

Sublet Policy- Adopted March 21, 2018

University Towers Owners Corporation (“University Towers”) has required new shareholders since the year 2000 to acknowledge that they are purchasing their unit with the intention of living in it as their residence and to agree that they may not sublet their apartments. There are a number of -shareholders from prior to that date (the “Pre-existing Sublessors”) who do not reside in their apartments, but have historically subleased them subject to the terms of their proprietary leases and the approval by the Board of Directors. This results in different treatment of nonresident investor-shareholders over those for whom University Towers is currently their home. Fairness requires that the Sublet Rule allow for a number of resident and other non Pre-existing Sublessor apartment owners (“shareholders”) be eligible to sublet for a variety of circumstances, such as sabbaticals, short-term transfers, and simply to help with the cost of ownership until the apartment can be sold to a new resident owner.

As a cooperative housing corporation, University Towers is conceived, legally and financially, as a place where the corporation’s shareholders live in a shared community. These sublet rules are written with the primary intention of protecting the financial stability of the Corporation by designing them to meet first mortgage underwriting requirements of institutional lenders who regularly make, purchase or insure first mortgages on housing cooperatives. An important secondary intention is to preserve the diversity of the UT residents and ensure equitable rights for all shareholders, including those who bought after the year 2000 and have lived in this community for over three years, to sublet their apartments within the requirements for maintaining financial stability of University Towers. In order to meet current underwriting requirements, the Board has determined that a maximum of 24% of apartments (57 apartments in number), including those owned by Pre-existing Sublessors, will be eligible for subletting (the "Sublet Percentage") at any one time subject to the following rules:

1. All (as of April 1, 2018) Pre-existing Sublessors may continue to enter into or renew subleases as long as the current Pre-existing Sublessor remains on the title of and owns the cooperative unit share certificate, deed (if applicable) and proprietary lease and has continuously sublet the apartment, without any gap in subletting lasting more than six months since January 1, 2000 subject to yearly

Board review and approval of the proposed sublessee. All such sublets will be for a period of one (1) year subject to such prior Board review and approval. Subject to Paragraphs 2 and 3 of this Rule, subleases can be entered into by Pre-existing Sublessors without regard to the Sublet Percentage defined above, but only with continued yearly Board review and approval of the proposed sublessee.

2. Only the named nonresident shareholder registered on the University Towers books prior to January 1, 2000 is entitled to the preferential status of a Pre-existing Sublessor, with the continuing automatic right to sublet subject to Board review and approval as set forth above. Pre-existing Sublessors are only those persons who have continuously sublet their unit commencing prior to the year 2000 without a gap of more than six months. This preference may therefore not be transferred to any other person or entity under any circumstance.
3. Commencing one (1) year after the death of any Pre-existing Sublessor(s) , notwithstanding the provision of any will or trust instrument, the estate or heirs or devisees of the deceased shareholder will lose the automatic ability to sublet as a Pre-existing Sublessor beyond the expiration of the term of any then current approved sublease and will thereafter be subject to these rules as they apply to all other shareholders.
4. All shareholders must have owned their apartment for three years before they are eligible to sublease
5. The University Towers management must interview and approve all proposed sublessees. Financial information will be required of the proposed sublessee to establish financial responsibility.
6. All approved sublessees must execute a letter addressed to University Towers indicating understanding of the House Rules and agreeing to vacate the apartment on the last day of the sublease.
7. Any subleasing shareholder, whether a Pre-existing Sublessor or not, will pay University Towers a \$2.50 per share per year fee, in addition to the annual resident common fees, as consideration for administration of the subleases and sublessees by University Towers.
8. On March 1st of each year the Board will decide how many new subleases will be allowed over the ensuing year based on current

occupancy and the maximum number of sublet units within the Sublet Percentage which are eligible for sublet by shareholders who have owned their apartment at University Towers for three years or more. These will be called “sublease openings”. Notification of “sublease openings” will be sent to all resident owners. **Subleases of units by resident owners will be limited to a maximum term of three consecutive years.**

9. On March 15th of each year, “sublease openings” will be allocated by lottery among the resident owners who have applied for the coming year. Applications must be submitted between February 1st and March 1st. After a resident owner sublets once, such resident owner will be ineligible to sublet again or to participate in a lottery until at least 12 months have elapsed from the termination of such sublease. By way of example, if a sublease terminated on November 1, 2022, the resident owner would not be eligible to apply for or participate in a lottery scheduled before March 15, 2024. If there are unused “sublease openings” at any time during the period after March 15th, a notice of such availability will be publicly posted by the Board on the web site and in the mail room and they will be available to all resident owners on a first-come first-served basis until the next lottery.
10. The University Towers Board shall review the Sublet Percentage and available information institutional lenders making first mortgage loans to residential cooperatives periodically and shall have the power to revise the Sublet Percentage, provided that no decrease in the Sublet Percentage may be made without providing notice and an opportunity to be heard to the shareholders of University Towers.