not eliminate or diminish any existing services without the consent of the Directors elected by the holders of Unsold Shares.

The Lessor shall furnish to the tenants of apartments owned by holders of Unsold Shares (as defined in Paragraph 38 hereof) all services to which they are entitled under the Emergency Tenant Protection Act and the regulations promulgated thereunder (the "ETPA") or amendments thereto, or similar legislation, except services which holders of Unsold Shares are required to furnish by their Proprietary Leases.

DAMAGE TO APARTMENT OR BUILDING

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

Rent Abatement

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the apartment partly or wholly untenable, or if the means of access thereto shall be destroyed, the rent hereunder shall proportionately abate until the apartment shall again be rendered wholly 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 members of the family of the Lessee or any occupant of

the apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the apartment.

Expiration of Lease Due to Damage

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

Waiver of Subrogation

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

INSPECTION OF BOOKS OF ACCOUNT; ANNUAL REPORT

5. (a) 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 three months 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 accountant.

(b) If requested by the Equitable Life Assurance Society of the United States ("Equitable"), a partner of the spon-

sor of the Offering Plan (the "Sponsor"), the managing agent shall render or cause to be rendered to the Sponsor, not later than the 30th day of each month: (i) a monthly summary cash flow statement for the preceding calendar month, and for the year to date, showing beginning and ending cash balances, (ii) a statement of the monthly rent roll, a monthly arrears statement of rent and maintenance, with aging balances, if any, and (iii) any other reports reasonably required by Equitable, which other reports shall be at the Sponsor's expense, if the same are prepared by an accounting firm. In addition, the managing agent shall, upon the request of Equitable, cooperate with the Sponsor and any accountants retained by Equitable or the Sponsor in connection with the preparation of (i) quarter-annual accrual reports for the preceding calendar quarters, which reports shall contain income, receivables, expenses (including accrued or prepaid taxes), service expense recoveries due from tenants, and an estimate of income and expense for the current calendar quarter and (ii) a statement of income and expenses on an accrual basis for the preceding calendar year, which shall contain actual budget and variance analysis information.

CHANGES IN TERMS AND CONDITIONS OF PROPRIETARY LEASES

6. (a) Each proprietary lease shall be in the form of this lease, unless a variation of any lease is authorized by lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and lessee affected. The form and provisions, including the term, of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least 75% of the Lessor's shares then issued and outstanding, and such changes shall be binding on all lessees even if they did not vote for such changes except that the proportionate share of rent or cash requirements payable by any lessee may not be increased nor may his right to cancel the lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

(b) Notwithstanding the provisions of subparagraph (a) and the provisions of Paragraph 14 to the contrary, if (i) the certificate of occupancy for the building permits use of certain apartments therein for professional purposes or (ii) certain apartments in the building have been used for professional purposes as of the date upon which the Offering Plan was accepted for filing by the New York State Department of Law (regardless of the use thereof permitted by the certificate of occupancy for the Building), the lessees thereof shall have the rights set forth in subparagraphs (b) and (c) of this Paragraph 6, and the proprietary leases to such apartments described in clauses (i) and (ii) above (the "Professional Apartments") may, without the approval or consent of any other lessees, contain appropriate additional clauses with respect to the operation and use thereof as profes-

sional offices, provided that such additional clauses are otherwise consistent with the terms of the Offering Plan. However, with respect to Professional Apartments which are not authorized by the certificate of occupancy for their current use, the lessee of any such Professional Apartment shall have the right to apply for and secure, if available, an amendment to the certificate of occupancy which would permit such use by filing documentation with the appropriate municipal authorities and performing any necessary alterations to the Professional Apartment, both at such lessee's sole expense, provided that any such filing of documentation or performance of alterations shall be subject to the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Subject to the Lessor's right to withhold its consent to the foregoing on reasonable grounds (including, but not limited to, reasonable grounds with respect to the documentation to be submitted in order to amend the certificate of occupancy, the adequacy of any such amendment, the nature of the proposed alterations to the Professional Apartment and the quality of said alterations, but which grounds shall not relate to the nature of the apartment's use), the Lessor shall execute any and all documentation reasonably required in connection with any such amendment to the certificate of occupancy or any such alterations to a Professional Apartment made by such lessee.

(c) Furthermore, if, at any time, the certificate of occupancy for the building does not permit use of a Professional Apartment for dwelling purposes, the lessee of such Professional Apartment shall have the right, subject to the prior written consent of the Lessor, which will not be unreasonably withheld, and at such lessee's sole expense, (i) to file documentation with the appropriate municipal authorities to secure, if available, an amendment to the certificate of occupancy which would permit residential use of such Professional Apartment in furtherance of such amendment to the certificate of occupancy. Subject to the Lessor's right to withhold its consent to the foregoing on reasonable grounds (including, but not limited to, reasonable grounds with respect to the documentation to be submitted in order to amend the certificate of occupancy, the adequacy of any such amendment, the nature of the proposed alterations to the Professional Apartment and the quality of said alterations, but which grounds shall not relate to the nature of the apartment's use), the Lessor shall execute any and all documentation reasonably required in connection with any such amendment to the certificate of occupancy or any such alterations to a Professional Apartment made by such lessee.

(d) Nothing in this Paragraph 6 shall be deemed to permit, suffer or allow use of an apartment by a Lessee in violation of the use thereof permitted by the certificate of occupancy.

PENTHOUSES, TERRACES AND BALCONIES

7. If the apartment includes a yard, terrace, balcony, or a portion of the roof adjoining a penthouse, the Lessee shall have and enjoy the exclusive use of the yard, terrace or balcony or that portion of the roof appurtenant to the penthouse, subject to the applicable provisions of this lease and to the use of the yard, terrace, balcony or roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to such reasonable 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 radio and television aerials and antennas, for its use and the use of the lessees in the building and shall have the right to access thereto for such installations and for the repair thereof. The Lessee shall keep the yard, terrace, balcony, or portion of the roof appurtenant to his apartment 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 yard, terraces, balconies or roof of the building without the prior written approval of the Lessor. No cooking shall be permitted in or on any yards, terraces, balconies 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.

Where a terrace is located directly above a part of another apartment, there shall be no use on the terrace of bicycles, skates, playground or similar equipment. The Lessee of the apartment to which the terraces are appurtenant shall cover the terrace with "indoor outdoor" carpeting or "astro-turf", or a similar material, within 10 days after entering into occupancy of the apartment, and he shall maintain the same and replace it when necessary.

LESSOR'S RIGHTS AGAINST AND OBLIGATIONS TO OCCUPANT

8. (a) If, at the date of the commencement of this lease, any third party shall be in possession or have the right to possession of the apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third-party from and after the date of the commencement of the term hereof, and the Lessee by the execution hereof assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's right against said third party.

