

# THE PORTER, INC.

## SHAREHOLDER'S OCCUPANCY AGREEMENT (A PROPRIETARY LEASE)

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# THE PORTER, INC.

## SHAREHOLDER'S OCCUPANCY AGREEMENT (A PROPRIETARY LEASE)

INDENTURE OF LEASE, made and executed the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between The Porter, Inc., a corporation organized under the laws of the State of Delaware, hereinafter called the lessor, and [Assignee1] [Assignee2], hereinafter called the lessee.

Whereas the lessor is the owner of the land and building erected thereon in the City of Washington, D.C., known as The Porter and by the street number 3600 Connecticut Avenue, N.W., hereinafter called the building; and

Whereas the lessor leases the apartments in the building to the several owners of its common shares by instruments known as proprietary leases; and

Whereas the lessee is the owner of [Shares] of the common shares of the lessor, which have been allocated to the apartment;

Now, therefore, in consideration of the premises and of the rents, covenants, and agreements hereinafter provided and contained, the lessor hereby demises and leases to the lessee, subject to the terms and conditions hereinafter expressed, and the lessee hereby hires and takes from the lessor, all that certain space on the [Floor] floor of the building, known as Apartment [Apt.] and hereinafter referred to as the apartment,

To have and to hold the apartment as a private dwelling, and not otherwise, to be occupied and used by the lessee and the lessee's family, upon the terms and conditions herein set forth, for a term of ninety-nine years commencing on the date first written above and expiring on the 31st day of December, 2101 (unless the term shall sooner expire as hereinafter provided), at a maintenance fee for each year or portion of year during such term equal to the lessee's proportionate share as hereinafter provided of the aggregate amount of the cash requirements of the lessor, as hereinafter defined, for such year or portion of year, together with additional maintenance fees as hereinafter provided.

Maintenance Fee. The cash requirements above referred to for each year or portion of year are hereby defined and shall be deemed to be such aggregate sum as the board of directors of the lessor from time to time, by a resolution or resolutions adopted during such year or portion of year or the preceding year, shall determine, in its judgment, is to be paid by all the lessees under proprietary leases then in force (after deducting any estimated income to be received during such year other than maintenance fees under proprietary leases) on account of the estimated expenses and outlays of the lessor to the close of such year, growing out of or connected with the ownership, maintenance, and operation of such land and building, which sum may include among other things taxes, assessments, water rates, insurance premiums, operating expenses, legal and accounting fees, management fees, commissions, employees' gratuity fund, alterations, replacements and repairs, expenses and liabilities incurred by the lessor under or by reason of this or other leases, interest on mortgage or other indebtedness, mortgage amortization payments, the payment of any other liens or charges, the payment of any deficit remaining from a previous period, the creation of a reasonable contingency or other reserve or surplus fund or capital contribution, and expenses for other corporate purposes. The board of directors of the lessor may, from time to time, by resolution or resolutions duly adopted up to the close of the year for which such cash requirements have been so fixed or determined, increase or diminish the amount previously fixed or determined for such year. The board of directors may include in the cash requirements for any year any liabilities or items of expense which accrued or became payable in a previous year, or which might have been included in the cash requirements for a previous year but were not included therein, and also any sums which the board of directors may deem it necessary or prudent to provide as a reserve against liabilities or expenses then accrued or thereafter to accrue although not payable in that year.

(Adopted November 1979) (Amended October 1990, October 1993, October 1998, October 1999)

The maintenance fee payable by the lessee in and for each year or portion of year of such term shall be a sum (within the limits and on the conditions herein above provided) bearing to the aggregate amount of such cash requirements for such year or portion of year, determined as herein provided, the same ratio as that which the number of shares of the lessor, owned by the lessee at the time of the execution hereof as stated in the recitals of this proprietary lease, bears to the aggregate of the shares similarly specified in all the proprietary leases in effect at the time of the fixing and determination of such cash requirements, and such maintenance fee, together with any additional fees accruing under this lease, shall be payable monthly in advance on the first day of each month.

