

ATTORNEY GENERAL OF THE STATE OF NEW YORK
REAL ESTATE FINANCE BUREAU

In the Matter of

Assurance No. 18-005

**Investigation by BARBARA D. UNDERWOOD,
Attorney General of the State of New York, of**

4395 Broadway Owners Corp., and Dirot Delaware Corp.,

Respondents.

ASSURANCE OF DISCONTINUANCE

The Office of the Attorney General of the State of New York (“OAG”) commenced an investigation pursuant to New York Executive Law § 63(12) and Business Corporation Law §§ 1101 and 109 into the conduct of 4395 Broadway Owners Corp. and Dirot Delaware Corp. (collectively, the “Respondents”) in connection with their obligations under New York Business Corporation Law. This Assurance of Discontinuance (“Assurance”) contains the findings of the OAG’s investigation and the relief agreed to by the OAG and Respondents (OAG and Respondents are collectively referred to herein as the “Parties” and individually as a “Party”).

OAG’s FINDINGS

1. 4395 Broadway Owners Corp. is the owner of the building located at 4395 Broadway, New York, New York (“4395 Broadway” or the “Premises”).
2. Prior to 1987, 4395 Broadway was an existing occupied apartment rental building. On October 6, 1987, an offering plan (the “Offering Plan”) was submitted to the OAG to convert 4395 Broadway to cooperative ownership. The Offering Plan was accepted for filing on July 26, 1989 and declared effective on April 11, 1991. No Amendments for the Offering Plan have been filed with OAG since March 18, 1993.

3. 4395 Broadway Owners Corp. was formed on February 23, 1987 under the Business Corporation Law of the State of New York.

4. The Certificate of Incorporation for 4395 Broadway Owners Corp. states, in part, that “[t]he primary purpose of this Corporation [4395 Broadway Owners Corp.] is to provide homes for its shareholders by leasing to them, under leases now commonly known as proprietary leases, apartments in the building or buildings on such premises, and all shareholders shall be entitled solely by reason of their ownership of shares in the Corporation to proprietary leases, entitling them to occupy for dwelling purposes apartments in the building or buildings.”

5. Contrary to this express corporate purpose and thus exceeding the authority conferred upon 4395 Broadway Owners Corp. by law, there have been no sales of shares to purchasers intending to live in 4395 Broadway. Instead, all shares in 4395 Broadway have been acquired by Dirot Delaware Corp., resulting in 4395 Broadway being operated exclusively as a for-profit rental building.

6. OAG finds that Respondents’ actions are in violation of New York Executive Law § 63(12) and the New York Business Corporation Law §§ 1101 and 109. The above findings concern 4395 Broadway and do not concern any other buildings.

7. Respondents have provided OAG with a copy of the current rent roll for 4395 Broadway. Respondents represent and warrant that the information contained in this rent roll is accurate and current as of August 2018.

8. Apartments 1C and 6E (the “Rent Stabilized Units”) are currently rent stabilized.

9. Respondents admit the OAG’s Findings, paragraphs (1)-(8) above.

10. The OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. THEREFORE, the OAG is willing to accept this Assurance pursuant to

Executive Law § 63(15), in lieu of commencing a statutory proceeding for violations of New York Executive Law § 63(12) and the New York Business Corporation Law §§ 1101 and 109.

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Parties:

RELIEF

11. General Injunction: Respondents shall not engage, or attempt to engage, in conduct in violation of any applicable laws, including but not limited to Business Corporation Law §§ 1101 and 109 and Rent Stabilization Code §§ 2520.11(l), 2521.1, 2522.5, 2523 *et seq.*, 2524 *et seq.*, 2526.1, and 2528 *et seq.*, and expressly agree and acknowledge that any such conduct is a violation of the Assurance, and that the OAG thereafter may commence the civil action or proceeding contemplated in paragraph 10, *supra*, in addition to any other appropriate investigation, action, or proceeding.

12. Programmatic Relief:

- a. OAG and Respondents agree that the initial Offering Plan for 4395 Broadway is deemed abandoned and the OAG shall process the RS-3 annexed hereto as Exhibit A.
- b. As of the effective date of this Assurance, and the registration of the apartments with the DHCR, the apartments in 4395 Broadway (except for the Rent Stabilized Units, *see infra* Section 12(k)) shall become subject to rent stabilization as the units are no longer owned as a cooperative as defined under N.Y.C. Adm. Code § 26-504 and 9 N.Y.C.R.R. § 2520.11(l). 4395 Broadway shall continue to be owned by 4395 Broadway Owners Corp., but shall be operated exclusively as a rental building subject to rent stabilization and/or rent control laws, and as they may be amended or superseded. From and after the date hereof, the subletting of an apartment at the Premises by Respondents shall be subject to rent stabilization

laws and any exemptions thereto, including N.Y.C. Adm. Code § 26-504 and 9 N.Y.C.R.R. § 2520.11(l). This paragraph is subject to the terms of provisions of paragraph 12(j) below.

- c. Within ten (10) business days of the effective date of this Assurance, Dirot Delaware Corp shall submit for registration all apartments in 4395 Broadway (except for the Rent Stabilized Units) with the New York State Division of Housing and Community Renewal (“DHCR”). Pursuant to 9 N.Y.C.R.R. §§ 2522.6 and 2520.4, the initial rents to be registered with DHCR are set forth in Exhibit B attached hereto and made a part hereof. The rents established in Exhibit B are based on the rent roll provided by Respondents to OAG as described in Paragraph 7 and shall be modified upon proof by a tenant of a lower rent being charged as of the effective date of this Assurance. Dirot Delaware Corp. agrees that all rent increases shall be based on the rents established in Exhibit B and if a tenant is currently under a lease that has expired, the rents may only be increased by the current RGB rent guidelines even if a lease for a higher amount has been signed.
- d. The rents set in Exhibit B for Units 3D, 3G, and 4F are preferential rents that shall continue for the entire term of the tenancies of the current tenants of the units and those who have succession rights under the rent stabilization code and law. All future rent increases for the current tenants and those who have succession rights under the rent stabilization code and law shall be based on the preferential rent and the preferential rent cannot be revoked until the end of the tenancy rather than the end of any lease. The legal rent for Unit 3D is \$ [REDACTED]. The legal rent for Unit 3G is \$ [REDACTED]. The legal rent for Unit 4F is \$ [REDACTED].

- e. Within fifteen (15) business days of the effective date of this Assurance, Dirot Delaware Corp. shall mail the following documents to all tenants of record (except for the tenants who occupy the Rent Stabilized Units) in occupancy of 4395 Broadway who either on the date hereof occupy their spaces under expired leases or whose leases will expire within one hundred and fifty (150) days of the date of mailing in this section:
 - i. proposed rent stabilized leases in substantially the form attached as Exhibit F, offering the option of one (1) or two (2) year leases at the rents set forth on Exhibit B;
 - ii. a copy of the DHCR Rent Registration for 4395 Broadway, as required by 9 N.Y.C.R.R. § 2528.3; and
 - iii. the Notification to Tenants with Expired or Expiring Leases, who are in occupancy on the date hereof attached hereto as Exhibit C.

- f. Within fifteen (15) business days of the effective date of this Assurance, Dirot Delaware Corp. shall mail the following documents to all tenants (except for the tenants who occupy the Rent Stabilized Units) who occupy an apartment at the Premises under in-place leases (i.e. those not covered by Section 12(e) above):
 - i. Notification to Tenants with In-Place Leases, attached hereto as Exhibit D;
and
 - ii. a copy of the DHCR Rent Registration for 4395 Broadway, as required by 9 N.Y.C.R.R. § 2528.3.

Additionally, Dirot Delaware Corp. shall mail rent stabilized leases in substantially the form attached as Exhibit F, to all tenants who occupy under in-

place leases (i.e. those not covered by Section 12(e) above) at a time and at a rent level pursuant to the Rent Stabilization Code.

- g. If any tenant refuses to sign or otherwise does not return a proposed rent-stabilized lease, Respondents may proceed with any proceeding or other action as allowed by the rent stabilization laws, and as they may be amended or superseded.
- h. As set forth in Exhibit E, a letter executed by Sheldon Melnitsky, the managing attorney of DHCR, DHCR has determined that the rents, as set forth in Exhibit B, upon registration with DHCR shall constitute the valid and proper rents and tenants will not be entitled to overcharges for any non-stabilized rents charged prior to registration of the rents set forth in Exhibit B.
- i. The Parties are relying on and agree with the representations made by DHCR that the rents to be registered with DHCR, as set forth in Exhibit B, are valid and in compliance with law. The Parties agree not to challenge the validity and enforceability of such rents.
- j. Nothing in this Assurance shall preclude Respondents and/or their successors and/or assigns, or future owners of the Premises from converting 4395 Broadway to a Housing Development Fund Company under Article XI of the N.Y. Priv. Hous. Fin. Law or to a cooperative or condominium pursuant to N.Y. Gen. Bus. Law Section 352-e, and as they may be amended or superseded, or under applicable law, or to exempt or de-regulate apartments from and after the date hereof in accordance with applicable law. All tenant protections for occupied conversions pursuant to GBL § 352-eeee, and as it may be amended or superseded, shall apply. Any such new offering plan shall not be restated and amended, but shall be in the form of a new offering plan.

- k. The Rent Stabilized Units continue to be subject to government statutes and regulations pertaining to rent regulation. The tenants who occupy the Rent Stabilized Units continue to have all rights and protections afforded by government statutes and regulations.
- l. Within thirty (30) days of the effective date of this Assurance (or longer if extended by a court), Dirot Delaware Corp. will correct all open HPD violations other than C violations that must be corrected within 24 hours, in accordance with the terms of the Housing Maintenance Code.
- m. The Parties agree that it would be difficult to value the damages caused by default in the performance of certain obligation under this paragraph, and therefore agree that Respondents shall pay to the State of New York the following stipulated penalties for each and every such default in the performance of an obligation under the sections listed below occurring after the effective date of the Assurance:
 - i. Section 12(c) - \$1,000 per day
 - ii. Section 12(e) - \$100 per day per tenant
 - iii. Section 12(f) - \$100 per day per tenant

MISCELLANEOUS

Subsequent Proceedings.

13. Respondents expressly agree and acknowledge that the OAG may initiate a subsequent investigation, civil action, or proceeding to enforce this Assurance, for violations of the Assurance, or if the Assurance is voided pursuant to paragraph 20, and agree and acknowledge that in such event:

- a. any statute of limitations or other time-related defenses are tolled from and after the effective date of this Assurance;

- b. the OAG may use statements, documents or other materials produced or provided by the Respondents prior to or after the effective date of this Assurance;
- c. any civil action or proceeding must be adjudicated by the courts of the State of New York, and that Respondents irrevocably and unconditionally waive any objection based upon personal jurisdiction, inconvenient forum, or venue; and
- d. evidence of a violation of this Assurance shall constitute prima facie proof of a violation of the applicable law pursuant to Executive Law § 63(15).

14. If a court of competent jurisdiction determines that the Respondents have violated the Assurance, the Respondents shall pay to the OAG the reasonable cost, if any, of obtaining such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

Effects of Assurance:

15. All terms and conditions of this Assurance shall continue in full force and effect on any successor, assignee or transferee of the Respondents which is a person or entity that is controlled in whole or in part, owned in whole or in part, or otherwise affiliated in any way with any of the Respondents. As to any conveyance to a successor, assignee or transferee of the Respondents which is a bona fide third party arms-length purchaser for value, Respondents shall specifically provide in the contract of sale, purchase and sale agreement, transfer or merger agreement, or any other agreement to convey by which Respondents will no longer be in ownership or control of 4395 Broadway (all of the foregoing, hereinafter, “agreement to convey”) that all of the apartments in 4395 Broadway which have not, after the effective date of this Assurance, been lawfully de-regulated, exempted and/or removed from rent stabilization under applicable rules and regulations of the rent stabilization law, and as it may be amended, or under other applicable law, are rent stabilized apartments, subject to registration with the DHCR

and subject to all rent stabilization laws, including but not limited to Rent Stabilization Code §§ 2520.11(1), 2521.1, 2522.5, 2523 *et seq.*, 2524 *et seq.*, 2526.1, and 2528 *et seq.*, N.Y.C. Adm. Code § 26-504 and 9 N.Y.C.R.R. § 2520.11(1), and as they may be amended. Failure to include the foregoing in any such agreement to convey shall result in continuing obligations of Respondents under this Assurance despite the closing under an agreement to convey.

