

The Master Apartments Sublet and Guest Policy
Proprietary Lease, as amended, Section 15

Historical Context

In 1989, shortly after the conversion to cooperative ownership, the Board of Directors adopted a policy designed to (1) provide flexibility to shareholders who need to sublet for economic and personal reasons and (2) maintain the residential character of the building. More recently, the Board recognized a third reason: to maximize the Co-op's financial health and its ability to borrow at the most favorable rates.

Modifications to the policy have been introduced over the intervening years to respond to those shareholders who wish to purchase additional apartments and establish guidelines for those shareholders who purchase apartments as a non-primary residence, for example, as a pied-à-terre, home office, artist studio, or residence for a family member. See Family Member, below. Those shareholders who do not purchase an apartment as a primary residence are not permitted to sublet.

The Board reviews the policy periodically to ensure it balances the various interests of the Co-op, keeps pace with changing life-styles, and promotes the fair and reasonable application of the rules in individual cases.

Underlying Policy Goals

1. To facilitate borrowing by the Co-op and individual Shareholders at the best rates.
Some banks view subletting as increasing their risk on co-op mortgages, so they may charge higher rates and/or place specific percentage limits on the number of sublets permitted. This perceived risk affects both the Co-op itself and individual Shareholders when they purchase, refinance or sell. It can also have an adverse effect on apartment prices.
2. To maintain the residential character of the building. This goal, set forth in the Proprietary Lease, is fundamental to cooperative living. A limitation on subletting serves to encourage owners to sell apartments that are no longer occupied by the Shareholder or his/her family members and discourages Shareholders from retaining apartments as an investment.
3. To protect the safety, security, and quality of life of all Residents in the building through approval of who lives in our apartments and how they use their apartments.
4. To allow Shareholders to keep their apartments during limited periods of non-occupancy without undue financial burden.
5. To allow Shareholders to enlarge their living space by purchasing one or more additional apartments, and to sublet the unit(s) for a limited period of time, so they can renovate and/or combine without undue financial burden.
6. To give Shareholders who are full-time residents the opportunity to have friends and relatives stay in their apartment for limited time periods.
7. To comply with the NY State Illegal Hotel Law (Bill S. 6873/A.100008 passed July 2010).

Sublet Procedures

Prior to Subletting:

1. Shareholders must own and be in residence in their apartment for one (1) year after purchase.
2. Shareholders who purchase an additional apartment, for example an adjacent or vertically contiguous unit for eventual combination, are permitted with Board approval to sublet for 2 years upon closing. After two years of concurrent ownership, this special subletting privilege expires, and the Shareholder must combine, sell, or leave the apartment vacant.
3. Shareholders whose apartments are their primary residences and who are not in arrears may then sublet 4 years out of 6 years, counting the year you are subletting as year 1 and moving forward 6 years. Each year the 6-year window moves forward and you can have no more than 4 sublet years in any window. Therefore you cannot accumulate sublet years to "spend" later.
4. Shareholders must submit a Request to Sublet form and receive authorization to prior to marketing the apartment to be sublet and submitting a Sublet Application.
5. Each sublet must be for a 1-year term. If a subtenant leaves before the term ends, the Shareholder does not "bank" extra months.

Application Process:

1. Once the Request to Sublet has been approved, and a prospective subtenant identified, the Sublet Application and accompanying documents are to be completed. The application is available online at masterapts.com (fill-out format). Applications submitted electronically are preferred.
2. See Charges, Fees and Penalties, online at masterapts.com, for the current fee structure. Sublet fees may be paid up front or monthly as a charge on the Maintenance invoice.
3. A completed Application, with all applicable fees, must be submitted to Management at minimum 1 month prior to the planned start of the sublet.
4. The Application must include current Certificates of Insurance for homeowner's or renter's insurance with minimum of \$300,000 liability coverage from the Shareholder and the prospective Subtenant, naming The Master Apts., Inc. and Orsid Realty as additional interests.
6. The prospective Subtenant must sign that they agree to abide by the Sublet and Guest Policy.
7. The sublease application must include a signed lead paint warning and disclosure of information document and a statement alerting the prospective subtenant that the shareholder must have window guards installed if children 10 years or younger will be living in the apartment.
8. Prospective Subtenants must be interviewed by Management or a Board member.