The board of directors of the lessor shall have discretionary power to prescribe the manner of maintaining and operating the building, and to determine the cash requirements of the lessor, to be paid as herein provided by the lessees under proprietary leases. Each such determination by the board of directors, within the bounds of this agreement of lease, shall be binding upon the lessee, and any expenditures made by the lessor's officers or managing agent, under the direction or with the approval of the lessor's board of director, within the bounds of the provisions of the bylaws and this agreement of lease, shall, as against the lessee, be deemed necessarily and properly made for such purposes.

The power and authority to determine and establish the amount of and to require payment of the maintenance fee above provided for shall be possessed only by the board of directors of the lessor elected by its shareholders and shall not pass to or be exercised by:

- (a) any creditor, receiver, or trustee of the lessor or any representative of any such creditor, receiver, or trustee of the lessor, except to the extent of actual cash requirements for operating the building and the payment of current real estate taxes and current interest and amortization on any mortgage that may then be a lien on the premises; or
- (b) any board of directors elected by any such creditor, receiver, or trustee or by the representative of any such creditor, receiver, or trustee, except to the extent of actual cash requirements for operating the building and the payment of current real estate taxes and current interest and amortization on any mortgage that may then be a lien on the premises.

#### **ARTICLE I - Covenants and Agreements - The Porter, Inc.**

The lessor hereby covenants with the lessee, as follows:

1. Repairs. The lessor shall keep in good repair the foundations, sidewalks, walls (except interior surfaces of all walls of apartments), supports, beams, roofs, terraces, gutters, fences, cellars, chimneys, entrances and street and court doorways, main halls, main stairways, windows, fire escapes, elevators, pumps and tanks, and all main and principal pipes for carrying water, gas, or steam through the building, and the main drain pipes and electrical conduits, together with all plumbing, heating, cooling, and other apparatus intended for the general service of the building, except those portions of any of the foregoing which it is the duty of the lessee to maintain and keep in good repair as provided in paragraph 6 of Article II hereof and subject to the provisions of paragraph 15 of Article II hereof, it being agreed that the lessee shall give the lessor prompt notice in writing of any accident or defect known to the lessee and requiring repairs to be made. Subject to the foregoing limitations all such repairs shall be at the expense of the lessor, unless the same shall have been rendered necessary by the act or neglect or carelessness or improper use of equipment by the lessee, or any of the family, guests, or employees of the lessee, in which case the expense is to be borne by the lessee.
2. Maintenance. The lessor shall maintain and manage the building as a first-class apartment building, and shall keep the elevators and the public halls, cellars, and the stairways clean and properly lighted and heated, and shall provide unattended passenger elevator service and the number of employees requisite in the judgment of the board of directors for the care and service of the building, and shall, without extra cost to the lessee, provide the apartment with a proper and sufficient supply of hot and cold water and heat.

The covenants by the lessor herein contained are subject, however, to the discretionary power of the board of directors of the lessor to prescribe the manner of maintaining and operating the building and to determine the cash requirements of the lessor, as herein above stated, and subject to the further proviso that there shall be no diminution or abatement of the maintenance fee or other compensation accruing to the lessor for the failure by the lessor to perform the same for interruption or curtailment of service, when such failure, interruptions, or curtailment shall be due to accident or to alterations or repairs desirable or necessary to be made, or to inability or difficulty in securing supplies or labor, or to some other cause not gross negligence on the part of the lessor; and all of the covenants by the lessor in this instrument contained are also subject to the provisions of paragraph 15 of Article II hereof.

3. Damage to the Building. The lessor shall at all times keep the building adequately insured against loss or damage by fire, and so-called "extended coverage" perils, and shall repair or rebuild the same in case of partial damage thereto by fire or other casualty, which repair or rebuilding shall be done as speedily as reasonably possible, subject to interruptions for causes beyond its reasonable control. In case the damage shall be so extensive as to render the apartment untenable, the rent hereunder shall cease until the apartment shall again be rendered tenantable; and in the case of the total destruction of the building by fire or otherwise, the rent shall be paid up to the time of such destruction, and thereupon this lease and all rights and obligations of the parties hereunder, and the tenancy hereby created shall wholly cease and expire; provided, however, that if the lessor or the insurer shall elect to rebuild the building, this lease shall, at the option of the lessee exercised within 30 days after notice of election to rebuild by the lessor or the insurer, be reinstated at such time as the apartment may again be ready for occupancy.
4. Books. The lessor shall keep full and correct books of account at the office of the managing agent or at such other place as the board of 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 in the presence of at least two directors.
5. Quiet Enjoyment. The lessee, upon paying the maintenance fee 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.
6. Renewal. The lessee shall have the right to renew this lease upon expiration of the term of years specified herein, provided the lessee is not in default at that time.