16. The Parties shall not record or file on ACRIS this Assurance against 4395 Broadway, or against any of Respondents; and any such recording or filing by the Parties may be discharged of record by a written discharge signed by any of the Respondents.

17. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

18. Any failure by the OAG to insist upon the strict performance by Respondents of any of the provisions of this Assurance shall not be deemed a waiver of any of the provisions hereof, and the OAG, notwithstanding that failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Assurance to be performed by the Respondents.

Communications:

19. All notices, reports, requests, and other communications pursuant to this Assurance must reference Assurance No. 18-005, and shall be in writing and shall, unless expressly provided otherwise herein, be given by hand delivery; express courier; or electronic mail at an address designated in writing by the recipient, followed by postage prepaid mail, and shall be addressed as follows:

If to the Respondents, to:

Sander Srulowitz, Esq.
Sonnenschein Sherman & Deutsch, LLP
370 7th Ave

New York, NY 10001

If to the OAG, to:

Ryan Goodland, Esq.
Real Estate Finance Bureau, Office of the New York State Attorney General
28 Liberty Street
New York, NY 10005

or in his absence, to the person holding the title of Bureau Chief, Real Estate
Finance Bureau.

Representations and Warranties:

20. The OAG has agreed to the terms of this Assurance based on, among other things, the representations made to the OAG by the Respondents and their counsel and the OAG's own factual investigation as set forth in Findings, paragraphs (1)-(8) above. The Respondents represent and warrant that neither they nor their counsel have made any material representations to the OAG that are inaccurate or misleading. If any material representations by Respondents or its counsel are later found to be inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

21. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the Respondents in agreeing to this Assurance.

22. The Respondents represent and warrant, through the signatures below, that the terms and conditions of this Assurance are duly approved. Respondents further represent and warrant that 4395 Broadway Owners Corp., by Labe Twerski, as the signatory to this AOD, is a duly authorized officer acting at the direction of the Board of Directors of 4395 Broadway Owners Corp. Respondents further represent and warrant that Dirot Delaware Corp., by Labe Twerski, as the signatory to this AOD, is a duly authorized officer acting at the direction of the Board of Directors of Dirot Delaware Corp.

General Principles:

23. Unless a term limit for compliance is otherwise specified within this Assurance, the Respondents' obligations under this Assurance are enduring. Nothing in this Assurance shall relieve Respondents of other obligations imposed by any applicable state or federal law or regulation or other applicable law.

24. Respondents agree not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in the Assurance or creating the impression that the Assurance is without legal or factual basis.

25. Nothing contained herein shall be construed to limit the remedies available to the OAG in the event that the Respondents violate the Assurance after its effective date.

26. This Assurance may not be amended except by an instrument in writing signed on behalf of the Parties to this Assurance.

27. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

28. Respondents acknowledge that they have entered this Assurance freely and voluntarily and upon due deliberation with the advice of counsel.

29. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

30. The Assurance and all its terms shall be construed as if mutually drafted with no presumption of any type against any party that may be found to have been the drafter.

31. This Assurance may be executed in multiple counterparts by the parties hereto. All counterparts so executed shall constitute one agreement binding upon all parties,

notwithstanding that all parties are not signatories to the original or the same counterpart. Each counterpart shall be deemed an original to this Assurance, all of which shall constitute one agreement to be valid as of the effective date of this Assurance. For purposes of this Assurance, copies of signatures shall be treated the same as originals. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Assurance and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

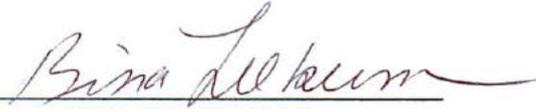
32. The effective date of this Assurance shall be the date this Assurance is signed by the OAG.

4395 BROADWAY OWNERS CORP.

By: 
Labe Twerski
President

STATE OF NY)
COUNTY OF Kings) ss.:

On the 19 day of November in the year 2014 before me personally came Labe Twerski to me known, who, being by me duly sworn, did depose and say that he resides at [REDACTED]; that he is the President of 4395 Broadway Owners Corp., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

Sworn to before me this 19 day of Nov, 2018 
NOTARY PUBLIC

RINA LIEBERMAN
Notary Public, State of New York
No. 01-LI4841761
Qualified in Kings County
Commission Expires May 31, 2019

DIROT DELAWARE CORP.

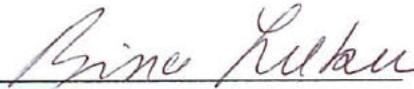
By: 
Labe Twerski
President

STATE OF NY)
COUNTY OF Kings)

ss.:

On the 19 day of November in the year 2018 before me personally came Labe Twerski to me known, who, being by me duly sworn, did depose and say that he resides in [REDACTED]; that he is the President of Dirot Delaware Corp., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

Sworn to before me this
19 day of November, 2018


NOTARY PUBLIC

RINA LIEBERMAN
Notary Public, State of New York
No. 01-LI4841761
Qualified in Kings County
Commission Expires May 31, 2019

Dated: November 19, 2018

BARBARA D. UNDERWOOD
Attorney General of the State of New York
28 Liberty Street
New York, NY 10005

By: 

Ryan Goodland, Esq.
Assistant Attorney General, Real Estate Finance Bureau

Exhibit A

FORM RS-3
NOTIFICATION TO THE ATTORNEY GENERAL OF THE STATE OF NEW YORK OF
ABANDONMENT OF OFFERING

Sponsors wishing to abandon an offering must complete all applicable sections of this Form RS-3, attaching additional sheets as necessary. The Department of Law reserves the right to reject incomplete Forms RS-3. Please note that the Department of Law will process Forms RS-3 only in connection with offerings that have been accepted for filing by the Department of Law. Sponsors of offerings that the Department of Law has not accepted for filing should withdraw their offerings rather than submitting a Form RS-3.

1. File number of offering:

C87-0490

2. Address and name of property giving rise to the offering:

4395 Broadway, New York, New York

3. Name of sponsor or issuer:

Note: If multiple sponsors or issuers exist for the subject offering, all sponsors or issuers must be listed.

Dirot (Delaware) Inc., the sponsor

3(a). If sponsor is a successor sponsor or holder of unsold shares, select here:

4. Current address of sponsor or issuer:

1651 Coney Island Avenue, Brooklyn, New York 11230

5. Current phone number and email address of sponsor or issuer:

718-627-0600

6. State whether the offering was declared effective:

Yes No

6(a). If yes, select the reason(s) for abandonment:

- A defect in title which cannot be cured without litigation or cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount.
- Substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount.
- The taking of any material portion of the property by condemnation or eminent domain.
- Other (*specify*):

Original purchaser either defaulted, or shareholders have, over the years, sold to Sponsor so determination made to re-stabilize the apartments at current rentals

7. State whether a condominium declaration was filed for the offering:

Yes No

7(a). If yes, state the filing date of the condominium's declaration:

7(b). If yes, state whether sponsor has terminated the condominium declaration and provide date of termination:

8. State whether sponsor has submitted to the Department of Law any amendments to the offering that have not yet been accepted for filing:

Yes No

8(a). If yes, state whether sponsor has submitted an amendment to abandon the offering:

Note: If sponsor has received payments under a purchase agreement or contract of sale in connection with the subject offering, the amount of such funds and the manner and time when these funds will be returned to purchasers must be disclosed in an amendment to the offering.

Yes No

9. State whether sponsor has accepted any purchase agreements or contracts of sale in connection with the offering:

Yes No

10. State whether sponsor has accepted any payments (down payments or full investments) under purchase agreements or contracts of sale in connection with the offering:

Yes No

10(a). If yes, attach as an exhibit a list of the purchasers making deposits and the amounts deposited. If attached, select here:

10(b). If yes, state the name and address of the bank in which deposits were held and the account number and title:

N/A as of today. See AOD No. 18-005.

10(c). If yes, state whether any of the funds in the account have been used for any purpose other than the return of investor deposits.

Note: If yes, attach as an exhibit a list showing amounts paid, persons to whom payments were made, and purpose of such payments. If attached, select here:

Yes No

11. If sponsor has accepted any payments (down payments or full investments) under purchase agreements or contracts of sale in connection with the offering, at least one principal of each sponsor listed in question #3 of this Form RS-3 must complete the following certification:

Note: Applicable only to condominiums, cooperatives, homeowners associations, and/or timeshares.

I, a principal of the sponsor of this offering, represent that all deposits received in connection with this offering will be returned within five (5) days after the amendment abandoning the offering has been accepted for filing by the Department of Law. The signature of N/A will be required for such release of funds in conformity with the terms of the offering.

SIGNATURE: N/A DATE: _____

BY: _____

Note: Please print name and title of signatory.

12. If issuer has accepted any deposits or other payments in connection with the offering, at least one principal of each issuer listed in question #3 of this Form RS-3 must complete the following certification:

Note: Applicable only to syndications.

I, a principal of the issuer of this offering, represent that all deposits have been returned to investors with interest at _____ percent per annum/without interest (*indicate applicable term*).

Note: If less than the entire amount of deposits received from investors has been returned, attach an explanation. If attached, select here:

SIGNATURE: N/A DATE: _____

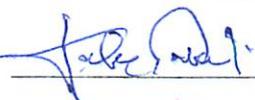
BY: _____

Note: Please print name and title of signatory.

13. Complete the following certification:

Note: At least one principal of each sponsor or issuer listed in question #3 of this Form RS-3 must complete the following certification.

I hereby certify that all the information contained in this Form RS-3 is complete, true, and accurate.

SIGNATURE:  DATE: 11/19/18

BY: LADE TWERSKI

Note: Please print name and title of signatory.

Exhibit B

4395 Broadway

Apt	Rent	Apt	Rent
1A		4K	\$1,925.00
1B		5A	\$1,925.00
1C*		5B	\$1,716.19
1D		5C	\$1,471.47
1E		5D	\$1,154.25
1F		5E	\$1,493.44
1G		5F	\$1,530.00
1H		5G	\$1,088.44
1J		5H	\$1,756.69
1K		5J	\$1,746.56
2A		5K	\$1,468.13
2B		6A	\$1,314.94
2C		6B	\$1,771.88
2D		6C	\$1,746.56
2E		6D	\$1,215.00
2F		6E*	\$988.61
2G		6F	\$1,442.81
2H		6G	\$1,250.44
2J		6H	\$1,695.94
2K		6J	\$1,721.25
3A		6K	\$1,468.13
3B		BB	\$1,417.50
3C			
3D	preferential rent (\$ [redacted] legal rent)		
3E			
3F			
3G	preferential rent (\$ [redacted] legal rent)		
3H			
3J			
3K			
4A			
4B			
4C			
4D			
4E			
4F	preferential rent (\$ [redacted] legal rent)		
4G			
4H			
4J			

*As described in the AOD, the asterisked units were previously subject to rent stabilization.

Exhibit C

Tenant Name
Address
City, NY Zip

Dear Tenant:

4395 Broadway Owners Corp., and Dirot Delaware Corp. have entered into an agreement with the New York State Attorney General's office abandoning the cooperative plan for your building. **This means that you are now a Rent Stabilized tenant with all the protections of rent stabilization, including rights to a renewal lease and controlled rent increases.**

Enclosed with this letter is a rent stabilized lease where you can choose a 1 or 2 year lease option. Also enclosed with this letter is the Rent Registration for your apartment. If the rent in the Rent Registration is higher than your current rent, please contact the Office of the New York State Attorney General at 212-416-8956.