During Sublet:

1. Subtenants, their visitors or guests are not permitted to smoke in sublet apartments. Shareholders are responsible for enforcing this policy vis à vis their subtenants. See *House Rule on Smoking* and *Charges, Fees and Penalties* online at masterapts.com.
2. Subtenants, their visitors and/or guests are not permitted to play musical instruments or practice voice in the sublet apartment.
3. Subtenants are not permitted to have pets of any kind other than service dogs.
4. Shareholders are responsible for a Subtenant's compliance with the House Rules and for any damages caused by their Subtenants including but not limited to legal costs.
5. Subtenants must sign an Agreement acknowledging (1) having read the House Rules, all applicable provisions of the Proprietary Lease, and the other rules, policies, and guidelines applicable to Shareholders and (2) agreeing to be governed by same.

Visitors, Family Members, Guests and Unaccompanied Guests – Definitions

1. A **Visitor** is an individual who, at the invitation of a Shareholder or Subtenant, spends time in the apartment with the Shareholder or Subtenant but does not stay overnight.
2. **Family Members**, for purposes of this policy, are the Shareholder's children, stepchildren, grandchildren, siblings, parents and grandparents, as well as a resident's significant other, partner or roommate who have been identified to Management on the Resident Information Form (available from the Front Desk, Management or online at masterapts.com) . Family Members may stay in the Shareholder's apartment in the absence of the Shareholder on a short-term basis or on a long-term basis, if specified as a condition of purchase. This provision applies to all Shareholders, not just those who are full-time residents.
3. A **Guest** is an individual who stays overnight in an apartment when the Shareholder or Subtenant is also present.
4. An **Unaccompanied Guest** is an individual whom the Shareholder knows personally and requests that he/she be permitted to stay in the apartment – at no charge and for no longer than 1 month – when the Shareholder is not in residence. Unaccompanied Guests must be registered with Management in advance. Unaccompanied guests may not bring pets other than service dogs, play musical instruments or practice voice. **Subtenants and Shareholders whose apartments are not their primary residences are not permitted to have Unaccompanied Guests.**

Family Members, Guests and Unaccompanied Guests – Registration

1. Guests and Unaccompanied Guests, child-care workers, housekeepers, pet sitters and other resident helpers and employees must be registered in the Guest Book at the Front Desk.
2. Any overnight Guest who will arrive when the Shareholder or Subtenant is not present must be registered in advance in the Guest Book at the Front Desk.
3. Any Family Member who does not reside in the apartment on a regular basis must be registered in the Guest Book at the Front Desk and, where possible, introduced to the Concierge.
4. Shareholders whose household configuration changes – for example, by birth, inviting a partner to live in, taking on a roommate, divorce, death, etc., should register the change with Management via an updated Resident Information Form.

Unaccompanied Guests

Application Process:

1. Shareholders are permitted to have Unaccompanied Guests 4 times per year, for non-contiguous 1 month terms.
2. The Unaccompanied Guest Form is available at the Front Desk, in Management office, and online at masterapts.com. Electronic submission is preferred.
3. The completed Form must include a copy of a photo ID of the Unaccompanied Guest(s).

During Visit:

1. The Concierge will not accept keys from Shareholders or give keys to any Unaccompanied Guests except by pre-arrangement with Management.
2. Unaccompanied Guests are not permitted to smoke in the apartment.
3. Unaccompanied Guests are not permitted to have pets in the building, other than a service dog.
4. Shareholders are responsible for compliance with the House Rules on the part of their Visitors, Family Members, Guests and Unaccompanied Guests.
5. Shareholders are responsible for any damages caused by their Visitors, Family Members, Guests and Unaccompanied Guests, including but not limited to legal costs.

Penalties for Unauthorized Sublets and/or Non-Compliance with the Sublet and Guest Policy with regard to Unaccompanied Guests

Shareholders will be assessed a \$1,000.00/month penalty for each instance of unauthorized subletting or non-compliance with the provisions regarding Unaccompanied Guests. The Board reserves the right to withdraw, either temporarily or permanently, the right of any Shareholder who violates this Policy or is otherwise not a Shareholder in good standing to sublet or have Unaccompanied Guests.