Limitations on Rights of Lessee Against Occupant

(b) If, at the date of the commencement of this lease, the person in possession or having the right to possession of the Apartment is a person who was in occupancy on the date the Offering Plan was accepted for filing and did not purchase the shares allocated to his apartment ("Non-purchasing Tenant"):

(i) The Lessee will not have the right to evict the tenant at any time, for any reason, including occupancy by the Lessee, other than for non-payment of rent, illegal use and occupancy of the apartment, refusal of access or other breaches by the tenant of his obligations to the Lessee;

(ii) The apartment will continue to be subject to the Emergency Tenant Protection Act and the regulations promulgated thereunder, as amended (the "Rent Laws") as to rentals and continued occupancy;

(iii) If the Rent Laws are eliminated or become inapplicable, the tenant may not be subjected to unconscionable increases beyond ordinary rentals for comparable apartments, considering, in determining comparability, such factors as building services, level of maintenance and operating expenses.

(c) The provisions of the above subparagraph (b) are intended for the benefit of the Non-purchasing Tenant and may not be amended to eliminate, diminish or otherwise change any of the rights or privileges of the tenant. They are not intended to abrogate any rights of the Lessee as against the Lessor.

(d) If, at the date of the commencement of this lease, the person in possession of the apartment is a Non-purchasing Tenant, the Lessee, simultaneously with the execution of this lease, will execute a contract with the Managing Agent of the Lessor and, thereafter, with any successor Managing Agent or, if there is no Managing Agent, with the Lessor, in which the Lessee agrees, for so long as the tenant's occupancy continues, to:

(i) Irrevocably appoint the Managing Agent, or the Lessor, if there is no Managing Agent, as his agent to perform for his account, and at his expense, all services required to be furnished or performed by him as lessor under the Non-purchasing Tenant's lease and any applicable law or regulation, that are not to be provided by the Lessor under this lease;

(ii) Except if the Lessee is a holder of Unsold Shares, simultaneously deposit with the Managing Agent, or the Lessor, if there is no Managing Agent, a sum not less than an amount equal to two months' maintenance charges for

the apartment (the "Deposit") to be used as working capital to furnish such required services;

(iii) Within ten days after the mailing of a notice (the "Diminution Notice") by the Managing Agent or the Lessor, as the case may be, that the Deposit has been diminished, replenish the Deposit by making a further deposit(s) in amount(s) equal to the difference between the balance of the Deposit and an amount equal to two months of the then maintenance charges ("Further Deposit"), which shall be deemed to be an additional maintenance charge.

The Lessee shall be entitled to a refund of the balance of his Deposit and/or Deposit(s) immediately upon the termination of the occupancy of the Non-purchasing Tenant.

The Managing Agent or the Lessor, as the case may be, will be required to hold the Deposit and Further Deposit(s) in a special non-interest bearing account at a bank authorized by Lessor. The Deposit and Further Deposit(s) (and if the Managing Agent elects to hold the Deposit and Further Deposit(s) in an interest bearing account, any interest accrued thereon) will continue to be the monies of the Lessee and will be held in trust and not be commingled with the monies of, or become an asset of, either the Lessor, the Managing Agent, or the Non-purchasing Tenant.

The Diminution Notice shall state the service(s) performed by the Managing Agent or the Lessor, as the case may be, and the cost of such services. Paid bills for the service(s) performed shall be annexed to the Diminution Notice.

Except if the Lessee is a holder of Unsold Shares, the contract may require the Lessee to pay to the Managing Agent or the Lessor a fee, agreed upon as reasonable by the contracting parties, for the performance of the required services.

CANCELLATION OF PRIOR AGREEMENTS

9. If at the date of the commencement of this lease or at the date of the assignment of this lease to the Lessee, the Lessee has the right to possession of the apartment under any agreement or statutory tenancy, this lease shall supersede such agreement or statutory tenancy which shall be of no further effect after the date of commencement or assignment of this lease, as the case may be, except for claims theretofore arising thereunder.

QUIET ENJOYMENT

10. The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the

apartment without any let, suit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the apartment, and subject to any and all mortgages and underlying leases of the land and building.

INDEMNITY

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

PAYMENT OF RENT

12. 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, the Lessee shall 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 such interest shall be deemed additional rent hereunder.

HOUSE RULES

13. 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. This lease shall be in all respects subject to 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 to see that they are faithfully observed by the family, 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.

USE OF PREMISES

14. (a) The Lessee shall not, without the written consent of the Lessor on such conditions as Lessor may prescribe, occupy or use the apartment or permit the same or any part thereof to be occupied or used for any purpose other than as a private dwelling for the Lessee and Lessee's spouse, and their children, grandchildren, parents, grandparents, brothers and sisters and domestic employees, and in no event shall more than one married couple occupy the apartment without the written consent of the Lessor. In addition to the foregoing, the apartment maybe occupied from

time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor. For the purpose of this section, "spouse" shall be defined as follows: "A member of the same or opposite sex to whom the Lessee is married and/or with whom the Lessee actually resides".

(b) The Lessee shall not use any of the parking space(s), except for the parking of a private passenger automobile owned or leased by the Lessee, or any other person occupying the apartment as permitted by this lease; provided, however, that if the shares allocated to the parking space(s) to which this lease is appurtenant are held by a holder of Unsold Shares (as hereinafter defined), such parking space(s) may be used by prospective sublessees of the apartment or parking space(s) of such holder. No repairs, servicing or any other work on the Lessee's (or other occupant's) automobile shall be done, permitted or suffered by the Lessee while said vehicle is in any portion of the Property.

(c) The Lessee shall not use any of the secured storage unit(s), except for the storage of the personal property of the Lessee (except that the Lessee shall not use such secured storage unit(s) for the storage of perishable or hazardous material) or of the personal property of any other person occupying the apartment as permitted by this lease.

SUBLETTING

15. Except as provided in Paragraph 38 of this lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, 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, then by lessees owning 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 called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or lessees, as the case may be, may impose. There shall be no limitation on the right of Directors or lessees to grant or withhold consent, for any reason not proscribed by law or for no reason, to a subletting.

Except as provided in Paragraph 38 of this lease, the Lessee shall not sublet the parking space or the secured storage unit, if any, which is leased hereunder, or renew or extend any previously authorized sublease therefor, except to a resident of the Property.

ASSIGNMENT

16. (a) 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) a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares, except as provided in Paragraph 38 of this lease, and (b) a sum in payment of the Assignment Fee payable in accordance with Paragraph 16(i) hereof, except as provided in Paragraph 38 of this lease; and

(v) A search or certification from a title or abstract company as the Directors may require; and

(vi) Except in the case of an assignment, transfer or bequest to the Lessee's spouse, of the shares and this lease, and except as provided in Paragraph 38 in 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 called for such purpose in the manner as provided in the by-laws; and

(vii) If the Lessee's shares are allocated to an apartment occupied by a Non-purchasing Tenant, there is delivered to Lessor a notice addressed to the Non-purchasing Tenant at the Building (or at such other address as the Non-purchasing Tenant may indicate by written notice to the Managing Agent) containing the name and address of the transferee, ready for mailing by registered or certified mail, return receipt requested, by the Lessor.