We have also agreed to correct all violations within your apartment within 30 days and will be contacting you to gain access to do the work.

The attached Rent Stabilization Lease Rider includes general information about your basic rights and responsibilities under the Rent Stabilization Law

IF YOU HAVE ANY QUESTIONS, you should contact us directly or any of the agencies listed in the Appendix (the last page) of the attached Rent Stabilization Lease Rider.

Sincerely,

Landlord

Exhibit D

Tenant Name
Address
City, NY Zip

Dear Tenant:

4395 Broadway Owners Corp., and Dirot Delaware Corp. have entered into an agreement with the New York State Attorney General's office abandoning the cooperative plan for your building. **This means that you are now a Rent Stabilized tenant with all the protections of rent stabilization, including rights to a renewal lease and controlled rent increases.**

Enclosed with this letter is the Rent Registration for your apartment. If the rent in the Rent Registration is higher than your current rent, please contact the Office of the New York State Attorney General at 212-416-8956.

We will provide you with a rent stabilized lease 90-150 days before your current lease expires.

We have also agreed to correct all violations within your apartment within 30 days and will be contacting you to gain access to do the work.

The attached Rent Stabilization Lease Rider includes general information about your basic rights and responsibilities under the Rent Stabilization Law

IF YOU HAVE ANY QUESTIONS, you should contact us directly or any of the agencies listed in the Appendix (the last page) of the attached Rent Stabilization Lease Rider.

Sincerely,

Landlord

Exhibit E

Andrew M. Cuomo
Governor



RuthAnne Visnauskas
Commissioner

New York State Division of Housing and Community Renewal
25 Beaver Street
New York, NY 10004

November 2, 2018

Brent Meltzer
Bureau Chief
Real Estate Finance Bureau
Office of the Attorney General of the State of New York
28 Liberty Street
New York, NY 10005

Re: Registration of apartments at 4395 Broadway, New York, New York

Dear Mr. Meltzer,

You have requested the opinion and concurrence of the New York State Division of Housing and Community Renewal (“DHCR”) in connection with certain aspects of the resolution of an investigation brought by the Office of the Attorney General (“OAG”) into dissolving or abandoning the cooperative housing corporation located at 4395 Broadway, New York, New York (the “Building”), which would secure rent stabilized status for the tenants living in the Building. By the proposed Assurance of Discontinuance (“AOD”) resolving the investigation, the corporate entity that owns the Building will not be dissolved, so long as the sponsor agrees to the terms in the AOD, including but not limited to: 1) all apartments in the Building will be registered as rent stabilized at the rents set forth in Exhibit B to the AOD; and 2) the sponsor shall submit to OAG an RS-3 abandoning the cooperative plan.¹

¹ Certain units at the Building were subject to rent stabilization prior to the execution of the AOD (the “Rent Stabilized Units.”). As stated in the AOD, the Rent Stabilized Units continue to be subject to government statutes and regulations pertaining to rent regulation. The tenants who occupy the Rent Stabilized Units continue to have all rights and protections afforded by government statutes and regulations.

DHCR has been designated by the legislature as the administrator of Rent Stabilization Law and Code (“Rent Stabilization Laws”), N.Y.C. Admin. Code §26-501 *et. seq.* (Rent Stabilization Law), Unconsolidated Laws § 8621 (McKinney’s) *et. seq.* (Emergency Tenant Protection Act), 9 N.Y.C.R.R. § 2520.1 *et seq.* (Rent Stabilization Code).

Apartments in a cooperative are generally exempt from rent stabilization pursuant to the N.Y.C. Adm. Code § 26-504, and 9 N.Y.C.R.R. § 2520.11(l), except for apartments that are occupied by non-purchasing tenants with a rent stabilized lease at the time the building is converted to a cooperative. In such cases, the non-purchasing tenant will retain rent stabilization protections. *See* N.Y. Gen. Bus. Law § 352-eeee(2)(c)(3)(iii).

Upon execution of the proposed AOD (which requires the registration of all apartments in the Building with DHCR within ten business days of the AOD’s effective date), all apartments in the Building will be subject to rent stabilization as the owner agrees that the apartments will no longer be owned as a cooperative. It is the position of DHCR and the OAG that the rents set forth in Exhibit B will be valid and proper rents established in accordance with the same terms used in the AOD. Furthermore, as also set forth in the AOD, DHCR and OAG take the position that any claim of overcharges prior to the date of the AOD shall be inoperative, since prior to the AOD, the Building was exempt from rent stabilization (excluding the Rent Stabilized Units, *supra* note 1).

We also agree that based on the above, upon execution of the AOD, the apartments will therefore need to be registered with DHCR, pursuant to N.Y.C. Admin. Code § 26-517 at the amounts set forth in the attached Exhibit B to the AOD. Please note that this opinion and concurrence by both our offices is applicable to this Building, located at 4395 Broadway, New

York, New York, and for the purpose of this matter only, and should only be relied on in relation to this Building.

Sincerely,

A handwritten signature in blue ink, appearing to be 'SM', written in a cursive style.

Sheldon Melnitsky
Managing Attorney

Exhibit F

APARTMENT LEASE
LEASE FOR A STABILIZED APARTMENT

The Landlord and Tenant agree to lease the Apartment as follows:

LANDLORD:

TENANT:

1651 Coney Island Ave, 4th floor
Brooklyn, NY 11230

Building:	Apartment:	
Term: 1 Year(s) and 0 Months	Beginning:	Ending:
Yearly rent: \$	Monthly Rent: \$	Security: \$

1. **Use** The Apartment must be used only as a private Apartment to live in as the primary residence of the Tenant and for no other reason. Only a party signing this Lease may use the Apartment. The Apartment is subject to limits on the number of people who may legally occupy an Apartment of this size. Tenant understands and agrees that pets, washing machine and/or dryers, any smoking are not permitted in the apartment. Landlord may at any time take any action it deems necessary, including but not limited to, terminating the Lease if Tenant violates any of the Terms of this Lease.

2. **Failure to give possession** Landlord shall not be liable for failure to give Tenant possession of the Apartment on the beginning date of the Term. Rent shall be payable as of the beginning of the Term unless Landlord is unable to give possession. Rent shall then be payable as of the date possession is available. Landlord must give possession within a reasonable time. If not, Tenant may cancel and obtain a refund of money deposited. Landlord will notify Tenant as to the date possession is available. The ending date of the Term will not change.

3. **Rent, added rent** The rent payment for each month must be paid on the first day of that month at Landlord's address. Landlord need not give notice to pay the rent. Rent must be paid in full without deduction. The first month's rent is to be paid when Tenant signs this Lease. Tenant may be required to pay other charges to Landlord under the terms of his Lease. They are called "added rent." This added rent will be billed and is payable as rent, together with the next monthly rent due. If Tenant fails to pay the added rent on time, Landlord shall have the same rights against Tenant as if Tenant failed to pay rent. If a check from Tenant to Landlord bounces, Tenant shall be charged \$25 for processing costs as added rent. If rent or added rent is not received within 5 days of the due date, Landlord may charge the Tenant a late fee of \$25.00

4. **Notices** Any bill, statement or notice must be in writing (except legal notices for the non payment of rent unless required by law). If to Tenant, it must be delivered or mailed to the Tenant at the Apartment. If to Landlord it must be mailed to Landlord's address. It will be considered delivered on the day mailed or if not mailed, when left at the proper address. A notice must be sent by certified mail. Each party must accept and claim the notice given by the other. Landlord must notify Tenant if Landlord's address is changed.

5. **Security** Tenant has given security to Landlord in the amount stated above. If Tenant does not pay rent or added rent on time, Landlord may use the security to pay for rent and added rent then due. If Tenant fails to timely perform any other term in this Lease, Landlord may use the security for payment of money. Landlord may spend, or damages Landlord suffers because of tenant's failure. If the Landlord uses the security, Tenant shall, upon notice from Landlord, send to Landlord an amount equal to the sum used by Landlord. That amount is due, when billed, as rent. At all times Landlord is to have the amount of security stated above. If Tenant fully performs all terms of this Lease, pays rent on time and leaves the Apartment in good condition on the last day of the Term, then Landlord will return the security being held. If Landlord sells or leases the Building, Landlord may give the security to the buyer or lessee. In that event Tenant will look only to the buyer or lessee for the return of the security and Landlord will be deemed released. Landlord may use the security as stated in this section. Landlord may put the security in any place permitted by law. Tenant's security will bear interest only if required by law. Landlord will give Tenant the interest when Landlord is required to return the security to Tenant. Any interest returned to Tenant will be less the sum Landlord is allowed to keep. Landlord need not give Tenant interest on the security if Tenant is in default.

6. **Services** Landlord will supply: (a) heat as required by law, (b) hot and cold water for bathroom and kitchen sink, (c) use of elevator, if any. Landlord is not required to install air-conditioning. Stopping or reducing of service(s) will not be reason for Tenant to stop paying rent, to make a money claim or to claim eviction. Tenant may enforce its rights under the warranty of habitability. Damage to the equipment or appliances supplied by Landlord, caused by Tenant's act or neglect, may be repaired by Landlord at Tenant's expense. The repair cost will be added rent. Tenant must pay for all electric, gas, telephone and other utility services used in the Apartment and arrange for them with the public utility company. Tenant must not use a washing machine, dryer, heater, air cooling equipment or other appliance unless installed by Landlord or with Landlord's written consent. Tenant must not use more electric than the wiring or feeders to the Building can safely carry. Landlord may stop service of the plumbing, heating, elevator, air cooling or electrical systems, because of accident, emergency, repairs, or changes until the work is complete.

7. **Alteration** Tenant must obtain Landlord's prior written consent to install any paneling, flooring, "built in" decorations, partitions, railings, make alterations to, or wallpaper the Apartment. Tenant must not change the plumbing, ventilating, air-conditioning, electric or heating systems. If consent is given, the alterations and installations shall be completed and paid for by Tenant. Thereafter, they shall become the property of Landlord and shall remain with and as part of the Apartment at the end of the Term. Landlord has the right to demand that Tenant remove the alterations and installations before the end of the Term. Tenant shall comply with the demand at Tenant's own cost. Landlord is not required to do or pay for any work unless stated in this Lease. If a lien is filed on the Apartment or the Building for any reason relating to the Tenants fault, Tenant must immediately pay or bond the amount stated in the Lien. Landlord may do so if tenant fails within 20 days after Tenant has notice about the lien. Landlord's costs shall be added to rent.

8. **Repairs** Tenant must take good care of the Apartment and all equipment and fixtures in it. Landlord will repair the plumbing, heating and electrical systems. Tenant must, at Tenant's cost, make all repairs and replacements whenever the need results from Tenant's act or neglect. If Tenant fails to make a needed repair or replacement, Landlord may do it. Landlord's reasonable expense will be added rent.

9. **Fire, accident, defects, damage** Tenant must give Landlord immediate notice of fire, accident, damage or dangerous or defective condition. If the Apartment can not be used because of fire or other casualty, Tenant is not required to pay rent for the time the Apartment is unusable. If part of the Apartment can not be used, Tenant must pay rent for the usable part. Landlord

shall have the right to decide which part of the Apartment is usable. Landlord need only repair the damaged part of the Apartment. Landlord is not required to repair or replace any fixtures, furnishings or decorations but only equipment that is originally installed by Landlord. Landlord is not responsible for delays due to settling insurance claims, obtaining estimates, labor and supply problems or any other cause not fully under Landlord's control. If the apartment can not be used, Landlord has 30 days to decide whether to repair it. Landlord's decision to repair must be given by notice to Tenant within 30 days of the fire or casualty. Landlord shall have a reasonable time to repair. In determining what is a reasonable time, consideration shall be given to any delays in receipt of insurance settlements, labor trouble and causes not fully within Landlord's control. If Landlord fails to give Tenant notice of its decision within 30 days, Tenant may cancel the lease as of the date of the fire or casualty. The cancellation shall be effective only if it is given before Landlord begins to repair or before Landlord notifies Tenant of its decision to repair. If the fire or other casualty is caused by an act or neglect of Tenant or guest of Tenant all repairs will be made at Tenant's expense and Tenant must pay the full rent with no change. The cost of the repairs will be added rent. Landlord has the right to demolish or rebuild the Building if there is substantial damage by fire or other casualty. Even if the Apartment is not damaged, Landlord may cancel this Lease within 30 days after the substantial fire or casualty by giving Tenant notice of Landlord's intention to demolish or rebuild. The Lease will end 30 days after Landlord's cancellation notice to Tenant. Tenant must deliver the Apartment to Landlord on or before the cancellation date in the notice and pay all rent due to the date of the fire or casualty. If the Lease is canceled Landlord is not required to repair the Apartment or Building. The cancellation does not release Tenant of liability in connection with the fire or casualty. This Section is intended to replace the terms of Real Property Law 227.

