

PROPRIETARY LEASE

THIS AGREEMENT made this _____ day of _____, 20____ between ALDER COURT APARTMENTS, INC., a Pennsylvania Business Corporation, having its principal office at 6112 Alder Street, Pittsburgh, Pennsylvania, 15206, party of the first part, hereinafter called "Lessor" and _____, party of the second part, hereinafter called "Lessee."

WITNESSETH:

WHEREAS, the Lessor is the owner of a parcel of land and the building thereon known as the Alder Court Apartments, located at 6112 Alder Street, Pittsburgh, Pennsylvania, 15206 hereinafter called the "Building"; and

WHEREAS, the Lessor, in accordance with a plan to provide cooperative ownership of apartments for residential purposes only in the Building, has leased or proposes to lease the apartments in the Building to the several owners of its capital shares by instruments known as proprietary leases; and

WHEREAS, the Lessee is the owner of _____ shares of the capital stock, hereinafter called the "Shares", of the Lessor which have been allocated to the apartment designated _____, hereinafter called the "Apartment", as presently partitioned on the date of the execution of this lease.

NOW, THEREFORE, in consideration of the premises and of the rents, covenants and agreements herein contained, the Lessor does hereby lease unto the Lessee and the Lessee rents from the Lessor the Apartment.

TO HAVE and to HOLD together with the appurtenances and fixtures and any closets, terraces, balconies, lockers, or portions thereof outside of said rooms, which are allocated exclusively to the occupant of the Apartment so long as said Lessee shall remain as the owner of the aforesaid Shares, unless the lease is otherwise terminated as hereinafter provided.

1. **Rental.** The rent for each fiscal year of the Lessor or portion thereof during said term shall be equal to that proportion of the annual budget of the Lessor for such fiscal year or portion thereof which the number of shares specified in the recitals of this lease bear to the total number of shares of the Lessor issued and outstanding, hereinafter called "Basic Rent", together with any special assessments, prorated on the same basis, hereinafter called "Special Assessments," and additional rent payable by the Lessee as hereinafter provided to cover costs for which the Lessee is individually responsible, hereinafter called "Additional Rent". All Basic Rent shall be payable at the office of the Lessor or a managing agent designated by the Lessor in the City of Pittsburgh in equal monthly payments in advance on the first day of each month throughout the term hereof.

Any Special Assessments shall be due and payable in the manner prescribed by the Lessor, and any Additional Rent owed by the Lessee shall be payable on demand of the Lessor.

2. **Annual Budget.** In accordance with the Bylaws of the Corporation, the annual budget of the Corporation for each ensuing fiscal year shall be established at each October meeting of the Directors of the Lessor and shall be in an amount estimated to be sufficient to fund the operations of the Lessor for the next fiscal year, including capital improvements and contingency reserves. The amounts needed to carry out said annual budget shall be prorated and payable among the lessees of the Building as provided in Section 1 hereof.

3. **Special Assessments.** The Lessor may from time to time approve Special Assessments when it deems such assessments necessary in order to meet the expenses of the Lessor. The amounts needed to cover said Special Assessments shall be prorated and payable among the lessees as provided in Section I hereof.

4. **Lessor's Duty to Perform Maintenance and Repairs.** The Lessor shall at its expense keep in good repair the Building including all of the apartments, the sidewalks and courts surrounding the same, and its equipment and apparatus except those portions of the maintenance and repair which are expressly stated to be the responsibility of the Lessee pursuant to Section 5 hereof. 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 stairways clean and properly lighted and heated, and shall provide the number of attendants requisite in the judgment of the Lessor for the proper care and service of the Building, and shall provide the apartment with a proper and sufficient supply of hot and cold water and of heat, electricity and elevator service. The Lessor shall also pay all real estate taxes assessed against the property, and shall provide fire and extended coverage insurance for the Building (but not for the contents of the individual apartments), and provide for regular removal of rubbish and garbage from the Building. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Lessor to determine from time to time what services and what attendants shall be proper and the manner of maintaining and operating the Building, and also what existing services shall be increased, reduced, changed, modified or terminated.