Consents: On Death of Lessee

(b) If the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse as to whom no consent is required).

Consents Generally: Stockholders' and Directors' Obligations to Consent

(c) 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 not proscribed by law or for no reason, to an assignment.

Release of Lessee Upon Assignment

(d) If this 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. If this lease shall not be assigned but the shares allocated to the parking space or secured storage unit to which this lease is appurtenant shall be transferred in compliance herewith, the Lessee-transferor of such shares shall have no further liability on any of the covenants of this lease with respect to such shares to be thereafter performed.

Further Assignment or Subletting

(e) 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 apartment, or any part thereof, except upon compliance with the requirements of this lease.

Occupancy, Assignment or Subletting by Involuntary Transferee

(f) Neither the 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 to occupy his apartment, or to assign this lease, or to

sublet the apartment, or any part thereof, except upon compliance with the requirements of this lease.

Statement by Lessor

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

Transfer of Parking Space or Secured Storage Unit

(h) The Lessee shall not transfer the shares of the Lessor allocated to the parking space or secured storage unit (if any) to which this lease is appurtenant and such parking space or secured storage unit may not be assigned, or sublet, except in accordance with the following:

(i) All of the shares allocated to the parking space or secured storage unit shall have been transferred to an existing lessee under a proprietary lease, or to an assignee of a proprietary lease who simultaneously therewith becomes an owner of the shares of Lessor allocated to any apartment at the Property (provided that if the apartment leased hereunder is subject to the lease of a Non-purchasing Tenant, the shares of the Lessor allocated to the parking space or secured storage unit to which this lease is appurtenant may be transferred only to the assignee of this lease) and such transfer is made in accordance with the provisions of this Paragraph 16; or

(ii) Such transfer is made in accordance with the provisions of Paragraph 47 or Paragraph 48 of this lease, as the case may be.

The shares allocated to the parking space or secured storage unit (if any) leased hereunder may not be retained by the Lessee upon the transfer of the shares allocated to the apartment leased hereunder. Such shares must be conveyed to either:

(x) the assignee of the shares appurtenant to the apartment being conveyed by the Lessee; or

(y) any holder of shares of the Lessor, which shares are appurtenant to any apartment in the building; or

(z) surrendered to the Lessor at no charge to the Lessor.

Assignment Fee

(i) Upon the assignment of this lease and the transfer of the shares to which it is appurtenant (other than the creation of a security interest therein granted to a bank or other lender), the Lessee shall pay to the Lessor, as a contribution to the capital of Lessor, an amount equal to \$22.00 multiplied by the number of shares to which this lease is appurtenant (the "Assignment Fee"). No sale or transfer of the shares to which this lease is appurtenant or assignment of this lease, or attempted sale or transfer thereof, shall be effective as against the Lessor unless and until such Assignment Fee shall have been paid. The Assignment Fee shall be paid by good certified check or banker cashier's check, made payable to the Lessor and delivered to the Lessor on or prior to the closing of the assignment of this lease and transfer of the shares to which this lease is appurtenant. The Assignment Fee is in addition to any other fees charged by the Lessor, the attorney for the Lessor or its managing agent pursuant to Paragraph 16(a)(iv)(a) of this lease.

Notwithstanding the foregoing provisions of this Sub-paragraph (i), the following transfers (and concurrent assignments of appurtenant proprietary leases) shall be exempt from the imposition and payment of the Assignment Fee:

(i) Transfers of shares from Lessee to Lessee's children or grandchildren, from Lessee to Lessee's parents or grandparents, from Lessee to Lessee's adult siblings or from Lessee to Lessee's spouse, provided that the consideration received by Lessee in such sales or transfers does not exceed the original purchase price paid by Lessee;

(ii) Transfers of shares for no consideration that are effected by the operation of the will of Lessee or by an intestate distribution of the estate of Lessee;

(iii) Transfers of shares by the Sponsor or the holders of Unsold Shares, or any transfers of shares that are Unsold Shares;

(iv) Transfer of shares in connection with recapitalization or reorganization of Lessor;

(v) Transfer of shares in accordance with a pledge or security agreement affecting such shares, following a default by the Lessee thereunder; and

(vi) Transfer of shares by Lessee if immediately prior to or following the transfer Lessee acquires the shares allocated to another apartment in the building for use as a residence by Lessee.

In the event of a transfer of shares by Lessee to any of those persons described in sub-subparagraph (i) above for consideration in excess of the original purchase price paid by Lessee, the exemption described in sub-subparagraph (i) above is not

applicable and the Assignment Fee shall be payable by Lessee without reduction or abatement.

MORTGAGE AND/OR SECURED INTEREST IN SHARES AND LEASE

17. (a) The giving of a mortgage on and/or secured interest in this lease (and the appurtenant capital shares of the Lessor) to a lender shall not be a violation of this lease if given pursuant to provisions of the Offering Plan; or the lender agrees that it shall not be entitled to have the shares transferred of record on the books of the Lessor, nor to vote such shares, nor to occupy or permit the occupancy by others of the apartment, nor to sell or transfer 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 Paragraph 14, 15 or 16, as the case may be;

(b) Subject to the provisions of subparagraph (a) above, the Lessor will enter into an agreement with the lender providing for the pledge of this lease (and the appurtenant shares of the Lessor) as security for the loan on the terms contained in a form of Recognition Agreement then being used by banks in New York City, and other terms which the lender and the Lessor, in their discretion, may agree to for the protection of their respective interests.

(c) No loan may exceed the maximum fixed by the Board of Directors of Lessor.

(d) The acceptance by Lessor of payments by a lender on account of rent or additional rent shall not constitute a waiver of any provisions of this Paragraph 17.

REPAIRS BY THE LESSEE

18. (a) The Lessee shall keep the interior of the apartment (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance and terrace doors, frames and saddles) in good repair, shall do all of the painting and decorating required for his apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair, and replacement of plumbing, gas and heating fixtures and equipment and such refrigerators, dishwashers, removable and through-the-wall air conditioners, washing machines, ranges and other appliances, as may be in the apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam, and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special 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 apartment. Any ventilator or air conditioning device which shall be visible from the outside of the building shall at all times be painted by the Lessee in a standard color which the Lessor may select for the building.

Odors and Noises

(b) The Lessee shall not permit unreasonable cooking or other odors to escape into the building. The Lessee shall not permit or suffer any unreasonable noises or anything which will interfere with the rights of other lessees or unreasonably annoy them or obstruct the public halls or stairways.

Equipment and Appliances

(c) 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.

Rules and Regulations and Requirements of Mortgage

(d) The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the apartment and parking space(s) and secured storage unit(s), if any. If the Master Lease or any mortgage affecting the land or the building shall contain any provisions pertaining to the rights of the Lessee to make changes or alterations in the apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of the Master Lease and such mortgage or mortgages relating thereto. Upon the Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of the Master Lease and of each and every such mortgage.