10. **Liability** Landlord is not liable for loss, expense, or damage to any person unless caused by Landlord or tenants property for any reason. Landlord is not liable to Tenant for permitting or refusing entry of anyone into the Building, Tenant must pay for damages suffered and reasonable expenses of Landlord relating to any claim arising from any act or neglect of tenant. If an action is brought against Landlord arising from Tenant's act or neglect, Tenant shall defend Landlord at Tenant's expense with an attorney of Landlord's choice. Tenant is responsible for all acts or neglect of Tenant's family, employees, guests or invitees. Tenant is responsible for Tenant's security. Landlord not liable for any belongings left in the apartment after the tenant vacates the apartment or is evicted. Any items left in the apartment after an eviction or surrender shall be deemed the Landlord's property and may be disposed of by the Landlord.

11. **Entry by Landlord** Landlord may enter the Apartment at reasonable hours to repair, inspect, exterminate, install or work on master antennas or other systems or equipment and perform other work that Landlord decides is necessary or desirable. At reasonable hours Landlord may show the Apartment to possible buyers, lenders, insurance companies, or prospective tenants. Failure of tenant to allow access for the above shall be a substantial violation of lease and grounds for eviction. If tenant should not be home and Landlord requires entry to the apartment, permission for the Landlord and his agents is hereby granted and Landlord shall have no liability to the Tenant other than for acts of theft by Landlord.

12. **Assignment and sublease** Tenant may not assign all or part of this Lease or sublet all or part of the Apartment or permit any other to use the Apartment. If Tenant does, Landlord may cancel the Lease as stated in the Tenant's Default section. State law may permit Tenant to sublet under certain conditions. Tenant must get Landlord's written permission each time Tenant wants to assign or sublet. Permission to assign or sublet is good only for that assignment or sublease. Tenant remains bound to the terms of this lease after an assignment or sublet is permitted, even if Landlord accepts money from the assignee or subtenant. The amount accepted will be credited toward money due from Tenant, as Landlord shall determine. The assignee or subtenant does not become Landlord's tenant. Tenant is responsible for acts and neglect of any person in the Apartment.

13. **Condemnation** If all of the Apartment or Building is taken or condemned by a legal authority, the Term, and Tenant's rights shall end as of the date the authority takes title to the Apartment or Building. If any of the Apartment or Building is taken, Landlord may cancel this Lease on notice to Tenant. The notice shall set a cancellation date not less than 30 days from the date of the notice. If the Lease is canceled, Tenant must deliver the Apartment to the Landlord on the cancellation date together with all rent due to that date. The entire award for any taking belongs to Landlord. Tenant assigns to Landlord any interest Tenant may have to any part of the award. Tenant shall make no claim for the value to the remaining part of the Term.

14. **Tenant's duty to obey laws and regulations** Tenant must, at Tenant's expense, promptly comply with all laws, orders, rules, requests, and directions, of all governmental authorities, Landlord's insurers, Board of Fire Underwriters, or similar groups. Notices received by Tenant from any authority or group must be promptly delivered to Landlord. Tenant may not do anything which may increase Landlord's insurance premiums. If Tenant does, Tenant must pay the increase in premium as added rent.

15. **Tenant's default** A. Landlord must give Tenant notice of default stating the type of default. The following are defaults and must be cured by Tenant within the time stated:

- I. Failure to pay rent or added rent on time, 3 days.
 - II. Issuance of a court order under which the Apartment may be taken by another party, 10 days.
 - III. Improper conduct by Tenant annoying other tenants, 10 days.
 - IV. Failure to comply with any other term or Rule in the Lease, 10 days.
- If Tenant fails to cure the default in the time stated, Landlord may cancel the Lease by giving Tenant a cancellation notice. The cancellation notice will state the date the Term will end which may be no less than 10 days after the date of the notice. On the cancellation date in the notice the Term of this Lease shall end. Tenant must leave the Apartment and give Landlord the keys on or before

the cancellation date. Tenant continues to be responsible as stated in this Lease. If the default can not be cured in the time stated, Tenant must begin to cure within that time and continue diligently until cured.

If (1) Tenant's application for the Apartment contains any material misstatement of fact, (2) Tenant maintains a nuisance, or (3) Tenant vacates the Apartment, Landlord may cancel this Lease. Cancellation shall be by cancellation notice as stated in Section 15A.

If (1) the Lease is canceled; or (2) rent or added rent is not paid on time; or (3) Tenant vacates the Apartment, Landlord may, in addition to other remedies, take any of the following steps: (a) peacefully enter the Apartment and remove Tenant and any person or property, and (b) use eviction or other lawsuit method to take back the Apartment.

If this Lease is canceled, or Landlord takes back the Apartment, the following takes place:

- 1) Rent and added rent for the unexpired Term is due and payable.
- 2) Landlord may relet the Apartment and anything in it. The reletting may be for any term. Landlord may charge any rent or no rent and give allowances to the new tenant. Landlord may, at Tenant's expense, do any work Landlord reasonably feels needed to put the Apartment in good repair and prepare it for renting. Tenant stays liable and is not released except as provided by law.
- 3) From time to time Landlord may bring actions for damages. Delay or failure to bring an action shall not be a waiver of Landlord's rights. Tenant is not entitled to any excess of rents collected over the rent paid by Tenant to Landlord under this Lease.
- 4) If Landlord relets the Apartment combined with other space an adjustment will be made based on square feet. Money received by Landlord from the next tenant other than the monthly rent, shall not be considered as part of the rent paid to Landlord. Landlord is entitled to all of it. If Landlord relets the Apartment the act that all or part of the next tenant's rent is not collected does not affect Landlord's liability. Landlord has no duty to collect the next tenant's rent.

If Landlord takes possession of the Apartment by Court order, or under the lease, Tenant has no right to return to the Apartment.

6. Jury trial and counterclaims Landlord and Tenant agree not to use their right to a Trial by Jury in any action or proceeding brought by either, against the other, for any matter concerning this Lease or the Apartment. This does not include actions for personal injury or property damage. Tenant gives up any right to bring a counterclaim or set-off in any action or proceeding by Landlord against Tenant on any matter directly or indirectly related to this Lease or Apartment. Unless otherwise herein specifically stated, there shall be no attorneys fees collectible by either party as against the other.

7. No waiver, illegality Landlord's acceptance of rent or failure to enforce any term in this Lease is not a waiver of any of Landlord's rights. If a term in this Lease is illegal, the rest of this lease remains in full force.

8. Insolvency If (1) Tenant assigns property for the benefit of creditors, or (2) a non-bankruptcy trustee or receiver of Tenant or Tenant's property is appointed, Landlord may give Tenant 30 days notice of cancellation of the Term of this Lease. If any of the above is not fully dismissed within the 30 days, the term shall end on the date stated in the notice. Tenant must continue to pay rent, damages, losses and expenses without offset. If Tenant files a voluntary bankruptcy petition or an involuntary bankruptcy petition is filed against Tenant, Landlord may not end this lease.

9. Rules Tenant must comply with the following rules. Notice of new rules will be given to Tenant. Landlord need not enforce rules against other Tenants. Landlord is not liable to Tenant if another Tenant violates these rules. Tenant receives no rights under these rules:

- 1) The comfort or rights of other Tenants must not be interfered with. This means that annoying sounds, smells and lights are not allowed.
- 2) No one is allowed on the roof. Nothing may be placed on or attached to fire escapes, sills, windows or exterior walls of the Apartment or in the hallways or public areas.
- 3) Smoking is not permitted in elevators. Messengers and trade people must only use service elevators and service entrances.
- 4) Tenant must give to Landlord keys to all locks.
- 5) At least 80% of the apartment floors must be covered by carpets or rugs. No waterbeds allowed in Apartments.
- 6) Dogs, cats or other pets are not allowed in the Apartment or Building.
- 7) Garbage disposal rules must be followed. Wash lines, vents and plumbing fixtures must be used for their intended purpose.
- 8) Laundry machines in laundry room, if any, are used at Tenant's risk and cost. Instructions must be followed.
- 9) Moving furniture, fixtures or equipment must be scheduled with Landlord. Tenant must not send Landlord's employees on errands.
- 10) Wrongly parked cars may be removed without notice at Tenant's cost.
- 11) Tenant must not allow the cleaning of the windows or other part of the Apartment or Building from the outside.

10. Landlord unable to perform If due to labor trouble, government order, lack of supply, Tenant's act or neglect, or any other cause not fully within Landlord's reasonable control, Landlord is delayed or unable to (a) carry out any of Landlord's promises or agreements, (b) supply any service required to be applied, (c) make any required repair or change in the Apartment or Building, or (d) supply any equipment or appliances Landlord is required to supply, this Lease shall not be ended or Tenant's obligations affected.

11. End of term At the end of the Term, Tenant must leave the Apartment clean and in good condition, subject to ordinary wear and tear; remove all of Tenant's property and all Tenant's installations and decorations; repair all damages to the Apartment and Building caused by moving; and restore the Apartment to its condition at the beginning of the Term. If the last day of the Term is on a Saturday, Sunday or State or Federal holiday the Term shall end on the prior business day.

12. Space "as is" Tenant has inspected the Apartment and Building. Tenant states they are in good order and repair and takes the Apartment "as is" except for latent defects.

13. Landlord's warranty of habitability Landlord states that the Apartment and Building are fit for human living and there is no condition dangerous to health, life or safety.

14. Landlord's consent If Tenant requires Landlord's consent of any act and such consent is not given, Tenant's only right is to ask the Court for a declaratory judgment to force Landlord to give consent. Tenant agrees not to make any claim against Landlord for money or subtract any sum from the rent because such consent was not given.

15. Limit of recovery Tenant is limited to Landlord's interest in the Building for payment of judgment or other court remedy against Landlord.

16. Lease binding on This Lease is binding on Landlord, Tenant and their heirs, distributees, executors, administrators, successors and assigns.

17. Landlord Landlord means the owner (Building or Apartment), lessee of the Building, or a lender in possession. Landlord's obligations end when Landlord's interest in the Building or Apartment is transferred. Any acts Landlord may do may be done by Landlord's agents or employees.

18. Paragraph headings Paragraph headings are for convenience only.

19. Rent regulations This section applies if the Apartment is subject to the NYC Rent Stabilization Law and Code or the Emergency Tenant Protection Act.

(1) Landlord may have proper cause to apply to the Division of Housing and Community Renewal (DHCR) for assistance. If Landlord does apply and is found to be entitled to an increase in rent or other aid, the Landlord and Tenant agree:

- (a) To be bound by the determination of the DHCR.
 - (b) Tenant will pay any rent increase in the manner set by DHCR.
 - (c) Despite anything contained in Paragraphs 1a and b, it is agreed in the event that an order is issued increasing the stabilization rent because of Landlord hardship, the Tenant may, within 30 days of receipt of a copy of the DHCR order, cancel this Lease on 60 days written notice to the Landlord. During the period prior to vacating, the canceling Tenant may continue in occupancy at no increase in rent.
- (2) The rent for in this Lease may be increased or decreased retroactively to the commencement of the Lease to conform to the lawful Rent Guidelines or any changes in the Guidelines which apply to this Lease as issued by the NYC Rent Guidelines Board or appropriate county rent guidelines board. Landlord may also be entitled to an MCI increase in rent due to it filing an application with the DHCR for such an increase. Any increase granted by the DHCR will be billed retroactively to the start date of this lease.
- (3) This lease and all riders shall continue in full force and effect, and except as modified above, shall in no way be affected by this section.