5. **Lessee's Rights and Obligations.**

(a) The Lessee shall keep the interior of the apartment (including, but not limited to, interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance and terrace doors and frames) in good repair, shall do all of the painting and decorating required for his apartment, including, but not limited to, the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair, and replacement of plumbing, gas and heating fixtures and equipment and such refrigerators, dishwashers, removable air conditioners, gas ranges and other appliances, as may be in the apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Lessee may install within the walls or ceilings or under the floors, but shall not include, gas, steam, water or other pipes or conduits within the walls, ceilings or floors or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance,

repair and replacement of all lighting and electrical fixtures, appliances, and equipment. Any ventilator or air conditioning device which the Lessee wishes to install may be installed by the Lessee only with the prior written consent of the Lessor.

(b) The Lessee shall not permit unreasonable cooking or other odors to escape into the Building. The Lessee shall not permit or suffer any unreasonable noises or anything which will interfere with the rights of other lessees or unreasonably annoy them or obstruct the public halls or stairways.

(c) If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the Building or poor quality or interruption of service to other portions of the Building, or overloading of, or damage to facilities maintained by the Lessor for the supplying of water, gas, electricity or air conditioning to the Building, or if any such appliances visible from the outside of the Building shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

(d) If the Lessee shall fail for 30 days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may, in its sole discretion, make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than 30 days will suffice; and provided further, in case of emergency, no notice need be given. In all such cases the Lessor, its agents, servants and contractors shall, as between the Lessor and Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefor made by the Lessor shall be so construed whether or not made in the name of the Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as Additional Rent.

(e) The Lessee shall not permit or suffer anything to be done or kept in the apartment or the Lessee's locker which will increase the cost of fire insurance on the Building or the contents thereof. If, by reason of the occupancy or use of the apartment by the Lessee, the rate of fire insurance on the Building or any apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than 30 days after written notice from the Lessor specifying the objectionable occupancy or use) become liable for the additional insurance premiums incurred by Lessor or any other lessee or lessees of apartments in the Building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such lessees as Additional Rent for the apartment due on demand of the Lessor.

(f) The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld, make in the apartment or Building, or on any roof, penthouse, terrace or balcony appurtenant thereto, any alteration, enclosure or addition or

any alternation of or addition to the water, gas, or steam risers or pipes, heating or air conditioning system or units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility in the apartment or Building. The performance by Lessee of any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereover. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the Building.

(g) Without Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this lease; and (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, repair all damage to the apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; (iii) that if the Lessee shall have removed from the apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; and (iv) that if any mortgagee had acquired a lien on any such property, Lessee shall first procure from such mortgagee its written consent to such removal.

6. **Surrender of Premises.** The Lessee shall quit and surrender the premises at the end of the term in as good condition as the reasonable use thereof will permit. Except as provided in Section 5, subsection (g) hereof, all alterations, additions or improvements which may have been made by either of the parties hereto upon the premises, shall be the property of the Lessor, and shall remain upon and be surrendered with the premises as a part thereof, at the termination of this lease, without any disturbance, molestation or injury.

7. **Liability for Damages to Premises.**

(a) The Lessor shall not be liable for any damage to any property at any time in said apartment or Building resulting from water, or rain or snow, or gas or vapor which may leak into, issue or flow from any part of the Building, of which the premises hereby leased are a part, or from the pipes or plumbing of the Building or from any other place or quarter, unless occasioned by want of repair, which under the terms of this lease or as a matter of law is the duty of the Lessor, and in such event only if the Lessee gave the Lessor the notice required pursuant to subsection (b) of this Section 7 without which the Lessor could not reasonably be expected to otherwise have been aware of the need for repairs.

(b) The Lessee shall give to the Lessor or to its agent prompt written notice of any accident to or defects in any part of the demised premises or the Building including but not limited to any of the water pipes, electric wiring or heating system in the Building of which the Lessee is aware which may be the duty of the Lessor to keep in repair pursuant to the terms of this lease.

8. Damages to Leased Premises; Insurance.

(a) If the apartment or the means of access thereto or the Building shall be damaged by fire or other cause, the Lessor shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced, with materials of a kind and quality then customary in buildings of the type of the Building, the Building, the apartment, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring and conduits in the apartment. Notwithstanding anything in this lease to the contrary, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in title nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in apartments.

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the apartment partly or wholly untenable, or if the means of access thereto shall be destroyed, the rent hereunder shall proportionately abate until the apartment shall again be rendered wholly tenantable or the means of access restored; but if said damage shall be caused by the act or negligence of the Lessee or the agents, employees, guests or members of the family of the Lessee or any occupant of the apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the apartment.