LESSOR'S RIGHT TO REMEDY LESSEE'S DEFAULTS

19. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons

above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than thirty (30) days 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 five (5) days), then Lessor may, but shall not be obligated, to comply therewith, and for such purposes may enter upon the apartment of Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

INCREASE IN RATE OF FIRE INSURANCE

20. The Lessee shall not permit or suffer anything to be done or kept in the apartment or the parking space(s) or secured storage unit(s), if any, which will increase the rate of fire insurance on the building or the contents thereof. If, by reason of the occupancy or use of the apartment by the Lessee, the rate of fire insurance on the building or an apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than thirty (30) days after written notice from the Lessor specifying the objectionable occupancy or use) become liable for the additional insurance premiums incurred by Lessor or any lessee or lessees of apartments in the building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such lessees as additional rent for the apartment due on the first day of the calendar month following written demand therefor by the Lessor.

ALTERATIONS

21. (a) The Lessee, unless a holder of Unsold Shares or a purchaser therefrom after the consummation of the Offering Plan, shall not without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld, make in the apartment or building, or on any roof, penthouse, terrace or balcony appurtenant thereto, any alteration, enclosure or addition or any alteration of or addition to the water, gas, or steam risers or pipes, heating or air conditioning system or units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility in the apartment or building. The performance by Lessee of

any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the building.

Removal of Fixtures

(b) Without Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, 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 apartment, the 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 apartment which shall have been caused by either the installation or removal of any such additions, improvements, appliances or fixtures; (iii) that if the Lessee shall have removed from the apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; and (iv) that if any mortgagee had acquired a lien on any such property prior to the execution of this lease, Lessor shall first procure from such mortgagee its written consent to such removal.

Surrender on Expiration of Term

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

LEASE SUBORDINATE TO MORTGAGES AND GROUND LEASES

22. This lease is and shall be subject and subordinate to the Master Lease, all present and future ground or underlying leases and to any mortgages now or hereafter liens upon the leasehold of the land or the building or the land or the building and to any and all extensions, modifications, consolidations, renewals and replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying 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 such mortgage or mortgages or ground or underlying leases, and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee, to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

In the event that a ground or underlying lease is executed and delivered to the holder of a mortgage or mortgages on such ground or underlying lease or to a nominee or designee of or a corporation formed by or for the benefit of such holder, the Lessee hereunder will attorn to such mortgagee or the nominee or designee of such mortgagee or to any corporation formed by or for the benefit of such mortgagee.

MECHANIC'S LIEN

23. In case a notice of mechanic's lien against the building shall be filed purporting to be for labor or material furnished or delivered at the building or the apartment to or for the Lessee, 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 attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

COOPERATION

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

RIGHT OF ENTRY

25. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment, the parking space(s) and any secured storage unit(s) at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the apartment, the parking space(s) and secured storage unit(s) as may be required for any such purpose, but the Lessor shall thereafter restore the apartment, the parking space(s) and secured storage unit(s) 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 apartment, parking space(s) or secured storage unit(s) for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each lock providing access to the apartment, parking space(s) or secured storage unit(s), and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder, and shall not have furnished a key to Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the Managing Agent) may forcibly enter the apartment, the parking space or secured storage unit without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, the parking space, the secured storage unit, or any of the pipes, fixtures, appliances, or appurtenances therein contained, except as herein specifically provided.

WAIVERS

26. 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 here-

of shall be deemed to have been made unless in a writing expressly approved by the Directors.

NOTICES

27. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by certified 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 Lessee at 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.

REIMBURSEMENT OF LESSOR'S EXPENSES

28. 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 to 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 attorneys' fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

LESSOR'S IMMUNITIES

29. (a) 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 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.

Laundry

(b) If the Lessor shall furnish to the Lessee the use of the laundry, or any facility outside the apartment, including but not limited to a television antenna, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same with the understanding that such machines or equipment may or may not be

in good order and repair and that the Lessor is not responsible for such equipment, nor for any damage caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense.

Automobiles and Other Property

(c) 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 apartment by theft or otherwise.

WINDOW CLEANING

30. The Lessee will not require, permit, suffer or allow the cleaning of any window in the apartment from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor and its employees, other lessees, and the managing agent, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering or allowing any window in the apartment to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

TERMINATION OF LEASE BY LESSOR

31. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (i) 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 apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossession proceedings; or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former state as

if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, repossession and removal herein granted and reserved:

Lessee Ceasing to Own Accompanying Shares

(a) If the Lessee shall cease to be the owner of the shares allocated to the apartment to which this lease is appurtenant, or if this lease shall pass or be assigned to anyone who is not then the owner of all of said shares;

Lessee Becoming a Bankrupt

(b) If any at time during the term of this lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States, or (ii) a receiver of all of the property of such holder or of the 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 said lease and shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof;

Assignment, Subletting or Unauthorized Occupancy

(c) If there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 15 and 16 hereof; or if any person not authorized by Paragraph 14 hereof shall be permitted to use or occupy the apartment, the parking space(s), and secured storage unit(s), if any, and the Lessee shall fail to cause such unauthorized person to vacate the apartment, the parking space(s) and secured storage unit(s) within ten days after written notice from the Lessor; or if there be a transfer of the shares of Lessor allocated to the parking space(s) or secured storage unit(s), if any, without full compliance with the requirements of Paragraphs 16 and 47 or 48, as the case may be.

Default in Rent

(d) 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;

Default in Other Covenants

(e) 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;

Lessee's Objectionable Conduct

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

Termination of All Proprietary Leases

(g) 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 75% in amount of its then issued shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

Destruction of Building

(h) If the building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild as provided in Paragraph 4;

Condemnation

(i) If at any time the building or a substantial portion thereof shall be taken by condemnation proceedings.

LESSOR'S RIGHTS AFTER LESSEE'S DEFAULT

32. (a) In the event the Lessor resumes possession of the apartment and parking space(s) and secured storage unit(s), if any, 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 on the expiration of this lease pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in subsections (a) to (f) inclusive of Paragraph 31, Lessee shall continue to remain

liable for payment of a sum equal to the rent which would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment and parking space(s) and secured storage unit(s), if any for its own account, or (ii) relet the apartment and parking space(s) and secured storage unit(s), if any 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 apartment and parking space(s) and secured storage unit(s), if any shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the apartment has been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment and parking space(s) and secured storage unit(s), if any, as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment and parking space(s) and secured storage unit(s), if any, for its own account. If the Lessor relets the apartment and parking space(s) and secured storage unit(s), if any, as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, and parking space(s) and secured storage unit(s), if any, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four following dates: (A) the date of expiration of the term of this lease as stated on page 1 hereof; (B) the date as of which a new proprietary lease covering the apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment and parking space(s) and secured storage unit(s), if any, 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.

Collection of Rent from Subtenants

(b) If the Lessee shall at any time sublet the apartment and parking space(s) and secured storage unit(s), if any, 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.