## **ARTICLE II - Covenants and Agreements - The Lessee**

The lessee hereby covenants with the lessor, as follows:

1. Payment of Maintenance Fee. The lessee will pay to the lessor, or to its managing agent, the maintenance fee upon the terms, at the times, and in the manner 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 by the seventh (7th) day of the month, the lessee shall pay a late fee of twenty dollars (\$20.00). If such installment is not paid by the following monthly due date, the lessee shall pay an additional late fee of fifty dollars (\$50.00). In addition, the lessor may initiate a civil claim, action, or lawsuit against the lessee to enforce the requirement that the lessee pay any maintenance fees and late fees that are due. (Amended Oct. 2020)
2. Failure to Fix Maintenance Fee. The omission of the board of directors of the lessor, before the expiration of any year of such term, to fix the maintenance fee hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the covenants or provisions of this lease, or a release of the lessee from the obligations to pay the maintenance fee or any installment thereof for that or any subsequent year, provide such maintenance fee shall ultimately be fixed.

3. House Rules. The lessor may from time to time establish such reasonable house rules as it may deem necessary for the management and control of the building, and may also from time to time alter, amend, and repeal such rules, and this lease shall be in all respects subject to such rules, which, when a copy thereof has been furnished to the lessee, shall be taken to be part hereof, and the lessee shall obey all such rules and see that they are faithfully observed by the family, guests, and employees of the lessee.

4. Use of Premises. Except in accordance with the specific terms provided in Article VI of the bylaws of The Porter, Inc., the lessee must occupy the apartment, and the lessee shall not 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 apartment. The lessee shall not permit or suffer anything to be done or kept in the apartment which will increase the rate of fire insurance on the building or the contents thereof, or which will interfere with the rights of other tenants or any such tenants by unreasonable noises or otherwise, or which will obstruct the public halls or stairways of the building. The lessee shall comply with all laws, ordinances, rules, and regulations with respect to the occupancy or use of the apartment. Specifically, the lessee agrees to comply with Sections 2601 and 2602 of the Housing Regulations of the District of Columbia, as amended; to keep the apartment as clean and sanitary as its condition permits; to dispose from the apartment all rubbish, garbage, and other organic or flammable waste, in a clean, safe, and sanitary manner; to keep all plumbing fixtures as clean and sanitary as their condition permits; to properly use and operate all electrical, gas, plumbing and heating fixtures and appliances; and not to permit any person on the premises with the lessee's permission to willfully or maliciously destroy or deface, damage, or remove any part of the structure, the apartment, or the facilities, equipment, or appurtenances thereto, nor himself do any such thing. (Amended October 1980, October 1993)

5. Assignment of Shares or Lease. The lessee shall not assign this lease, or any interest therein, and no such assignment shall take effect as against the lessor for any purpose, unless and until all of the following requirements have been complied with and satisfied:

(a) An instrument of assignment containing a covenant by the assignee to perform and comply with all the covenants and conditions of this lease to be performed or complied with by the lessee on and after the effective date of such assignment must be executed and acknowledged by the assignee and delivered to the lessor.

(b) All shares of the lessor accompanying this lease must be transferred to the assignee.

(c) All sums due from the lessee, together with a sum to be fixed by the board of directors of the lessor to cover reasonable legal and other expenses of the lessor in connection with such assignment and transfer of the shares, must be paid to the lessor.

(d) A written consent to such assignment, authorized by a majority of all the members of the board of directors, must be delivered to the lessee or his/her agent. In the event the lessee shall die during the term of this lease, then the board of directors shall not unreasonably withhold the consent provided for in this paragraph to any assignment or transfer of the shares and the lease which the lessee may make in his or her last will and testament, or through the acts of his or her administrator or executor, to a financially responsible member of the lessee's immediate family; provided, however, that the other conditions of this paragraph 5 are complied with.