30. Subordination This lease and Tenant's rights are subject and subordinate to all present and future, now in effect or made after this lease is signed, (a) ground and development leases, (b) mortgages and deeds of trust, (c) agreements and other documents securing money paid or to be paid to a lender, beneficiary or ground lessor, and encumbering the real property of which the demised premises is a part, and to any amendment, modification, replacement, extension, renewal, consolidation and/or assignment of same, and to the lien of same. This clause shall be and is self-operative, and no further instrument of subordination is required for this subordination to be effective. Notwithstanding the foregoing, in confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver to Landlord, within fifteen (15) days of request, any certificates or agreements that Landlord requests, from time to time, to evidence that this lease is so subject and subordinate. Tenant authorizes Landlord to sign these certificates or agreements for, and as the act and deed of, Tenant.

31. Military Service (a) Tenant(s) represent to landlord/lessors and their assigns that they are not in the U.S. military service nor are they dependent upon any person that is in the U.S. military service.

(b) (i) During tenants occupancy of the premises if they enter the U.S. military service or become dependant upon any person that is in the U.S. military service they will immediately notify the landlord/lessors or their assigns in writing by certified mail return receipt requested.

(ii) The above representation as contained in sub a) and the obligation of tenant to notify landlord/lessors or their assigns is of the essence of this lease and their occupancy of the premises.

(c) Tenants further represent that they have read this provision of the lease, that they fully understand its contents and that they will immediately comply with the written notification provision if the facts so require.

32. Representations, changes in Lease Tenant has read this Lease and acknowledges receipt of the Lease, the lead paint rider booklet - Protect Your Family From Lead in Your Home, Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards, Window Guard Notice & the Rent Stabilization Lease Rider For Apartment House Tenants Residing in New York City. All promises made by the Landlord are in this Lease. There are no other. This Lease may be changed only by an agreement in writing signed by and delivered to each party. Tenant is not in the U.S. Military nor dependent on someone who is.

33. Agreements Should the tenant install an air conditioner in their window, they MUST install brackets underneath the air conditioner. Should the tenant fail to do so, the lease becomes null and void. Furthermore, if the landlord commences legal action for the compliance of this provision of the lease, the tenant shall be liable for all cost involved in the commencement and litigation of this law suit. There are no time limitations for the commencement of legal action or notification of failure to comply with the provisions of this lease.

34. Insurance The buildings insurance covers the building itself, however your property isn't covered under the buildings insurance policy. You are required to purchase your own insurance to cover any damage or theft to your personal property. The landlord is NOT responsible for personal property under any circumstances.

35. Tenant Stoppel Certificate. Tenant, at any time, and from time to time, upon ten (10) days' notice by Landlord, shall execute, acknowledge and deliver to Landlord, and/or to any other person, firm, or corporation specified by Landlord, a statement certifying that this lease is unmodified and in full force and effect (or if there have been modifications, that same is in full force and effect as modified and stating the modifications), and stating (a) the amount of rent and the dates to which the rent and additional rent, if any, have been paid, (b) the rent security paid by Tenant and not applied, (c) confirming that all Landlord's obligations under this lease have been performed, (d) that Tenant has no right or option to buy the demised premises or the premises of which it is a part, or any right of first refusal for same, and (e) that there exists no default by Landlord under this lease, or if so, specifying each such default.

36. Conditional Limitation Any sublease or license permitting a person or persons not named in your lease to reside in your apartment shall be construed in the broadest sense as a substantial conditional limitation violation and breach of your lease which cannot be cured

37. Sprinkler Please take notice pursuant to Section 23-1a of the New York Real Property Law, the apartment you are leasing does NOT contain a maintained and operative sprinkler system



State of New York
Division of Housing and Community Renewal
Office of Rent Administration
Gertz Plaza
92-31 Union Hall Street
Jamaica, New York 11433
Web Site: www.nyshcr.org
Email address: rentinfo@nyshcr.org
Revision Date: February 2018

New York City LEASE Rider For Rent Stabilized Tenants

**FAILURE BY AN OWNER TO ATTACH A COPY OF THIS RIDER TO THE TENANT'S
LEASE WITHOUT CAUSE MAY RESULT IN A FINE OR OTHER SANCTIONS**

NOTICE

This Rider, with this Notice, must be attached to all vacancy and renewal leases for rent stabilized apartments. This Rider was prepared pursuant to Section 26-511(d) of the New York City Rent Stabilization Law.

This Rider must be in a print size larger than the print size of the lease to which the Rider is attached. The following language must appear in bold print upon the face of each lease : **"ATTACHED RIDER SETS FORTH RIGHTS AND OBLIGATIONS OF TENANTS AND LANDLORDS UNDER THE RENT STABILIZATION LAW."**

Section 1 & 2 (as contained on pages 2 &3)
are deleted as not applicable

INTRODUCTION:

This Rider is issued by the New York State Division of Housing and Community Renewal ("DHCR"), pursuant to the Rent Stabilization Law ("RSL"), and Rent Stabilization Code ("RSC"). It generally informs tenants and owners about their basic rights and responsibilities under the RSL.

This Rider does not contain every rule applicable to rent stabilized apartments. It is only informational and its provisions are not part of and do not modify the lease. However, it must be attached as an addendum to the lease. It does not otherwise replace or modify more exact or complete sections of the RSL, the RSC, any order of DHCR, or any order of the New York City Rent Guidelines Board that govern this tenancy. The owner must comply with all applicable state, federal and local fair housing laws and nondiscrimination requirements.

The Appendix lists organizations which can provide assistance to tenants and owners who have inquiries, complaints or requests relating to subjects covered in this Rider.

Tenants should keep a copy of this Rider and of any lease they sign.

1. GUIDELINES INCREASES FOR RENEWAL LEASES

The owner is entitled to increase the rent when a tenant renews a lease ("renewal lease"). Each year, effective October 1, the New York City Rent Guidelines Board sets the percentage of maximum permissible increase over the immediately preceding September 30th rent for leases which will begin during the year for which the guidelines order is in effect. The date a lease starts determines which guidelines order applies.

Guidelines orders provide increases for Renewal Leases. The renewing tenant has the choice of the length of the lease. Different percentages are set for rent increases for leases of 1 or 2 years. The guidelines order may incorporate additional provisions, such as a supplementary low-rent adjustment. For additional information see DHCR Fact Sheet #26.

2. VACANCY INCREASES FOR VACANCY LEASES

The owner is entitled to increase the previous legal regulated rent when a new tenant enters into a lease ("vacancy lease"). The legal regulated rent immediately preceding the vacancy may be increased by statutory vacancy increases as follows:

If the vacancy lease is for a term of 2 years, 20% of the previous legal regulated rent; or if the vacancy lease is for a term of 1 year, the increase shall be 20% of the previous legal regulated rent less an amount equal to the difference between:

- a) The 2 year renewal lease guideline promulgated by the New York City Rent Guidelines Board ("RGB") applied to the prior legal regulated rent and
- b) The 1 year renewal lease guideline promulgated by the RGB applied to the prior legal regulated rent.

The Rent Act of 2015 modified the vacancy allowance that an owner can add to the legal regulated rent when the vacating tenant was paying a preferential rent. If a vacating tenant was paying a preferential rent, the vacancy lease rent increase that can be applied to the vacating tenant's legal rent will be limited to 5% if the last vacancy lease commenced less than two years ago, 10% if less than three years ago, 15% if less than four years ago and 20% if four or more years ago.

Additional increases are available to owners where the legal regulated rent was last increased by a vacancy allowance eight or more years prior to the entering into the subject vacancy lease or if no vacancy allowance has been taken, the number of years that the apartment has been subject to stabilization. Generally, this increase equals 0.6%, multiplied by the prior legal regulated rent, multiplied by the number of years since the last vacancy increase.

If the prior legal regulated rent was less than \$300, the total vacancy increase shall be as calculated above, plus an additional \$100. If the prior legal regulated rent was at least \$300, and no more than \$500, in no event shall the total vacancy increase be less than \$100.

A RGB order may authorize an additional vacancy "allowance," which is separate from the statutory vacancy increase which an owner may charge. The tenant has the choice of whether the vacancy lease will be for a term of 1 or 2 years. For additional information, see DHCR Fact Sheets #5 and 26.

Pursuant to the Rent Act of 2011, effective June 24, 2011, owners can charge and collect no more than one (1) vacancy lease rent increase in a calendar year (January 1st through December 31st).

3. SECURITY DEPOSITS

An owner may collect a security deposit no greater than one month's rent. However, if the present tenant moved into the apartment prior to the date the apartment first became rent stabilized, and the owner collected more than one month's rent as security, the owner may continue to retain a security deposit of up to two months' rent for that tenant only. When the rent is increased, the owner may charge an additional amount to bring the security deposit up to the full amount of the increased rent to which the owner is entitled.

A security deposit must be deposited in an interest bearing trust account in a banking organization in New York State. The tenant has the option of applying the interest to the rent, leaving the interest in the bank or receiving the interest annually. For additional information see DHCR Fact Sheet #9.

4. OTHER RENT INCREASES

In addition to guidelines and statutory vacancy increases, the rent may be permanently increased based upon the following:

- (A) **Individual Apartment Improvements (“IAI”)** - Where an owner installs a new appliance in, or makes an improvement to an apartment, the owner may be entitled to increase the rent of that apartment for the new appliance or improvement. If an apartment has a tenant in occupancy, the owner can only receive a rent increase for the individual apartment improvement if the tenant consents in writing to pay an increase for the improvement (s). However, if the apartment is vacant, tenant consent is not required.

Pursuant to the Rent Act of 2011, effective September 24, 2011, in buildings that contain more than 35 apartments, the owner can collect a permanent rent increase equal to 1/60th of the cost of the Individual Apartment Improvement (IAI). In buildings that contain 35 apartments or less, the owner can collect a permanent rent increase equal to 1/40th of the cost of the IAI, as had previously been allowed.

For example, if a new dishwasher is installed in a vacant apartment, in a 100-unit building, and the cost is \$900, the rent can be increased by \$15 (1/60th of \$900). The same installation in a 20-unit building would result in a \$22.50 rent increase (1/40th of \$900). The increase, if taking place on a vacancy, is added to the legal rent after the application of the statutory vacancy increase, not before. (See Fact Sheet # 12 for additional information.)

The Rent Code Amendments of 2014 require that the DHCR Lease Rider offered to vacancy lease tenants contain notification to the tenant of the right to request from the owner by certified mail Individual Apartment Improvements (IAI’s) supporting documentation at the time the lease is offered or within 60 days of the execution of the lease. The owner shall provide such documentation within 30 days of that request in person or by certified mail. A tenant who is not provided with that documentation upon demand may file form RA-90 “Tenant’s Complaint of Owner’s Failure to Renew Lease and/or Failure to Furnish a copy of a Signed Lease” to receive a DHCR Order that directs the furnishing of the IAI supporting documentation. (Refer to Rider Section 1, Individual Apartment Improvements.)