Sale of Shares

(c) Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, the Lessee shall surrender to the Lessor the certificate for the shares of the Lessor owned by the Lessee to which this lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new proprietary lease for the apartment and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the apartment and parking space(s) and secured storage unit(s), if any, 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 toward the payment of the Lessee's indebtedness hereunder, including interest, attorneys' fees and other expenses incurred by the Lessor, and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses accrued to that time. The Lessor shall not, however, be obligated to sell such shares and appurtenant lease or otherwise make any attempt to mitigate damages.

WAIVER OF RIGHT OF REDEMPTION

33. 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", "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning.

SURRENDER OF POSSESSION

34. Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, Lessee shall remain liable as provided in Paragraph 32 of this lease.

Upon the termination of this lease under any other of its provisions, the Lessee shall be and remain liable to pay all rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment, the parking space(s), and secured storage unit(s), if any, and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part and in the parking space(s), and secured storage unit(s), if any.

LESSEE'S OPTION TO CANCEL

35. (a) This lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Offering Plan, 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 and other charges whatsoever;

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

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

Removal of Fixtures

(b) 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 31st of the year of cancellation, and on or before said August 31st the Lessee shall deliver possession of the apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Lessor all rent, additional rent and

other charges which shall be payable under this lease up to and including the following September 30th.

Permission to Show and Occupy Premises

(c) The Lessor and its agents may show the apartment and the parking space(s) and secured storage unit(s), if any, 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 apartment and the parking space(s) and secured storage unit(s), if any, the Lessor and its agents, employees and lessees may enter the apartment and the parking space(s) and secured storage unit(s), if any, 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.

Effective Date of Cancellation

(d) 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 30th 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.

Rights on Lessee's Default

(e) If the Lessee shall give the notice but fail to comply with any of the other provisions of this Paragraph, the Lessor shall have the option at any time prior to September 30th (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 30th 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.

EXTENSION OF OPTION TO CANCEL

36. (a) If on April 1st 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 30th of said year, shall aggregate ten percent (10%) 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 July 1st instead of April 1st.

Right of Lessees to Cancel

(b) 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 30th 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.

DISPOSITION OF BUILDING AFTER ALL LEASES TERMINATED

37. If the Lessor then owns the fee to the building, 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 residential apartment 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.

UNSOLD SHARES

38. (a) The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor which were issued, at the closing of the transfer of the tenant's interest under the Master Lease to Lessor (the "Closing"), to the Lessor's grantor or its designees pursuant to the Exchange Agreement under which the Lessor acquired the leasehold interest in the Property. Acquirers of Unsold Shares at the Closing, and designees of acquirers of Unsold Shares to whom Unsold Shares are transferred subsequent to the Closing and who are designated as such by the Sponsor of the Offering Plan or its successors, are herein referred to as "holders of Unsold Shares".

All shares which are Unsold Shares retain their character as such (regardless of transfer) until (i) the holder or a person related by blood or marriage to the holder becomes a bona fide occupant of the apartment; or (ii) such shares become the property of a purchaser for bona fide occupancy (by himself or a person related to him by blood, marriage or adoption). This Paragraph 38 shall become inoperative as to this lease upon the occurrence of either of said events with respect to the Unsold Shares held by the Lessee named herein or his assignee.

Subletting Apartment and Assignment of Lease

(b) The subletting of the apartment or the assignment of this lease, or the subletting or assignment of the parking space or secured storage unit, if any, leased hereunder by the Lessee who is a holder of Unsold Shares, shall not require the consent of the Directors or shareholders, as provided in Paragraphs 15 and 16.

Loans

(c) Anything contained in this lease to the contrary notwithstanding, the Lessor may not impose any limit on a loan which may be obtained by a holder of Unsold Shares, or a purchaser therefrom.

Upon request of a holder of Unsold Shares, Lessor will promptly execute and deliver (i) to The Chase Manhattan Bank, N.A. ("Chase") the form of Recognition Agreement required by Chase in connection with a pledge by Sponsor of its interests in the Purchase Money Mortgage (as defined in the Offering Plan) and (ii) to any other bank or other lender, the Aztech form of Recognition Agreement, or, in the discretion of the Directors, a substantially similar form, then being used by banks in New York City with such other terms which the lender and the Lessor, in their discretion, may agree to for the protection of their respective interests.

Fees

(d) Neither (i) the sum for legal or other expenses referred to in Paragraph 16(a)(iv)(a) of this lease nor (ii) the sum in payment of the Assignment Fee referred to in Paragraph 16(i) of this lease shall be due from a Lessee who is a holder of Unsold Shares in connection with a transfer of such shares (and assignment of this lease) or sublet of the apartment or parking space or secured storage unit, if any, so long as the shares constitute Unsold Shares immediately prior to such transfer (and assignment) or sublet.

Option to Cancel

(e) The provisions of Paragraph 35 are not applicable to a Lessee who is the holder of the Unsold Shares accompanying

this lease. A holder of Unsold Shares will not have the right to cancel his lease and surrender his shares, which other shareholders will have, until at least five years after the consummation of the Offering Plan, unless (i) shareholders, other than holders of Unsold Shares owning a majority of the outstanding shares of the Lessor have given notice of intent to cancel their respective leases; or (ii) the proprietary leases are terminated because of casualty loss or condemnation; or (iii) all Unsold Shares constitute fifteen percent or less of the outstanding shares of the Lessor; and (iv) the holder of Unsold Shares pays to the Lessor a sum determined by multiplying the monthly maintenance in effect when the lease is cancelled by 24 and delivers to Lessor the Lessee's counterpart of this lease with a written assignment in form required by the Lessor, in blank, free from all liens, encumbrances and other charges whatsoever, other than a tenancy which was in existence when this lease was executed, and the Lessee's certificate for his shares of the Lessor endorsed in blank for transfer and with all necessary transfer stamps affixed and with payment of any transfer taxes due thereon.

If such Lessee is not otherwise in default hereunder and if the Lessee shall have complied with all of the foregoing provisions, then this lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the date of such compliance and the shares of the Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing to the Lessor on said date.

Applications

(f) If a Lessee who is a holder of Unsold Shares is required, or desires, to file an application or other document with any agency administering any type of rent control (including the ETPA, or any amendments to such law or similar legislation), the Lessor shall cooperate in all respects, including the furnishing of information and access to and/or copies of all books, records and documents reasonably required in connection therewith, and the filing by, and in the name of, the Lessor of documents required to be filed by it in connection therewith. Such Lessee will pay to the Lessor any expenses it incurs in complying with the foregoing.

Rent Allowances

(g) If shares allocated to an apartment which is the subject of a rent allowance issued pursuant to the Rent Laws or any similar provision of law are owned by a holder of Unsold Shares the Lessor shall file all documents necessary to obtain a tax abatement pursuant to the Rent Laws or any similar provision of law, and the maintenance payable by the owner of such shares will be reduced to the extent of any tax abatement received.