Notwithstanding the foregoing provision, with the written consent of the lessor, authorized by a majority of all the members of the board of directors, this lease may be assigned, pursuant to 12 C.F.R. Sec. 545.6-2a(b)(2), in order to secure a loan from a federal association.

Whenever the lessee shall, under the provisions of this lease, be permitted to assign and shall so assign the same, and the assignee shall deliver to the lessor an instrument in writing assuming all of the unfulfilled obligations of the assignor hereunder, the assignor shall have no further liability on any of the covenants of this lease to be thereafter permitted and, upon the making of any assignment of this lease, as herein provided and permitted, the same shall, at the option and election of the lessor, be surrendered, and a new lease for the remainder of the term of this lease, in the same form, shall in such case be entered into between the lessor and the assignee.

The assignee shall have sixty days from the date of issuance of the new lease in which to occupy the apartment. If he is not in residence by the end of this period, the prior approval of his occupancy shall be null and void.

No executor, administrator, personal representative, or successor of the lessee, or trustee, or receiver of the property of the lessee, or anyone to whom the interest of the lessee

(Amended May, 1985, October 1993)

hereunder shall pass by law, shall be entitled to assign this lease or any part thereof, except upon compliance with the requirements of this paragraph 5. The character of and restrictions upon the occupancy of the apartment, and upon assignment of this lease, as herein before expressed, restricted, and limited, are a special consideration and inducement for the granting of this lease by the lessor to the lessee; and in the event of a violation by the lessee of the restrictions and covenants herein contained in respect to either subletting or assignment, this lease may be terminated and shall expire at the option of the lessor as hereinafter provided, and the lessor may cease performance of its covenants contained in Article I of this lease, and may restrain and prevent the occupancy of the apartment by anyone other than the lessee.

6. Interior Repairs. The lessee shall keep the interior of the apartment in good repair, and the lessor shall not be held answerable for any repairs in or to the same except as herein before specifically provided, and in the case of the refusal or neglect of the lessee, during ten days after notice in writing from the lessor, to make such repairs or to restore the apartment to good condition, such repairs or restoration may be made by the lessor, which shall have the right, by its officers or authorized agents, to enter the apartment for that purpose, and to collect the cost of such repairs or restoration as an additional maintenance fee. In addition to decorating and keeping the interior of the apartment, the lessee shall be responsible for the maintenance or replacement of any plumbing fixtures, lighting fixtures, refrigerators, or ranges that may be in the apartment.

7. Alterations. The lessee shall not, without first obtaining the written consent of the lessor, make in the apartment, or on any balcony or terrace appurtenant thereto, any structural alteration or any alteration of the water, gas, or steam pipes, electrical conduits, or plumbing, or, except as hereinafter authorized, remove any additions, improvements, or fixtures from the apartment. If the lessee shall have heretofore or shall hereafter place in the apartment at the lessee's own expense any additions, improvements, or fixtures, such as mantels, lighting fixtures, refrigerators, ranges, woodwork, paneling, ceilings, doors, or decorations, which can be removed without structural alteration, then the lessee shall have the right, prior to the termination of this lease, to remove the same at the lessee's own expense, provided: (a) that the lessee at the time of such removal shall not be in default in the payment of rent or in the performance of any other provision or condition of this lease; (b) that upon any such removal, the lessee shall give written notice thereof in advance to the lessor; (c) that the lessee shall pay the cost of any such removal and shall repair any damage resulting therefrom; (d) that the lessee shall replace and reinstall at the lessee's own expense any equipment that was in the apartment at the beginning of the term or shall replace and reinstall substitutes of a kind and quality customary in buildings of this type and satisfactory to the lessor.

On the expiration of the term hereby granted, or upon a sooner termination of this lease, the lessee shall surrender to the lessor possession of the apartment with all additions, improvements, and fixtures then included therein except as herein above provided.