(c) If the Lessor shall determine that (i) the Building is totally destroyed by fire or other cause, or (ii) the Building is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued and outstanding shares, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Lessor, shall vote not to repair, restore or rebuild, then upon the giving of notice to Lessee pursuant to Section 16, this lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire.

(d) Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee; and, to the extent that any loss or damage is covered by the Lessor by any insurance policies which contain such waiver of subrogation, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that the Lessee suffers loss or damage from which Lessor would be liable, and Lessee carries insurance which covers such loss or damage and such insurance policy or policies contain a waiver of subrogation against the Lessor, then in such event Lessee releases Lessor from any liability with respect to such loss or damage.

9. **Form of Proprietary Lease.** Each proprietary lease covering the apartments located in the Building shall be in the form of this lease, unless a modification to the terms of the proprietary leases is authorized by the record holder of at least two-thirds of the Lessor's Shares then issued and outstanding. Such changes shall be binding on all lessees, including the Lessee herein, and made part of their leases even if they did not vote for such changes; provided, however, that no such modification may increase the pro rata share of the Lessor's annual budget or any Special Assessments which must be paid by the Lessee without his express written consent to such modification. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose or at which such matter is otherwise properly considered.

10. **Termination of Lease.** This lease is made, executed, delivered and accepted by the Lessee upon the express condition that the same shall cease upon the happening of any of the following contingencies:

(a) Should the Lessee cease to be the record owner of the number of Shares of said Lessor above specified.

(b) Should the Lessor determine by vote of the holders of two-thirds of the issued and outstanding Shares of the Lessor at the annual meeting of the Lessor's shareholders or at a special meeting of the Lessor's shareholders held for that purpose to sell the Building and related property of the Lessor. In such event, the Corporation shall forthwith provide notice of such action to the Lessee pursuant to Section 16 hereof.

(c) This lease may be terminated in accordance with the provisions of Article VII of Lessor's Bylaws by the affirmative vote of shareholders holding 80% of the issued and outstanding Shares of the Lessor to repurchase the Shares then owned by Lessee and to cancel this lease. The repurchase price will be the greater of (i) the original purchase price plus the depreciated value of any improvements made by the Lessee, or (ii) the fair market value of the Shares as determined by an appraisal company selected by agreement between the Lessor and the Lessee; in the absence of such an agreement, the American Arbitration Association shall choose an appraisal company. The repurchase price shall be reduced by an amount equal to the rental payments or any other sums owed to the Lessor due and outstanding on the date of repurchase.

11. **Non-Payment of Rent by Lessee.** The Lessee will pay to the Lessor or to its agent, the rent provided for herein at the times and in the manner above provided, and in case of the non-payment of the said rent at the times and place above stated for a period of one month after the same shall become due and payable, it shall be lawful for the Lessor to enter and repossess the premises, either by force or otherwise, without being liable for any prosecution therefor, and to relet the premises as the agent of the Lessee and to receive the rent therefor, and to apply the same to the payment of the rent due, holding the Lessee liable for the deficiency, if any.

12. **Lessor's Remedies.** On every default of payment of rent by the Lessee under this lease, or on any and every breach of covenant or agreement by the Lessee under the terms of this lease, the Lessee does hereby empower any attorney of any court of record within the United

States or elsewhere, to appear for the Lessee and with or without declaration filed, confess judgment against the Lessee, and in favor of the Lessor, its successors and assigns, as of any term, for the sum due by reason of said default in the payment of rent, and/or for the sum due by reason of any breach of covenant or agreement by the Lessee herein, with costs of suit and attorney's commission of the greater of 15% or \$250.00 for collection, and forthwith issue writ or writs of execution thereon, with release of all errors, and without stay of execution. Inquisition and extension upon any levy on real estate are hereby expressly waived, and condemnation agreed to. In case of violation of any of the covenants or agreements in this lease by the Lessee, the Lessee further, at the option of the Lessor, does hereby authorize and empower any such attorney, either in addition to or without such judgment for the amount due according to the terms of this lease, to appear for the Lessee and confess judgment forthwith against the Lessee, and in favor of the Lessor, in an amicable action of ejectment for the Apartment with all the conditions, fees, releases, waivers of stay of execution and waiver of exemption to accompany said confession of judgment in ejectment as are set forth herein for confession of judgment for said sum or sums due; and authorizes the entry of such action, confession of judgment therein, and the immediate issuing of a writ of possession and a writ of arrearages for rent, if any, and costs and other charges to be paid by Lessee, without leave of Court, and the Lessor may without notice re-enter and expel the Lessee from the premises, and also any person holding under him or them, and in each case, this lease or a true copy thereof shall be a sufficient warrant of any person.