Cooperation

(h) The Lessor will cooperate with Lessees who are holders of Unsold Shares in connection with the sale of their shares or the subleasing of the apartments to which they are allocated and in connection with the filing of requisite amendments to the Offering Plan. Such cooperation shall include the furnishing of all relevant information concerning the premises and its operation and the furnishing of all required documents. If such documents are not in existence, the Lessees requesting them shall pay the cost of their preparation.

Services

(i) The Lessor shall be required to furnish to tenants of apartments owned by holders of Unsold Shares all services to which they are entitled under the ETPA, or amendments thereto, or similar legislation, except services which the Lessee is required to furnish by his proprietary lease.

(j) Until all Unsold Shares have been sold to purchasers for occupancy, the Lessor may not eliminate or diminish any existing services without the consent of the Directors elected by the holders of Unsold Shares or, if there are no such Directors, without the consent of the holders of Unsold Shares.

Changes in Apartments

(k) If the Lessee is a holder of Unsold Shares or a purchaser therefrom Lessee shall have the rights set forth in the Offering Plan to change, subdivide or combine apartments without the consent of the Lessor, provided such work is performed in full compliance with all legal requirements and the resulting changes do not encroach or impinge upon public areas of the building.

Alterations

(l) (i) Notwithstanding the provisions of Paragraph 21(a) of this Proprietary Lease, if the Lessee is a holder of Unsold Shares or a purchaser therefrom after the consummation of the Offering Plan, Lessee shall have the rights set forth in the Plan to make alterations or additions in or to his apartment (and to its fixtures and equipment) without obtaining the Lessor's consent, provided such work is performed in full compliance with all legal requirements and the resulting changes do not encroach or impinge upon public areas of the building.

(ii) A holder of Unsold Shares allocated to a Professional Apartment, and any purchaser therefrom, shall be entitled to the rights, and be subject to the obligations, of a Lessee of a Professional Apartment described in Paragraph 6 hereof, provided that such holder of Unsold Shares or purchaser therefrom shall not require the prior written consent of the Lessor in

order to (i) file documentation with municipal authorities and/or (ii) perform reasonable alterations to such Professional Apartment, which are necessary to secure an amendment to the certificate of occupancy of the building. The Lessor shall execute any and all documentation reasonably required in connection with any such amendment to the certificate of occupancy or any such alterations to a Professional Apartment made by the Lessee.

Control

(m) Commencing with a meeting of shareholders called within thirty (30) days after the fifth anniversary of the consummation of the Offering Plan, or a meeting called within thirty (30) days after Unsold Shares constitute less than 50% of the shares of the Lessor, whichever first occurs, holders of Unsold Shares will, if necessary, cast their votes so that Directors elected by shareholders other than holders of Unsold Shares shall constitute a majority of the Directors.

Appointment of Director

(n) So long as holders of Unsold Shares continue to own five percent or more of the shares of the Lessor, but less than a sufficient number of shares to elect at least one director, they will have the right, for five years after the consummation of the Offering Plan, jointly to designate one director.

Limitations of Rights Against Occupants

(o) If, at the date of the commencement of this lease, the person in possession or having the right to possession of the apartment is a Non-purchasing Tenant:

(i) The Lessee who is the holder of the Unsold Shares allocated to the apartment will not have the right to evict the tenant at any time, for any reason, including Lessee occupancy, other than non-payment of rent, illegal use and occupancy of the apartment, refusal of reasonable access to the Lessee or similar breaches by the tenant of his obligations to the Lessee;

(ii) The apartment will continue to be subject to the Rent Laws, as the case may be, as to rentals and continued occupancy;

(iii) If the Rent Laws are eliminated or become inapplicable, the tenant may not be subjected to unconscionable increases beyond ordinary rentals for comparable apartments, considering in determining comparability such factors as building services, level of maintenance and operating expenses.

(p) The provisions of the above paragraph (o) are intended for the benefit of the Non-purchasing Tenant and may

not be amended to eliminate, diminish or otherwise change any of the rights or privileges of the tenant. They are not intended to abrogate any rights of the Lessee as against the Lessor.

Appointment of Managing Agent

(q) A Lessee who is the holder of the Unsold Shares of the shares allocated to the apartment of a Non-purchasing Tenant shall irrevocably appoint the Lessor's Managing Agent, or the Lessor, if there is no Managing Agent, for so long as the occupancy of the Non-purchasing Tenant continues, as his agent to perform for his account and at his expense, all services required to be furnished or performed by him as landlord under the Non-purchasing Tenant's lease and the Rent Laws, as the case may be, that are not to be provided by the Lessor under this lease. The Lessee, other than a holder of Unsold Shares, may be required to pay a fee for the services which the Managing Agent or the Lessor are required to perform.

Obligation to Amend Offering Plan

(r) If the Lessee is a holder of Unsold Shares, he shall amend the Offering Plan to provide current and accurate information until all of the apartments for which he owns shares have been sold to bona fide purchasers and to provide prospective purchasers of the apartments with copies of the Offering Plan and all filed amendments.

Furnishing of Documents and Information

(s) If the Lessee is a Purchaser for Investment or Resale (as such term is defined in the Offering Plan), he shall provide prospective purchasers of all the apartments to which his shares are allocated, prior to entering into purchase agreements for the purchase of such shares, with all documents and information required by applicable laws and regulations.

Additional Rights

(t) If any provision of the Offering Plan grants any additional rights or privileges to holders of Unsold Shares those provisions shall be deemed to be incorporated in this lease and the holders of Unsold Shares shall be entitled to those respective rights and privileges as if those provisions were expressly set forth in this lease.

Inconsistencies

(u) If there are any inconsistencies between this lease and the Offering Plan with respect to the rights, privileges or obligations of holders of Unsold Shares the provisions of the Offering Plan shall control.

Consent Required for Changes in Lease

(v) Anything contained in this lease to the contrary notwithstanding, without the consent of a Lessee who is a holder of Unsold Shares no change in the form, terms or conditions of the lease shall (1) affect his rights to sublet the apartment or to assign this lease; or (2) eliminate or modify any other of his rights or privileges.

Power of Attorney

(w) Lessor hereby irrevocably makes, constitutes and appoints the Sponsor, with full power of substitution, as the true and lawful attorney-in-fact of Lessor with full power, from time to time, in the name, place and stead of Lessor to (i) execute and record or file on behalf of Lessor any document required to be executed by Lessor contemplated by this Paragraph 38; (ii) sign, execute, acknowledge, swear to, verify, deliver, file, record and publish or perform any one or more of the foregoing acts in the event that Lessor fails to adequately or timely perform any one or more of its obligations pursuant to this Paragraph 38; and (iii) take any other action contemplated by this Paragraph 38. This power of attorney is hereby declared to be irrevocable, with full power of substitution, and coupled with an interest. This power of attorney shall survive bankruptcy of Lessor and shall extend to and be binding upon the successors and assigns of Lessor. This power of attorney may be exercised by any substitute designated by the Sponsor. A facsimile signature shall be effective if so affixed.