8. Lease Subordinate to Mortgages. This lease is and shall be subject and subordinate to any mortgages now a lien upon the land and building and to any and all extensions, modifications, renewals, and replacements thereof and this lease shall be subject and subordinate to the lien of any other mortgage or mortgages which shall at any time be placed on the land and building. The lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages, and the duly elected officers, for the time being, of the lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the lessee to execute the same upon such demand, and the lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

9. Mechanics' Liens. In case there shall be filed a notice of mechanic's lien against the building, for, or purporting to be for, labor or material alleged to have been 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 cause such lien to be discharged within 20 days after the filing of such notice, 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.

10. Cooperation. The lessee shall always in good faith endeavor to observe and promote the cooperative purposes for the accomplishment of which the lessor was incorporated.

11. Right of Entry. After making a reasonable attempt to notify and obtain the permission of the lessee, the lessor, its agents, and workmen authorized by the lessor or its agents, shall be permitted to visit and examine the apartment at a reasonable hour of the day to make or facilitate repairs, etc., in any part of the building and to remove such portions of the walls, floors, and ceilings of the apartment as may be required for the purpose of making such repairs, but the lessor shall at its own cost and expense thereafter restore any premises to their proper and usual condition. If the lessee shall not be personally present to open and permit an entry into the apartment, at any time when it shall be necessary or permissible hereunder, the lessor or the lessor's agents may, after making a reasonable attempt to contact the lessee, forcibly enter the apartment without rendering the lessor or such agents liable to any claim or cause of action 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; and the right of authority hereby reserved does not impose, nor does the lessor assume by reason thereof, any responsibility or liability whatsoever for the care or supervision of the apartment, or any of the pipes, fixtures, appliances, or appurtenances therein contained or therewith in any manner connected, except as may be herein specifically provided.

12. Waivers. The failure of the lessor to insist, in any one or more instances, upon a strict performance of any of the terms, covenants, conditions, or agreements of this lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or summary proceeding, or otherwise to act as though this lease had expired pursuant to the provisions of Article III hereof, shall not be construed as a waiver, or a relinquishment for the future, or such covenant or option or right thereafter to serve notice and to have this lease expire under the provisions of Article III, but such covenant or option or right shall continue and remain in full force and effect. The receipt by the lessor of the maintenance fee, with knowledge of the breach or any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the lessor or any provision hereof shall be deemed to have been made unless expressed in writing and signed by an officer of the lessor pursuant to authority contained in a resolution of its board of directors; and even though a consent to an assignment hereof be given, no further assignment shall be made without express consent in writing given as herein before provided.



13. Notices. Any notice by the lessor to the lessee shall be deemed to be duly given, and any demand by the lessor upon the lessee shall be deemed to have been duly made if delivered personally, or deposited, postage prepaid, in the United States mail, addressed to the lessee at his address as it appears on the records of the corporation.

14. Attorneys' Fees and Enforcement Costs. If the lessor initiates any civil claim, action or, lawsuit against the lessee based on the lessee's failure to comply with the Shareholder's Occupancy Agreement, the lessee will reimburse the lessor for all reasonable attorneys' fees and costs incurred by the lessor in prosecuting any such claim, action, or lawsuit, or any part thereof, on which the lessor is the prevailing party, and the lessor shall have the right to collect the same as an additional maintenance fee. Moreover, if the lessee initiates any civil claim, action, or lawsuit against the lessor, the lessee will reimburse the lessor for all reasonable attorneys' fees and costs incurred by the lessor in defending against such claims, actions, or lawsuits, or any part thereof, on which the lessor is the prevailing party, and the lessor shall have the right to collect the same as an additional maintenance fee. (Amended October 1999)

