

545 TENANTS CORP. Sublet Policy

The proprietary lease issued by 545 Tenants Corp. ("Lessor") to each shareholder ("Lessee") specifies in relevant part that "the Lessee shall not sublet ... 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." The proprietary lease also specifies that "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 or no reason, to a subletting."

The Board of Directors adopted a resolution on April 13, 2016, establishing the following policies which shall supplement the provisions of the proprietary lease:

- A shareholder is eligible to sublet an apartment only after residing in such apartment as the shareholder's primary residence for a minimum of three (3) years. An apartment which does not meet these criteria is not eligible for sublet.
- A shareholder is eligible to sublet a primary residence for not more than three (3) years in any five (5) year period, and for not more than nine (9) years during the shareholder's entire period of ownership.
- A shareholder who desires to sublet an apartment shall submit an application to the managing agent in the form promulgated by the Board of Directors and distributed by the managing agent. The board recommends that an application to sublet to a new subtenant be submitted not less than forty-five (45) days before the proposed sublet commencement date, and that an application to extend or renew a sublet with an existing subtenant be submitted not less than thirty (30) days before the proposed extension or renewal commencement date. Please note that these recommended dates do not obligate the Board of Directors to take any action prior to such commencement dates.
- Any proposed sublet shall be for a one (1) year term.
- Any proposed sublet application shall automatically be declined by the Board of Directors in the event any of the following circumstances apply:
 - The shareholder has been delinquent in the timely payment maintenance for thirty (30) days or more on two or more occasions

within the twelve-month period immediately preceding the submission of the sublet application.

- The shareholder does not provide evidence of liability insurance, including coverage endorsements which evidence the proposed subletting of the apartment, satisfactory to the Board of Directors.
- There are leaks from the apartment or other issues which affect other apartments or common areas of the building, which leaks or other issues have not been resolved to the satisfaction of the Board of Directors.
- The Board of Directors shall not consider or approve any sublet application if the percentage of owner-occupied apartments would be reduced below ninety (90%) percent if such sublet application were approved.
- Any sublet shall be subject to a fee (the "Sublet Fee") which is due and payable on a monthly basis on the same date as the shareholder's maintenance payment; in the event the shareholder fails to make such payment in a timely manner, the Board of Directors shall have the right to accelerate the payment of the entire year's Sublet Fee upon ten (10) days' written notice to the shareholder.
- The Sublet Fee for an approved sublet shall be calculated as follows: twenty-five (25%) percent of the annual maintenance charges attributable to such apartment.
- The Sublet Fee for any sublet or other occupancy which has not been approved (the "Unapproved Sublet Fee") shall be double the fee for an approved sublet, *i.e.*, fifty (50%) percent of the annual maintenance charges attributable to such apartment. The existence of and collection of any Unapproved Sublet Fee shall be without prejudice to the rights of Lessor.
- All references herein to "shareholder" and "entire period of ownership" shall refer to a shareholder and any successors or assigns of a shareholder who are members of a shareholder's immediate family, trustees of a trust for the benefit of shareholders and members of a shareholder's immediate family or other parties affiliated with a shareholder. By way of example, a shareholder's spouse or trust shall be treated as the same as the original shareholder for purposes of this sublet policy.

The Board of Directors shall have the right to modify or withdraw the foregoing policies at any time, in accordance with the proprietary lease and all applicable law.