Damages

(x) Lessor expressly acknowledges and agrees that in the event that Lessor fails to timely perform its obligations to a holder of Unsold Shares as set forth in this Paragraph 38, Lessor shall be obligated to pay damages in an amount equal to the sum of (i) any and all consequential damages, including, but not limited to, a reimbursement of lost profits, costs and expenses, reasonable attorneys' fees and out-of-pocket expenses, plus interest at the rate of prime plus 3% to accrue from the later of the date of request or the date such obligation was first incurred, and (ii) an additional penalty in the amount of \$2,500.00 for each of such events.

FORECLOSURE--RECEIVER OF RENTS

39. 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 apartment as

last determined and established by the Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Directors shall have determined and established the rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this Paragraph are intended for the benefit of present and future mortgagees of the 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.

TO WHOM COVENANTS APPLY

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

WAIVER OF TRIAL BY JURY

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

LESSOR'S ADDITIONAL REMEDIES

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

LESSEE MORE THAN ONE PERSON

43. 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.

EFFECT OF PARTIAL INVALIDITY

44. 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.

MARGINAL HEADINGS

45. The marginal headings of several paragraphs of this lease shall not be deemed a part of this lease.

CHANGES TO BE MADE IN WRITING

46. The provisions of this lease cannot be changed orally.

PARKING SPACE

47. The Lessor's leasehold interest in the Property includes certain areas designated as parking areas.

Demised Parking Space; Term

(a) If there is a Parking Space Rider attached to this lease, the lease includes the right to use the parking space designated therein and the Lessee shall be the owner of the additional shares of the Lessor allocated thereto, as set forth in the Parking Space Rider. The Lessor hereby leases to the Lessee and the Lessee hires from the Lessor, subject to the terms and conditions hereof, the parking space. The term of the right to use the parking space, as set forth herein, shall be coterminous with this lease.

Assignment of Parking Space

(b) The Lessee shall not assign the right to use the parking space or transfer the shares appurtenant thereto or grant or transfer any interest therein, and no such assignment or transfer shall take effect against the Lessor for any purpose until:

(i) if the assignment or transfer is in connection with the assignment or transfer of this lease, the Lessee shall have complied with all of the terms and conditions of Paragraph 16 hereof except as provided in Paragraph 38 hereof; or

(ii) if the assignment or transfer is separate from any assignment or transfer of this lease:

(A) An instrument of assignment and cancellation of the Parking Space Rider in form approved by the Lessor executed and acknowledged by the assignor is delivered to the Lessor; and

(B) The shares specified on the Parking Space Rider are assigned only to another lessee of the Lessor, and an agreement and new Parking Space Rider are executed and acknowledged by the assignee in form approved by the Lessor. The agreement must state that the assignee agrees to be bound by all covenants and conditions of this lease to be performed or complied with by the Lessee from and after the date of the assignment. The assignment agreement and new Parking Space Rider are delivered to the Lessor prior to the effective date of any such assignment; and

(C) The shares of the Lessor indicated on the Parking Space Rider shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(D) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of the right to use the parking space except as provided in Paragraph 38 of this lease.

(c) If the right to use the parking space shall be assigned in compliance herewith, the lessee-assignor shall have no further liability under this lease relating to the parking space from and after the date of such assignment.

(d) Regardless of any prior consent which may have been granted, neither the Lessor nor his executor, administrator, any trustee or receiver of the property of the Lessee, nor anyone to whom the interest of the Lessee shall pass by law, shall be entitled further to assign the right to use the parking space or to sublet the parking space, or any part thereof, except upon compliance with the requirements of this lease.

(e) Neither the executor, administrator, any trustee or receiver of property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled to occupy the parking space, or to assign the right to use the parking space or to sublet the parking space, or any part thereof, except upon compliance with the requirements of this lease;

(f) If this lease is then in force and effect, the Lessor will, upon request of the Lessee, deliver to the assignee a written statement that this and the right to use the parking space remains on the date thereof in force and effect; but no

such statement shall be deemed an admission that there is no default under this lease.

SECURED STORAGE UNITS

48. The Lessor's leasehold interest in the Property includes certain areas designated as secured storage units.

Demised Secured Storage Unit; Term

(a) If there is a Secured Storage Unit Rider attached to this lease, the lease includes the right to use the secured storage unit designated therein and the Lessee shall be the owner of the additional shares of the Lessor allocated thereto, as set forth in the Secured Storage Unit Rider. The Lessor hereby leases to the Lessee and the Lessee hires from the Lessor, subject to the terms and conditions hereof, the secured storage unit. The term of the right to use the secured storage unit, as set forth herein shall be coterminous with this lease.

Assignment of Secured Storage Unit

(b) The Lessee shall not assign the right to use the secured storage unit or transfer the shares appurtenant thereto or grant or transfer any interest therein, and no such assignment or transfer shall take effect against the Lessor for any purpose until:

(i) if the assignment or transfer is in connection with the assignment or transfer of this lease, the Lessee shall have complied with all of the terms and conditions of Paragraph 16 hereof except as provided in Paragraph 38 hereof; or

(ii) if the assignment or transfer is separate from any assignment or transfer of this lease:

(A) An instrument of assignment and cancellation of the Secured Storage Unit Rider in form approved by the Lessor executed and acknowledged by the assignor is delivered to the Lessor; and

(B) The shares specified on the Secured Storage Unit Rider are assigned only to another lessee of the Lessor, and an agreement and new Secured Storage Unit Rider are executed and acknowledged by the assignee in form approved by the Lessor. The agreement must state that the assignee agrees to be bound by all covenants and conditions of this lease to be performed or complied with by the Lessee from and after the date of the assignment. The assignment agreement and new Secured Storage Unit Rider are delivered to the Lessor prior to the effective date of any such assignment; and

(C) The shares of the Lessor indicated on the Secured Storage Unit Rider shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(D) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of the right to use the secured storage unit, except as provided in Paragraph 38 of this lease.

(c) If the right to use the secured storage unit shall be assigned in compliance herewith, the lessee-assignor shall have no further liability under this lease relating to the secured storage unit from and after the date of such assignment.

(d) Regardless of any prior consent which may have been granted, neither the Lessor nor his executor, administrator, any trustee or receiver of the property of the Lessee, nor anyone to whom the interest of the Lessee shall pass by law, shall be entitled further to assign the right to use the secured storage unit, or to sublet the secured storage unit, or any part thereof, except upon compliance with the requirements of this lease.

(e) Neither the executor, administrator, any trustee or receiver of property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled to occupy the secured storage unit, or to assign the right to use the secured storage unit, or to sublet the secured storage unit, or any part thereof, except upon compliance with the requirements of this lease.

(f) If this lease is then in force and effect, the Lessor will, upon request of the Lessee, deliver to the assignee a written statement that this and the right to use the secured storage unit remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under this lease.