15. Lessor's Immunities. The lessor shall not be liable for any failure of heat, water supply, air conditioning, electric current, telephone, or elevator service, or other service to be supplied by the lessor hereunder, or for injury or damage to person or personal property caused by the elements or by another tenant or person in the building, or resulting from steam, gas, electricity, water, rain, or snow which may leak or flow from outside or from any part of the building, or from any of its pipes, drains, conduits, radiators, boilers, tanks, appliances, or equipment, or from any other place, unless caused or due to the negligence of the lessor. The lessor or its agent 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 shall hold the lessor or its agent 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 or its agent shall not be responsible for any package or article left with or entrusted to any employee of the lessor, or for the loss of any property within or without the apartment by theft or otherwise. If the lessor shall, before, during, or after the term of this lease, furnish to lessee any storage space, use of laundry, or any other facility outside of the apartment, the same shall be furnished gratuitously by the lessor, and if any person shall use the same, such use shall be entirely at the risk of such person, and the lessor or its agency shall not be liable for any loss of property therein, for any damage or injury whatever to person or property therein or in connection therewith. No diminution or abatement of the maintenance fee, or other compensation, shall be claimed or allowed for inconveniences or discomfort arising from the making or repairs or improvements to the building or to its appliances.

16. Subleasing. The lessee may sublet the apartment with the prior written consent of the board of directors and in accordance with the conditions and provisions of Article VI of the bylaws. The liability and obligations of the lessee under this lease shall continue unabated notwithstanding the execution of any sublease. The lessee shall be responsible to the lessor for his or her sublessee(s) as he/she would for household members, guests or invitees, and the sublessee(s)'s conduct may be considered the conduct of the lessee in determining whether a default has occurred under this lease, unless the lessee is taking all possible actions to cure such default.

17. Insurance. The lessee is required to carry adequate unit owners/homeowners insurance to cover damage to property of others caused by the lessee. A new lessee shall obtain such coverage within 90 days of settlement. In case of extenuating circumstances, the lessee may petition the board of directors to request an extension of this limit. (Added October 1998/Revised October 2007)

18. Fines. The board of directors shall have the power to impose fines not in excess of \$500 for any breach of this lease causing material harm, annoyance, or inconvenience to another shareholder, the Cooperative, or the board of directors, or for any deliberate breach of this lease regardless of its consequence. Any lessee so fined shall be afforded an appeal hearing upon his/her requesting it in writing within ten days from notification of the assessment of the fine. Upon any failure to so request an appeal hearing, or upon the board's decision following such an appeal, the fine will be final and is enforceable in the same manner as any maintenance fee. This provision does not restrict the lessors ability to obtain the payment of maintenance fees that are due. (Amended Oct. 2019)

### ARTICLE III - Termination of Lease

It is hereby mutually agreed, as follows:

1. Expiration of Lease. If upon, or at any time after, the happening of any of the events mentioned in paragraphs (a) to (h) inclusive of this paragraph 1, the lessor shall give to the lessee a written notice stating that the term hereof will expire on a date at least thirty days thereafter, this lease shall expire on the date so fixed in any notice, and all right, title, and interest of the lessee hereunder shall wholly cease and expire, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the lessor shall have the right to reenter the apartment and to remove all persons and personal property therefrom either by summary dispossess 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 estate as if this lease had not been made, and no liability whatsoever shall attach to the lessor by reason of the exercise of the right of reentry, repossession, and removal herein granted and reserved.

(a) If at any time during the term of this lease the lessee shall cease to be the owner of all of the shares which are herein before stated to be owned by the lessee and allocated to this lease, or if this lease shall pass or be assigned to anyone who is not then the owner of all of such shares.

(b) If (1) the lessee shall be declared a bankrupt under the laws of the United States or adjudicated insolvent or take the benefit of any insolvency act; or (2) a receiver or trustee of the property of the lessee shall be appointed by any court; or (3) the lessee shall make a general assignment for the benefit of creditors; or (4) any of the lessor's shares owned by the lessee shall be duly levied upon under court process; or (5) this lease or any of the lessor's shares owned by the lessee shall be pledged, other than to the seller thereof, a bank, or other lending institution, except with the consent of the board of directors of the lessor.

(c) If at any time there be an assignment of this lease without full compliance with the requirements of paragraph 5 of Article II hereof, or if at any time the lessee enters into a sublease without full compliance with the requirements of paragraph 16 of Article II hereof.

(d) If the lessee shall be in default for a period of one month in the payment of any maintenance fee or additional fee or of any installment thereof, herein before provided for.