- (B) **Major Capital Improvements (“MCI”)** - An owner is permitted a rental increase for building-wide major capital improvements, such as the replacement of a boiler, or new plumbing. The owner must receive approval from DHCR. The Rent Act of 2015 requires DHCR to compute the rent increase based upon an eight-year period of amortization for buildings with 35 or fewer apartments and a nine-year period for buildings with more than 35 apartments. The owner is not required to obtain tenant consent. Tenants are served with a notice of the owner’s application and have a right to challenge the MCI application on certain grounds. For additional information see DHCR Fact Sheet #24.
- (C) **Hardship** - An owner may apply to increase the rents of all rent stabilized apartments based on hardship when:
1. the rents are not sufficient to enable the owner to maintain approximately the same average annual net income for a current three-year period as compared with the annual net income which prevailed on the average over the period 1968 through 1970, or for the first three years of operation if the building was completed since 1968, or for the first three years the owner owned the building if the owner cannot obtain records for the years 1968-1970; or
 2. where the annual gross rental income does not exceed the annual operating expenses by a sum equal to at least 5% of such gross income.

If an application for a rent increase based on a major capital improvement or hardship is granted, the owner may charge the increase during the term of an existing lease only if the lease contains a clause specifically authorizing the owner to do so.

An increase based on a major capital improvement or hardship may not exceed 6% in any 12 month period. Any increase authorized by DHCR which exceeds these annual limitations may be collected in future years.

5. RENT REGISTRATION

(A) **Initial**

An owner must register an apartment’s rent and services with DHCR when the building first becomes subject to the RSL and in adherence to any related regulatory agreements and/or tax benefit programs.

(B) **Annual**

The annual registration must be filed with DHCR no earlier than April 1st of each year. At the time of such filing, the owner must provide each tenant with the tenant’s copy. The rental amounts registered annually are challengeable by the filing with DHCR of a “Tenant’s Complaint of Rent Overcharge and/or Excess Security Deposit” (DHCR Form RA-89). In general, the rental history that precedes the 4 year period prior to the filing of the complaint will not be examined. The Rent Code Amendments of 2014 do however, provide for certain exceptions, including histories involving preferential rents.

(C) **Penalties**

Failure to register shall bar an owner from applying for or collecting any rent increases until such registration has occurred, except for those rent increases which were allowable before the failure to register. However, treble damages will not be imposed against an owner who collects a rent increase, but has not registered where the overcharge results solely because of such owner’s failure to file a timely or proper initial or annual registration statement. Where the owner files a late registration statement, any rent increase collected prior to the late registration that would have been lawful except for the failure to timely and properly register will not be found to be an overcharge.

6. RENEWAL LEASES

A tenant has a right to a renewal lease, with certain exceptions (see provision 10 of this Rider, "When An Owner May Refuse To Renew A Lease").

At least 90 days and not more than 150 days before the expiration of a lease, the owner is required to notify the tenant in writing that the lease will soon expire. That notice must also offer the tenant the choice of a 1 or 2 year lease at the permissible guidelines increase. After receiving the notice, the tenant always has 60 days to accept the owner's offer, whether or not the offer is made within the above time period, or even beyond the expiration of the lease term.

Any renewal lease, except for the amount of rent and duration of its term, is required to be on the same terms and conditions as the expired lease, and a fully executed copy of the same must be provided to the tenant within 30 days from the owner's receipt of the renewal lease or renewal form signed by the tenant. If the owner does not return a copy of such fully executed Renewal Lease Form to the tenant within 30 days of receiving the signed renewal lease from the tenant, the tenant is responsible for payment of the new lease rent and may file a "Tenant's Complaint of Owner's Failure to Renew Lease and/or Failure to Furnish a Copy of a Signed Lease" (DHCR Form RA-90). DHCR shall order the owner to furnish the copy of the renewal lease or form. If the owner does not comply within 20 days of such order, the owner shall not be entitled to collect a rent guidelines increase until the lease or form is provided.

It is illegal for an owner to require a rent stabilized tenant to provide immigration status information or a Social Security number as a condition to renewing the lease. (For additional information on the rights of foreign-born tenants see DHCR Fact Sheet #45.)

If a tenant wishes to remain in occupancy beyond the expiration of the lease, the tenant may not refuse to sign a proper renewal lease. If the tenant does refuse to sign a proper renewal lease, he or she may be subject to an eviction proceeding.

An owner may add to a renewal lease the following clauses even if such clauses were not included in the tenant's prior lease:

- (A) the rent may be adjusted by the owner on the basis of Rent Guidelines Board or DHCR Orders;
- (B) if the owner or the lease grants permission to sublet or assign, the owner may charge a sublet allowance for a sub-tenant or assignee, provided the prime lease is a renewal lease. However, this sublet allowance may be charged even if such clause is not added to the renewal lease. (Subletting is discussed in provision 9 of this Rider);
- (C) (1) if the building in which the apartment is located is receiving tax benefits pursuant to Section 421-a of the Real Property Tax Law, a clause may be added providing for an annual or other periodic rent increase over the initial rent at an average rate of not more than 2.2 % of the amount of such initial rent per annum not to exceed nine 2.2 percent increases. Such charge shall not become part of the legal regulated rent; however, the cumulative 2.2 percent increases charged prior to the termination of tax benefits may continue to be collected as a separate charge;

(2) provisions for rent increases if authorized under Section 423 of the Real Property Tax Law: a clause may be added to provide for an annual or other periodic rent increase over the legal regulated rent if authorized by Section 423 of the Real Property Tax Law;
- (D) if the Attorney General, pursuant to Section 352-eeee of the General Business Law, has accepted for filing an Eviction Plan to convert the building to cooperative or condominium ownership, a clause may be added providing that the lease may be cancelled upon expiration of a 3-year period after the Plan is declared effective. (The owner must give the tenant at least 90 days notice that the 3-year period has expired or will be expiring.)
- (E) if a proceeding based on an Owner's Petition for Decontrol ("OPD") is pending, a clause may be added providing that the lease will no longer be in effect as of 60 days from the issuance of a DHCR Decontrol Order, or if a Petition for Administrative Review ("PAR") is filed against such order, 60 days from the issuance of a DHCR order dismissing or denying the PAR, (see provision 17 of this Rider, "Renewal Leases Offered During Pendency of High Income Deregulation Proceedings").

7. RENEWAL LEASE SUCCESSION RIGHTS

In the event that the tenant has permanently vacated the apartment at the time of the renewal lease offer, family members who have lived with the tenant in the apartment as a primary residence for at least two years immediately prior to such permanent vacating (one year for family members who are senior citizens and disabled persons), or from the inception of the tenancy or commencement of the relationship, if for less than such periods, are entitled to a renewal lease.

"Family Member" includes the spouse, son, daughter, stepson, stepdaughter, father, mother, stepfather, stepmother, brother, sister, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law or daughter-in-law of the tenant.

"Family member" may also include any other person living with the tenant in the apartment as a primary residence who can prove emotional and financial commitment and interdependence between such person and the tenant. Examples of evidence which is considered in determining whether such emotional and financial commitment and interdependence existed are set forth in the Rent Stabilization Code. Renewal lease succession rights are also discussed in detail in DHCR Fact Sheet #30.

8. SERVICES

Written notification to the owner or managing agent should be given but is **NOT** required, before filing a decrease in service complaint with DHCR. Owners who have not received prior written notification from the tenant will however, be given additional time to respond to a complaint filed with DHCR. Applications based on a lack of heat or hot water must be accompanied by a report from the appropriate city agency.

All Emergency conditions, do not require prior written notification. These include but are not limited to: vacant order (5 day notification), fire (5 day notification), no water apartment wide, no operable toilet, collapsed or collapsing ceiling or walls, collapsing floor, no heat/hot water apartment wide (violation required), broken or inoperative apartment front door lock, all elevators inoperative, no electricity apartment wide, window to fire escape (does not open), water leak (cascading water, soaking electrical fixtures), window-glass broken (not cracked), broken/unusable fire escapes, air conditioner broken (summer season). Complaints to DHCR on the appropriate DHCR form that cite any of these emergency conditions will be treated as a first priority and will be processed as quickly as possible. **It is recommended that tenants use a separate DHCR form for any problematic conditions that are not on this emergency condition list.**

Certain conditions, examples of which are set forth in the Rent Stabilization Code, which have only a minimal impact on tenants, do not affect the use and enjoyment of the premises, and may exist despite regular maintenance of services. These conditions do not rise to the level of a failure to maintain required services. The passage of time during which a disputed service was not provided without complaint may be considered in determining whether a condition is de minimis. For this purpose, the passage of 4 years or more will be considered presumptive evidence that the condition is de minimis.

The amount of any rent reduction ordered by DHCR shall be reduced by any credit, abatement or offset in rent which the tenant has received pursuant to Sec. 235-b of the Real Property Law ("Warranty of Habitability") that relates to one or more conditions covered by the DHCR Order. For additional information see DHCR Fact Sheets #3, #14 and #37.

9. SUBLETTING AND ASSIGNMENT

A tenant has the right to sublet his/her apartment, even if subletting is prohibited in the lease, provided that the tenant complies strictly with the provisions of Real Property Law Section 226-b. Tenants who do not comply with these requirements may be subject to eviction proceedings. Compliance with Section 226-b is not determined by DHCR, but by a court of competent jurisdiction. If a tenant in occupancy under a renewal lease sublets his/her apartment, the owner may charge the tenant, the sublet allowance provided by the NYC Rent Guidelines Board. This charge may be passed on to the sub-tenant. However, upon termination of the sublease, the Legal Regulated Rent shall revert to the Legal Regulated Rent without the sublet allowance. The rent increase is the allowance provided by the NYC Rent Guidelines Board available when the tenant's renewal lease commenced, and it takes effect when the subletting takes place. If a tenant in occupancy under a vacancy lease sublets, the owner is not entitled to any rent increase during the subletting.

A tenant who sublets his/her apartment is entitled to charge the sub-tenant the rent permitted under the Rent Stabilization Law, and may charge a 10% surcharge payable to the tenant only if the apartment sublet is fully furnished with the tenant's furniture. Where the tenant charges the sub-tenant any additional rent above such surcharge and sublet allowance, if applicable, the tenant shall be required to pay to the sub-tenant a penalty of three times the rent overcharge, and may also be required to pay interest and attorney's fees. The tenant may also be subject to an eviction proceeding.

Assignment of Leases

In an assignment, a tenant transfers the entire remainder of his or her lease to another person (the assignee), and gives up all of his/her rights to reoccupy the apartment.

Pursuant to the provisions of Real Property Law Section 226-b, a tenant may not assign his/her lease without the written consent of the owner, unless the lease expressly provides otherwise. If the owner consents to the assignment of the lease, the owner may charge the assignee, a vacancy allowance, the rent the owner could have charged had the renewal lease been a vacancy lease. Such vacancy allowance shall remain part of the Legal Regulated Rent for any subsequent renewal lease. The rent increase is the vacancy allowance available when the tenant's renewal lease commenced and it takes effect when the assignment takes place.

An owner is not required to have reasonable grounds to refuse to consent to the assignment. However, if the owner unreasonably refuses consent, the owner must release the tenant from the remainder of the lease, if the tenant, upon 30 days notice to the owner, requests to be released.

If the owner refuses to consent to an assignment and does have reasonable grounds for withholding consent, the tenant cannot assign and the owner is not required to release the tenant from the lease. For additional information see, DHCR Fact Sheet #7.

10. WHEN AN OWNER MAY REFUSE TO RENEW A LEASE

As long as a tenant pays the lawful rent to which the owner is entitled, the tenant, except for the specific grounds in the Rent Stabilization Law and Rent Stabilization Code, is entitled to remain in the apartment. An owner may not harass a tenant by engaging in an intentional course of conduct intended to make the tenant move from his/her apartment.

Below are listed some but not all grounds for eviction:

Without DHCR consent, the owner may refuse to renew a lease and bring an eviction action in Civil Court at the expiration of the lease on any of the following grounds:

(A) the tenant refuses to sign a proper renewal lease offered by the owner;

- (B) the owner seeks the apartment in good faith for personal use or for the personal use of members of the owner's immediate family;
- (C) the building is owned by a hospital, convent, monastery, asylum, public institution, college, school, dormitory or any institution operated exclusively for charitable or educational purposes and the institution requires the apartment for residential or nonresidential use pursuant to its charitable or educational purposes; or
- (D) the tenant does not occupy the apartment as his or her primary residence. The owner must notify the tenant in writing at least 90 and not more than 150 days prior to the expiration of the lease term of the owner's intention not to renew the lease.