13. **House Rules.** The rules and regulations regarding the Building, known as House Rules, annexed to this lease and subject to revision by the Lessor shall, during the term, be faithfully observed and performed by the Lessee and by the Lessee's family, employees, servants and agents and shall be considered part of this lease, as well as the Bylaws of the Lessor, as from time to time amended, and all further rules and regulations hereafter from time to time promulgated by the directors of the Lessor for the use and regulation of the apartments in the Building.

14. **Assignment and Subletting.**

(a) The Lessee, without the written consent of the Lessor, shall not assign this lease or any part of the Lessee's interest therein, nor let or sublet all or any part of the demised premises. If, after having sublet the apartment, the Lessee thereafter defaults in payment of the rent, then and in such event, the Lessor may and it is hereby authorized, as the agent of the Lessee, to collect from such sublessee or other occupant the rent due by the terms of this lease and apply the same on account of the rent remaining unpaid by the Lessee, and upon neglect or refusal to pay, the Lessor may enter by force if necessary and take possession of the premises, in the manner provided for by this lease.

(b) The Board, although it promotes owner occupancy, may grant a shareholder limited subleasing privileges following the guidelines and restrictions as outlined in the Bylaws.

15. **Subordination of Lease.** The Lessee accepts this lease upon the condition that it will be subject and subordinate to the lien of any mortgage that herebefore was authorized or may hereafter be authorized by the Lessor and the Lessee agrees that the Lessee will, at any time hereafter, on demand, execute any instruments, releases or documents that may be required by

any mortgagee or the mortgagor for the purpose of subjecting and subordinating this lease to the lien of any such mortgage or mortgages, and in case of the failure of the Lessee to so execute said papers, on demand, the Lessor is hereby authorized as the attorney and agent of the Lessee to execute such releases, instruments, or other documents and in such event the Lessee hereby confirms and ratifies any such instrument so executed by virtue of this power of attorney.

16. **Notices.** Any notice provided to be served hereunder shall be duly and properly served on the Lessee by enclosing the same in a properly secured envelope addressed to the Lessee at the premises described in the within lease, and sending the same in said enclosed envelope by certified mail, return receipt requested, through the United States mail, or by personal delivery at Lessee's apartment.

17. **Waivers.**

(a) The Lessee will not at any time insist upon or plead or in any manner whatsoever claim the benefit of the provisions of any law now or at any time hereafter in force, permitting the Lessee to redeem the demised premises upon or after any default in the performance of the Lessee's covenants herein, and the Lessee hereby expressly waives all benefits of any such law or laws and covenants not to hinder, delay or impede the execution by the Lessor of any power for the enforcement of any covenant herein contained and will suffer and permit the Lessor to exercise each and every right herein conferred on the Lessor as fully as though no such law or laws had been enacted or existed.

(b) No waiver of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of the covenant, condition or agreement itself, or of any subsequent breach of any provision hereof.

18. **Interpretation.** Wherever in this lease the singular is used, it shall include the plural and wherever the masculine is used, it shall include the feminine and the neuter.

19. **Governing Law.** Pennsylvania law shall govern with respect to the interpretation and enforcement of the terms of this lease.

20. **Severability.** In the event that any provision of this proprietary lease shall be held to be invalid, such invalidity shall not affect in any respect whatsoever the validity of the remainder of this proprietary lease.

21. **Rules Enforcement.** Board may assess a fine or sanction for violations of regulations included in the Proprietary Lease, Bylaws, and House Rules. Before a fine or sanction may be assessed, the Rules Enforcement Procedures as outlined in the Bylaws must be followed.

THIS LEASE, and the rights and obligations established hereunder, except as herein otherwise provided, shall bind the respective heirs, executors, legal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Lessor, by its President, **John Wojtyna**, duly authorized by resolution of its Board of Directors, dated _____, _____, 2018, and the Lessee have executed this lease the day and year first above written.

ATTEST:

ALDER COURT APARTMENTS, INC.

Secretary-Debra McCormick
(Corporate Seal)

By _____
President-Stuart Cohen

Witness

Lessee
Jamie Goslin

Witness

Lessee