(e) If the lessee shall default in the performance of any covenant or provision hereof, other than the covenant to pay rent, for 30 days after written notice of such default shall have been given by the lessor.

(f) If at any time the lessor shall determine to terminate all proprietary leases or to sell the land and building above described.

(g) If at any time the lessor shall determine, upon the affirmative vote of the holders of record of two-thirds or more of its board of directors, that because of objectionable conduct on the part of the lessee, or of person dwelling in or visiting the apartment, the tenancy of the lessee is undesirable. Repeatedly to violate or disregard the house rules and regulations hereunto attached or hereafter established in accordance with the provisions of this lease, shall be deemed to be objectionable conduct.

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

2. Waiver of Right of Redemption. The lessee hereby expressly waives any and all right of redemption in case the lessee shall be dispossessed by judgment or warrant of any court or judge; the words "enter," "reenter," and "reentry" as used in this lease are not restricted to their technical legal meaning; and in the event of a breach or threatened breach by the lessee of any of the covenants or provisions hereof, the lessor shall have the right of injunction, and the right to invoke any remedy allowed at law or in equity, as if reentry, summary proceedings, and other remedies were not herein provided for.

3. Surrender of Possession. Upon the termination of this lease under the provisions of subparagraphs (a), (b), (c), (d), (e), or (g) of paragraph 1 of this Article, the lessee shall remain liable as provided in paragraph 2 of Article II of this lease. Upon the termination of this lease under the provisions of subparagraphs (f) or (h) of paragraph 1 of this Article, or upon the expiration of this lease, the lessee shall be and remain liable to pay all maintenance fees and other charges due or accrued and to perform all covenants and agreements of the lessee up to the date of such termination, and on or before such termination the lessee shall vacate the apartment and remove therefrom all property of the lessee which upon such termination does not become the property of the lessor under the provisions of paragraph 7 of Article II hereof and surrender possession of the apartment 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 for surrendering all estate and interest of the lessee in the apartment, or in the building of which it is apart; provided, however, that the lessee shall be entitled to retain ownership of the shares in the lessor owned by the lessee and shall continue to enjoy all rights of ownership of such shares other than the right to occupy any part or all of the building of which the apartment forms a part.

4. Sale of Shares. Upon the termination of this lease under the subparagraphs (a), (b), (c), (d), (e), or (g) of paragraph 1 of this Article, the lessee shall surrender to the corporation his certificate or certificates for the shares of the corporation owned by the lessee and allocated to the apartment. Whether or not such certificate or certificates are surrendered, the lessor may issue a new proprietary lease on the apartment and issue a new certificate for the shares of the lessor owned by the lessee and allocated thereto, and in that event the certificate owned or held by the lessee shall be automatically canceled and rendered null and void. The lessor may apply the proceeds received for the issuance of such shares towards 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 share certificate, the lessee's continuing liability hereunder shall cease and the lessee shall only be liable for rent and expenses accrued to that time.

#### **ARTICLE IV - Miscellaneous**

It is further mutually agreed, as follows:

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

(a) The shares represented by each certificate are transferable only as an entirety;

(b) Neither the lessee nor the lessee's personal representatives shall sell or transfer such shares except to the lessor, or to an assignee of this lease after compliance with all of the provisions of paragraph 5 of Article II of this lease relating to assignments.

2. Binding Effect. 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 inure to the benefit of the lessor and its successors and assigns, and the lessee and the executors and administrators, legal representatives, legatees and assigns of the lessees, except as herein before stated.

3. Paragraph Headings. The paragraph headings of the several paragraphs of this lease shall not be deemed a part of this lease.

4. Oral Changes. The provisions of this lease cannot be changed orally.

In witness whereof the lessor has caused its corporate seal to be hereto affixed and this instrument to be signed by its president, and the lessee has executed this instrument under seal, the day, and year first above written.

Attest:

**The Porter, Inc., Lessor**

By \_\_\_\_\_  
Secretary

By \_\_\_\_\_  
President

WITNESS

\_\_\_\_\_

\_\_\_\_\_(Seal)  
Lessee [Assignee1]

\_\_\_\_\_

\_\_\_\_\_(Seal)  
Lessee [Assignee2]

