



University Towers 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 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.

Sublet Rule for University Towers Shareholders

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 approval of the proposed sublessee. 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 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. 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 that unit.
5. The University Towers management must 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 or if the subtenants are found unable to follow the University Towers House Rules.
7. Any subleasing shareholder, whether a Pre-existing Sublessor or not, will pay University Towers a \$3.30 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. By 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.

9. By March 20th 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 10th.
10. The University Towers Board shall review the Sublet Percentage and available information from 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.
11. Sublease Rules: Shareholders given "sublease opening" permission for a unit through the lottery are eligible to lease that unit with the following requirements:
 - a. Lease terms: Leases may not be shorter than a period of 3 calendar months or longer than 12 months, though leases may be renewed beyond 12 months up to the end of the granted three-year period.
 - b. Subtenant approval: Subtenants must submit a rental application to the property management office and receive approval from UT's property management agent before an approved shareholder can execute a lease with them.
 - c. Leases: All sublease agreements must be filed with the property management office and include any specific lease language the Board may legally require.
12. Expiration: Subletting privileges last for three years from lottery approval, with all subleases required to expire by the end of June of the fourth calendar year from the year of the lottery.

Example: A sublease opening awarded in March/April 2026 could enter sublease agreements of 3-12 months, the last of which must expire on or before June 30, 2029.

13. Lottery ineligibility: Units that have been sublet may not participate in the next sublet lottery after their permission expires and must "skip" a year.

Example: The unit above, which was leased until June 30, 2029, would not be eligible to be entered into the March 2030 lottery and must wait another year to submit for the March 2031 lottery.

Adopted by University Towers Board of Directors, at its regular meeting, this 21st Day of March 2018.

Joyce Greenfield

Board Secretary

Update 1:

At its regular meeting on March 19, 2024, the Board of Directors voted to increase the Sublet Fee to \$2.75 per share per year.

Update 2:

The Board approved 2026 UT Budget includes a 20% increase of the Sublet Fee to \$3.30 per share per year.

Update 3:

The Board of Directors voted to approve the draft changes to this policy on March 3, 2026. The Board voted to approve to make these changes permanent in March 2026.