With DHCR consent, the owner may refuse to renew a lease upon any of the following grounds:

- (A) the owner seeks in good faith to recover possession of the apartment for the purpose of demolishing the building and constructing a new building; or
- (B) the owner requires the apartment or the land for the owner's own use in connection with a business which the owner owns and operates.

A tenant will be served with a copy of the owner's application and has a right to object. If the owner's application is granted, the owner may bring an eviction action in Civil Court.

11. EVICTION WHILE THE LEASE IS IN EFFECT

The owner may bring an action in Civil Court to evict a tenant during the term of the lease for the grounds stated in the Rent Stabilization Law and Rent Stabilization Code.

Below are listed some but not all grounds for eviction:

- (A) does not pay rent;
- (B) is violating a substantial obligation of the tenancy;
- (C) is committing or permitting a nuisance;
- (D) is illegally using or occupying the apartment;
- (E) has unreasonably refused the owner access to the apartment for the purpose of making necessary repairs or improvements required by law or authorized by DHCR, or for the purpose of inspection or showing. The tenant must be given at least 5 days notice of any such inspection or showing, to be arranged at the mutual convenience of the tenant and owner, so to enable the tenant to be present at the inspection or showing. A tenant cannot be required to permit access for inspection or showing if such requirement would be contrary to the lease; or
- (F) is occupying an apartment located in a cooperative or condominium pursuant to an Eviction Plan. (See subdivision (D) of provision 7 of this Rider, "Renewal Leases".) A non-purchasing tenant pursuant to a Non-Eviction Plan may not be evicted, except on the grounds set forth in (A) - (E) above.

Tenants are cautioned that causing violations of health, safety, or sanitation standards of housing maintenance laws, or permitting such violations by a member of the family or of the household or by a guest, may be the basis for a court action by the owner.

12. COOPERATIVE AND CONDOMINIUM CONVERSION

Tenants who do not purchase their apartments under a Non-Eviction Conversion Plan continue to be protected by Rent Stabilization. Conversions are regulated by the New York State Attorney General. Any cooperative or condominium conversion plan accepted for filing by the New York State Attorney General's Office will include specific information about tenant rights and protections. An informational booklet about the general subject of conversion is available from the New York State Attorney General's Office.

A Senior Citizen or a Disabled Person in a building which is being converted to cooperative or condominium ownership pursuant to an Eviction Plan is eligible for exemption from the requirement to purchase his/her apartment to remain in occupancy. This exemption is available to Senior Citizens, or to Disabled Persons with impairments expected to be permanent, which prevent them from engaging in any substantial employment. A Conversion Plan accepted for filing by the New York State Attorney General's Office must contain specific information regarding this exemption.

13. SENIOR CITIZENS AND DISABILITY RENT INCREASE EXEMPTION PROGRAM

Tenants or their spouses who are 62 years of age, or older, or are persons with a disability, and whose household income level does not exceed the established income level may qualify for an exemption from Guidelines rent increases, hardship rent increases, major capital improvement rent increases and rent reductions for DHCR approved electrical sub-metering conversions and High-Rent High-Income deregulation. This exemption will only be for a portion of the increase which causes the tenant's rent to exceed one-third of the "net" household income, and is not available for increases based on new services or equipment within the apartment. Questions concerning the Senior Citizen Rent Increase Exemption (SCRIE) program and the Disability Rent Increase Exemption (DRIE) program can be addressed to the New York City Department of Finance.

When a senior citizen or person with a disability is granted a rent increase exemption, the owner may obtain a real estate tax credit from New York City equal to the amount of the tenant's exemption. Notwithstanding any of the above, a senior citizen or person with a disability who receives a rent increase exemption is still required to pay a full month's rent as a security deposit. For additional information see DHCR Fact Sheet # 20 and # 21.

14. SPECIAL CASES AND EXCEPTIONS

Some special rules relating to stabilized rents and required services may apply to newly constructed buildings which receive tax abatement or exemption, and to buildings rehabilitated under certain New York City, New York State, or federal financing or mortgage insurance programs. The rules mentioned in this Rider do not necessarily apply to rent stabilized apartments located in hotels. A separate Hotel Rights Notice informing permanent hotel tenants and owners of their basic rights and responsibilities under the Rent Stabilization Law is available from DHCR.

15. HIGH INCOME RENT DEREGULATION

The Rent Act of 2015 modified the **Deregulation Rent Threshold (DRT)** for both High-Rent Vacancy Deregulation and High-Rent High-Income Deregulation. The DRT for both kinds of deregulation was increased to \$2,700 and will be increased on January 1, 2016 and each January 1st thereafter by the one year renewal lease guideline percentage issued the prior year by the rent guidelines board for the locality.

Upon the issuance of an Order by DHCR, apartments which: (1) are occupied by persons who have a total annual income in excess of \$200,000 per annum for each of the two preceding calendar years and (2) have a legal regulated rent at the DRT, shall no longer be subject to rent regulation ("High Income Rent Deregulation"). The Rent Stabilization Law permits an owner to file a Petition for High Income Rent Deregulation on an annual basis. As part of the process, the tenant will be required to identify all persons who occupy the apartment as their primary residence on other than a temporary basis, excluding bona fide employees of the tenant(s) and sub-tenants, and certify whether the total annual income was in excess of \$200,000 in each of the two preceding calendar years. If the tenant fails to provide the requested information to DHCR, an order of deregulation will be issued. If the tenant provides the requested information and certifies that the total annual income was not in excess of \$200,000, the NYS Department of Taxation and Finance will review whether the apartment is occupied by persons who have a total annual income in excess of \$200,000 in each of the two preceding calendar years. **Owners cannot serve the Income Certification Forms and/or Petition for High Income Rent Deregulation on an apartment where the tenant is the recipient of a Senior Citizen Rent Increase Exemption (SCRIE) or a Disability Rent Increase Exemption (DRIE).**

16. HIGH RENT VACANCY DEREGULATION

The Rent Act of 2015 modified the **Deregulation Rent Threshold (DRT)** for both High-Rent Vacancy Deregulation and High-Rent High-Income Deregulation. The DRT for both kinds of deregulation was increased to \$2,700 and will be increased on January 1, 2016 and each January 1st thereafter by the one year renewal lease guideline percentage issued the prior year by the rent guidelines board for the locality.

When a tenant moves into a vacant apartment and the rent has lawfully reached the Deregulation Rent Threshold, such apartment qualifies for permanent deregulation, and therefore for removal from all rent regulation.

Pursuant to the Rent Code Amendments of 2014, the first tenant of the apartment after it becomes deregulated is required to be served by the owner with a DHCR Notice (HRVD-N). The notice is required to contain the reason for deregulation, the last regulated rent and the calculation of the new rent that qualified for deregulation. In addition, the owner is required to serve the tenant with a copy of a registration statement filed with DHCR indicating the deregulated status and the last legal regulated rent.

17. RENEWAL LEASES OFFERED DURING PENDENCY OF HIGH INCOME DEREGULATION PROCEEDINGS

Where a High Income Deregulation Proceeding is pending before DHCR and the owner is required to offer a renewal lease to the tenant, a separate rider may be attached to and served with the Rent Stabilization Law "Renewal Lease Form" (RTP-8). If so, attached and served, it shall become part of and modify the Notice and Renewal Lease. The text of the rider is set forth below and may not be modified or altered without approval of DHCR.

NOTICE TO TENANT

Pursuant to Section 5-a of the Emergency Tenant Protection Act, or Section 26-504.3 of the Rent Stabilization Law, the owner has commenced a proceeding before DHCR for deregulation of your apartment by filing a Petition by Owner for High Income Rent Deregulation on _____, 20____.

(Date)

That proceeding is now pending before DHCR. If DHCR grants the petition for deregulation, this renewal lease shall be cancelled and shall terminate after 60 days from the date of issuance of an order granting such petition. In the event that you file a Petition for Administrative Review (PAR) the order of deregulation, or if you have already filed such PAR and it is pending before DHCR at the time you receive this Notice, and the PAR is subsequently dismissed or denied, this renewal lease shall be cancelled and shall terminate after 60 days from the issuance by DHCR of an order dismissing or denying the PAR.

Upon such termination of this renewal lease, the liability of the parties for the further performance of the terms, covenants and conditions of this renewal lease shall immediately cease.

18. AIR CONDITIONER SURCHARGES

Owners are authorized to collect surcharges from rent stabilized tenants for the use of air conditioners. DHCR issues an annual update to an Operational Bulletin in which the lawful surcharges are established for the year. One surcharge amount is established for tenants in buildings where electricity is included in the rent. Another surcharge is established for tenants who pay for their own electricity. Such surcharges shall not become part of the legal regulated rent. (See Operational Bulletin 84-4 and Fact Sheet # 27).

19. SURCHARGES FOR TENANT INSTALLED WASHING MACHINES, DRYERS AND DISHWASHERS

Unless a lease provides otherwise, owners are not required to allow tenants to install washing machines, dryers or dishwashers. Where a tenant requests permission from the owner to install such appliance or appliances, whether permanently installed or portable, and the owner consents, the owner may collect a surcharge or surcharges. DHCR issues periodic updates to an Operational Bulletin that sets forth surcharges for washing machines, dryers and dishwashers. One set of surcharges is established for tenants in buildings where electricity is included in the rent. Another set of surcharges is established for tenants who pay their own electricity. Such surcharges shall not become part of the rent. (See Operational Bulletin 2005-1).

20. PREFERENTIAL RENT

A preferential rent is a rent which an owner agrees to charge that is lower than the legal regulated rent that the owner could lawfully collect. The legal regulated rent is required to be written into the vacancy lease and all subsequent renewal leases. The terms of the lease may affect the owner's right to terminate a preferential rent. If the lease agreement contains a clause that the preferential rent shall continue for the term of the tenancy, not just the specific lease term, then the preferential rent cannot be terminated for that tenancy. The preferential rent continues to be the basis for future rent increases. However, if the lease is silent and did not contain a clause that clarified whether the preferential rent was for the "term of the lease" or "the entire term of the tenancy", then the owner may terminate the preferential rent at the time of the lease renewal. Ordinarily, the rental history preceding the 4 year period to the filing of an overcharge complaint will not be examined. However, the Rent Code Amendments of 2014 do provide that when an owner claims that the rent being charged is "preferential", DHCR will examine the lease and rent history immediately preceding such preferential rent, even if it is before 4 years, to assure that the higher "legal" rent is correctly calculated and lawful. (See Fact Sheet # 40.)

The Rent Act of 2015 modified the vacancy allowance that an owner can add to the legal regulated rent when the vacating tenant was paying a preferential rent. If a vacating tenant was paying a preferential rent, the vacancy lease rent increase that can be applied to the vacating tenant's legal rent will be limited to 5% if the last vacancy lease commenced less than two years ago, 10% if less than three years ago, 15% if less than four years ago and 20% if four or more years ago.

21. LANGUAGE ACCESS

Copies of the Rider are available for informational purposes only, in languages required by DHCR's Language Access Plan and can be viewed at www.nyshcr.org. However, the Rider is required to be offered and executed in English only, at the issuance of a vacancy lease or renewal lease. The DHCR RTP-8 Renewal Lease Form is also required to be offered and executed in English only.

Copias de la Cláusula están disponibles con fines informativos en los idiomas requeridos por el Plan de Acceso Lingüístico de la DHCR y se pueden ver en www.nyshcr.org. Sin embargo, se requiere que la Cláusula se ofrezca y ejecute en inglés solamente, en la emisión de un contrato de arrendamiento por desocupación o contrato de renovación de arrendamiento. El Formulario del Contrato de Renovación de Arrendamiento RTP-8 de la DHCR también se debe ofrecer y ejecutar en inglés solamente.