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the _____ day of _____, in the year _____, before me personally appeared _____, to me known, who being by me duly sworn, did depose and says that _____ resides at _____, Great Neck, New York; that _____ is the President of Great Neck Terrace Owners Corp., the corporation described in and which executed the foregoing instrument; that _____ 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 _____ signed _____ name thereto by like order.

Notary Public

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

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

Notary Public

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 apartments in the building, and the fire towers shall not be obstructed in any way.
- (2) No patient of any doctor who has offices in the building shall be permitted to wait in the lobby.
- (3) Children shall not play in the public halls, courts, stairways, fire towers or elevators and shall not be permitted on the roof unless accompanied by a responsible adult.
- (4) No public hall of the building shall be decorated or furnished by any Lessee in any manner without the prior consent of all of the Lessees to whose apartments such hall serves as a means of ingress and egress; in the event of disagreement among such Lessees, the Board of Directors shall decide.
- (5) 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. No Lessee shall play upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of eleven o'clock p.m. and the following eight o'clock a.m. if the same shall disturb or annoy other occupants of the building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 8:30 a.m. and 5:00 p.m.
- (6) 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 window sills of the building.
- (7) 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.
- (8) No sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window or other part of the building, except such as shall have been approved in writing by the Lessor or the managing agent.
- (9) No tricycles, bicycles, scooters or similar vehicles shall be allowed in a passenger elevator and baby carriages and

the above mentioned vehicles shall not be allowed to stand in the public halls, passageways, areas or courts of the building.

(10) Garbage and refuse from the apartments shall be disposed of only at such times and in such manner as the superintendent or the managing agent may direct.

(11) 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 apartment it shall have been caused.

(12) No Lessee shall send any employee of the Lessor out of the building on any private business of a Lessee.

(13) No bird or animal or other pet 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 in elevators or in any of the public portions of the building unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or in the yard, court spaces or public portions of the building, or on the sidewalk or street adjacent to the building.

(14) 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.

(15) No vehicle belonging to a Lessee or to a member of the family 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.

(16) The Lessee shall use the available laundry facilities only upon such days and during such hours as may be designated by the Lessor or the managing agent.

(17) The Lessor shall have the right from time to time to curtail or relocate any space devoted to storage or laundry purposes.

(18) Unless expressly authorized by the Board of Directors in each case, the floors of each apartment must be covered with rugs or carpeting or equally effective noise-reducing material to the extent of at least 80% of the floor area of each room excepting only kitchens, pantries, bathrooms, maid's rooms, closets, and foyers.

(19) No group tour or exhibition of any apartment or its content shall be conducted, nor shall any auction sale be held in

any apartment without the consent of the Lessor or its managing agent.

(20) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect of the Lessee during ten (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, who shall have the right, by its officers or authorized agents, to enter the apartment for such purpose and to charge the cost of such cleaning to the Lessee.

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

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

(23) The following rules shall be observed with respect to refuse disposal:

(i) All wet debris is to be securely wrapped or bagged in small package size to fit easily into the hopper panel.

(ii) Debris should be completely drip-free before it leaves the apartment and carried to the incinerator closet in a careful manner and in a drip-proof container; then placed into the flue hopper so it will drop into the flue for disposal.

(iii) No bottles or cans shall be dropped down the flue before 10:00 a.m. or after 5:00 p.m., but shall be left in a neat manner in the service elevator area, if such items must be disposed of before 10:00 a.m. or after 5:00 p.m.

(iv) Cartons, boxes, crates, sticks of wood or other solid matter shall not be stuffed into the hopper opening. Small items of this nature may be left in a neat manner on the incinerator closet floor. Bulky items should be left in the service elevator area between 10:00 a.m. and 6:00 p.m. and service employee summoned to dispose of them by way of the service elevator.

(v) Under no circumstances should carpet sweepings containing naphthalene, camphor balls or flakes, floor scrapings, plastic wrappings or covers, oil soaked rags, empty paint or aerosol cans or any other inflammable, explosive, highly combustible or noxious substances or lighted cigarettes or cigar stubs be thrown into the incinerator flue.

(vi) Vacuum cleaner bags must never be emptied into the flue. Such dust, dirt, etc., should be wrapped in a securely tied bag or package and then be placed through the hopper door panel into the flue.

(vii) The superintendent shall be notified of any drippings, or moist refuse appearing on incinerator closet floor and corridors.

(24) 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 flashing, with a floor of drainage 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.

(25) The agents of the Lessor, and any contractor or workman authorized by the Lessor, may enter any apartment at any reasonable hour of the day for the purpose of inspecting such apartment 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 vermin, insects or other pests, the cost thereof shall be payable by the Lessee, as additional rent.

(26) The following rules shall be observed with respect to the use of the Pool Club:

(i) The facilities and privileges of Great Neck Terrace Pool Club are available only to residents and their duly registered guests. Guest charges will be posted.

(ii) Lessee, his family and guests, shall use the swimming pool and the facilities incident thereto, at their own risk.

(iii) Lessor, Managing Agent or Sponsor shall not be liable for personal injury or death, or for loss or damage to property resulting from or arising out of or in connection with the use of the swimming pool or the facilities incident thereto, or the existence of either, or out of the act, omission or negligence of any persons using the pool or facilities, or out of accident occurring at or near the pool while it is in or out of use.

(iv) Lessee, and his family shall hold and save Lessor, Managing Agent and Sponsor harmless of and from any and all claims or demands by reason of death or injury to person or property or loss of property caused or occasioned by the use of the pool or the facilities incident thereto by Lessee, his family or guests.

(v) The pool director and his staff will be in full charge and are to enforce all rules and regulations.

(vi) Lessee, or anyone claiming under him, must present personal identification card to attendant when entering the pool area. Identification cards are not transferable and in the event a card is lost, the director must be notified and replacement must be obtained from Management Office.

(vii) Each club membership is limited to two guests at a time. Lessee must personally register his guests with the pool directors.

(viii) If desired, chaise lounges are available on Sundeck, on a seasonal rental basis. Residents will be notified of the cost before the start of the season.

(ix) No dogs or any animals are permitted in the club area.

(x) Children under six (6) years of age are not permitted in the pool area unless accompanied by an adult or a person over 14 years of age.

(xi) No child under the age of four (4) years old will be allowed in the main pool. Any infraction of this rule which necessitates emptying and cleaning of the pool shall subject the parents of said child to payment of all costs incurred. Failure to pay said damages will result in immediate termination of pool membership or legal action.

(xii) No alcoholic beverages nor food or drink may be brought into the swimming pool area.

(xiii) For the convenience and safety of members and their guests, no games, or toys, other than rubber inflated equipment, are allowed within the pool and sundeck areas. Baby strollers and portable bassinets are permissible. No ballplaying of any kind is allowed at pool area or sundeck. No running, no swimming in diving area, no hanging on diving board, no diving except from diving board.

(xiv) Additional rules and regulations which may be posted from time to time on the swimming pool bulletin boards must be observed by members and guests.

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