Kopi Dokiman Siplemané a disponib pou bay enfòmasyon sèlman, nan lang ki obligatwa dapre Plan Aksè nan Lang DHCR epi ou kapab wè yo sou sitwèb www.nyshcr.org. Men, yo fèt pou bay ak egzekite Dokiman Siplemané a nan lang Anglè sèlman, lè y ap bay yon nouvo kontra lwaye oswa yon renouvèlman kontra lwaye. Pwopriyete kayla gen obligasyon tou pou bay ak egzekite Fòm Renouvèlman Kontra Lwaye DHCR RTP-8 nan lang Anglè sèlman.

Copie della postilla sono disponibili per finalità esclusivamente informative nelle lingue previste dal Piano di assistenza linguistica (Language Access Plan) del DHCR e sono consultabili sul sito www.nyshcr.org. La postilla, tuttavia, va presentata e resa esecutiva solo in lingua inglese, alla stipula di un contratto di locazione di immobile libero o di rinnovo. Anche il modulo del contratto di rinnovo RTP-8 del DHCR va presentato e perfezionato solo in lingua inglese.

附加條款副本僅供參考，其語言格式以 DHCR 「語言服務計畫」之規定為準，且可於 www.nyshcr.org 查看。不過，於交付空房租約或續期租約時，本附加條款之版本與履行效力仍以英文版為主。房東亦須提其英文版的「DHCR RTP-8 續期租約表」，且履行效力同樣以英文版為主。

본 특약서의 사본은 DHCR의 언어 액세스 계획(Language Access Plan)에서 요구하는 언어로 정보 제공의 목적으로만 제공되며, www.nyshcr.org에서 볼 수 있습니다. 하지만 본 특약서는 공실 임대 계약서 또는 갱신 임대 계약서 발행 시에는 영어로만 제공 및 작성해야 합니다. DHCR RTP-8 갱신 임대 계약서(Renewal Lease Form)도 영어로만 제공 및 작성해야 합니다.

Копии данного Приложения доступны исключительно в информационных целях на языках, предусмотренных Программой языкового доступа (Language Access Plan) Жилищно-коммунальной администрации на сайте www.nyshcr.org. Однако настоящее Приложение должно быть предложено и подписано исключительно на английском языке при подписании вновь заключенного договора аренды или договора о продлении срока аренды. Форма продления срока аренды RTP-8 Жилищно-коммунальной администрации также должна быть предложена и подписана исключительно на английском языке.

22. FEES

There are certain fees that owners may charge tenants separate and apart from the rent for the apartment. However, fees of any kind do not become part of the legal rent or preferential rent and cannot be added to it for the purpose of calculating lease renewal increases.

Lawful fees:

Late fees where a clause in the initial vacancy lease allows for them to be charged by a certain specific date and the late fees are no more than 5% of the monthly rent currently being charged and collected. Preferential rents, which may also be referred to as "on-time rent", that are conditioned on prompt payment of rent or terminate upon late payment of rent are not allowed.

Legal fees can only be collected if ordered by a judge in court.

Reasonable fees for a background check when applying to be a tenant.

Fees for screening a prospective subtenant (Background check, credit check, employment verification) may be charged to the tenant in occupancy requesting a sublet.

Fees for window guards (\$10 per guard) are detailed in DHCR Fact Sheet # 25.

Fees for smoke alarms, carbon monoxide detectors and natural gas detectors are established by the local municipality.

Actual Fees/charges incurred for insufficient funds for a tenant's rent check that did not clear (bounced checks), if this was provided for in the initial lease.

Fees imposed by the NYC agency (Ex-HPD, HDC) that has oversight authority pursuant to a regulatory agreement.

Fees for Air Conditioners and Tenant-installed Washing Machines, Dryers and Dishwashers are detailed in DHCR's Operational Bulletin 84-4 and DHCR Operational Bulletin 2005-1.

Fees for Sub-Metering or other utility services. Fees for Sub-Metering are detailed in DHCR Operational Bulletin 2014-1.

Unlawful Fees:

Fees for background checks on rent stabilized tenants in occupancy.

Fees cannot be charged to the tenant for a background check on a prospective roommate or additional family member.

Pet security deposit or fees proposed for a service animal or that are in violation of fair housing law.

Fees for owner installed air conditioner brackets are prohibited.

Fees including but not limited to damage fees, repair fees of any kind including those incurred for removal of municipal violations, painting fees, cleaning fees and other fees not established by or in excess of the amount allowed by the rent regulations or other municipal regulations are prohibited. Please note that the inappropriateness of imposing these fees through the lease may not necessarily prevent an owner from independently seeking other relief in court for objectionable conduct or damages.

The ten dollar fee that must be paid by owners to the municipality for each stabilized apartment can not be passed along as a fee to the tenant.

Tenants who have been billed for fees and/or surcharges that they may believe are unlawful or untimely, have the right to file a complaint of rent overcharge on DHCR form RA-89 and/or pursue remedies in court.

Appendix

Some agencies which can provide assistance

New York State Division of Housing and Community Renewal (DHCR)

DHCR is a state agency empowered to administer and enforce the Rent Laws. Tenants can contact DHCR at our website: www.nysdcr.org or by visiting one of our Public Information Offices listed below for assistance.

Queens

92-31 Union Hall Street
Jamaica, NY 11433

Bronx

One Fordham Plaza
Bronx, NY 10458

Lower Manhattan

25 Beaver Street
New York, NY 10004

Brooklyn

55 Hanson Place
Brooklyn, NY 11217

Upper Manhattan

163 West 125th Street
New York, NY 10027

Attorney General of the State of New York - www.ag.ny.gov
120 Broadway, New York, NY 10271

Consumer Frauds and Protection Bureau

- investigates and enjoins illegal or fraudulent business practices, including the overcharging of rent and mishandling of rent security deposits by owners.

Real Estate Financing Bureau

- administers and enforces the laws governing cooperative and condominium conversions. Investigates complaints from tenants in buildings undergoing cooperative or condominium conversion concerning allegations of improper disclosure, harassment, and misleading information.

New York City Department of Housing Preservation and Development (HPD): - www.nyc.gov/hpd

Division of Code Enforcement
Principal Office
100 Gold Street, New York, N.Y. 10038

- enforcement of housing maintenance standards.

New York City Central Complaint Bureau
215 West 125th Street, New York, N.Y. 10027

- receives telephone complaints relating to physical maintenance, health, safety and sanitation standards, including emergency heat and hot water service. This service is available 24 hours per day. However, complaints as to emergency heat service are received only between October 1st and May 31st of each year.

New York City Department of Finance - www.nyc.gov/finance

SCRIE/DRIE Exemption
59 Maiden Lane, 19th Floor, New York, New York, 10038

- administers the Senior Citizen Rent Increase Exemption program and Disability Rent Increase Exemption program.

Mayor's Office for People with Disabilities - www.nyc.gov/mopd

- 100 Gold Street, 2nd Floor, New York, NY 10038

New York City Rent Guidelines Board (RGB): - www.housingnyc.com
51 Chambers Street, Room 202, New York, N.Y. 10007

- promulgates annual percentage of rent increases for rent stabilized apartments and provides information on guidelines orders.

Copies of New York State and New York City rent laws are available in the business section of some public libraries or NYS.gov. A person should call or write to a public library to determine the exact library which has such legal material.

DHCR has approved this form and font size as in compliance with RSC section 2522.5(c).

ATTORNEY GENERAL OF THE STATE OF NEW YORK
REAL ESTATE FINANCE BUREAU

In the Matter of

Assurance No. 18-005

**Investigation by LETITIA JAMES,
Attorney General of the State of New York, of**

4395 Broadway Owners Corp., and Dirot Delaware Corp.,

Respondents.

FIRST AMENDMENT ASSURANCE OF DISCONTINUANCE NO. 18-005

Assurance of Discontinuance No. 18-005, with an effective date of November 19, 2018 (hereinafter, the “Assurance”) is amended by adding Paragraph 12(n) as follows:

12(n). By no later than January 29, 2019, 4395 Broadway Owners Corp. shall mail a lease rider to all tenants covered by Section 12(e). The rider, in substantially the form attached as Exhibit G, shall state that tenant has the right to terminate, at his/her sole option, the rent stabilized lease sent pursuant to Section 12(e) on the date that the tenant’s previous non-rent stabilized lease would have expired (solely by way of example, if a tenant previously had a non-rent stabilized lease that would have expired on March 31, 2019, the rider would state that the tenant has the right, at his/her sole option, to terminate the current rent-stabilized lease effective April 1, 2019).

1. Respondents expressly agree and acknowledge that a default in the performance of any obligation under Paragraphs 12(n) *supra* is a violation of the Assurance.

2. All other provisions of the Assurance are in full force and effect. The OAG, by agreeing to these terms, has not waived any provision of the Assurance and shall have the right hereafter to insist upon the strict performance of any and all of the provisions of this Assurance to be performed by the Respondents.

3. Respondents represent and warrant, through the signatures below, that the terms and conditions of this Amendment are duly approved, and execution of this Amendment is duly authorized.

4. Nothing contained herein shall be construed to limit the remedies available to the OAG in the event that the Respondents violate the Assurance.

5. This Assurance as amended shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

6. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

4395 BROADWAY OWNERS CORP.

By: *Labe Twerski*
Labe Twerski
President

STATE OF *NY*
COUNTY OF *Kings*

ss.:

On the *16* day of *Jan* in the year *2019* before me personally came Labe Twerski to me known, who, being by me duly sworn, did depose and say that he resides at [REDACTED]; that he is the President of 4395 Broadway Owners Corp., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

Sworn to before me this
16 day of *Jan*, 2019

Rina Lieberman
NOTARY PUBLIC

RINA LIEBERMAN
Notary Public, State of New York
No. 01-LI4841761
Qualified in Kings County
Commission Expires May 31, 2019

DIROT DELAWARE CORP.

By: *Labe Twerski*
Labe Twerski
President

STATE OF *NY*
COUNTY OF *Kings*

ss.:

On the *16* day of *Jan* in the year *2019* before me personally came Labe Twerski to me known, who, being by me duly sworn, did depose and say that he resides at [REDACTED] that he is the President of Dirot Delaware Corp., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

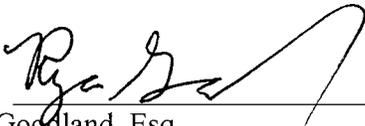
Sworn to before me this *16* day of *Jan*, 2019

Rina Lieberman
NOTARY PUBLIC

RINA LIEBERMAN
Notary Public, State of New York
No. 01-LI4841761
Qualified in Kings County
Commission Expires May 31, 2019

Dated: January 17, 2019

LETITIA JAMES
Attorney General of the State of New York
28 Liberty Street
New York, NY 10005

By: 

Ryan Goodland, Esq.
Assistant Attorney General, Real Estate Finance Bureau

Exhibit G

Rider to Lease/Lease Modification Agreement
between 4395 Broadway Owners Corp and _____ for Apartment ___ at
_____, New York, New York

Since Tenant's prior lease had an expiration date of _____, 2019, this rider/modification establishes that, at Tenant's sole option, Tenant has the right to terminate this Lease, dated and effective commencing December 1, 2018, on or before _____, 2019 (the "Termination Date") by written notice to Landlord of Tenant's desire to so terminate this Lease, provided and on condition that the notice of termination is delivered so as to be received by Landlord thirty (30) days prior to the Termination Date.

Provided the Tenant has, on or before the Termination Date (a) vacated the apartment, leaving it free of tenants and occupants and in the condition required under the Lease, and (b) returned the keys to Landlord, this Lease will be deemed terminated on the Termination Date, and Tenant shall, after such return of physical possession to Landlord, have no obligation to pay any further rent on this apartment.

This option to terminate is entirely at Tenant's sole option. If Tenant does not wish to terminate, the term of this Lease will expire as set forth in the Lease.

Landlord:

Tenant:
