



370 Westchester Ave. Corp.
Port Chester, NY 10573

Residential Sublease Policy & Procedure

General Purpose

The purpose of this policy is to outline the responsibilities and actions required of the Owner/Shareholder, the Prospective Subtenant, the Management Agent and Admission Committee/Board during the subleasing process.

The Board of Directors is responsible for maintaining the sound financial condition of the corporation, which is affected by the number of subleased apartments in the building. Accordingly, the Board has the discretion to set a limit on the number of subleased apartments. (Note: the count includes the sponsor-owned units, which are rented to tenants.) Currently, the Board has established a limit ranging from 15% - 20% of total units for shareholders who may be authorized to sublease. The number of subleased apartments should be maintained below this limit, in order to provide for new requests for sublease that may arise, to address lending institution requirements for mortgage approval for purchase, and to refinance loans. Subleasing an apartment is not a right of a shareholder, it is a privilege that is subject to the discretion of the Board of Directors. Subleasing is a means to accommodate a shareholder for a short term (renewable annually) and to provide relief for the shareholder's circumstances, which warrant subleasing of the apartment. The Board of Directors has the discretion to grant an exception in light of exceptional circumstances of the shareholder.

The sublet policy pertains only to those units that are shareholder owned, not the sponsor owned units. The Board has no jurisdiction over these sponsor-held units; the sponsor has the right to select their tenants. However, there is no subletting of the sponsor-owned units. The current tenants of the sponsor units have no right to sublease.

Terms of Sublease

The shareholder must apply in writing to the management company for a request to sublease the apartment. Once the request is approved, the shareholder will have 3 months to find a subtenant. If a sublease application from a viable subtenant has not been submitted to the Board within 3 months, the sublease request will expire. The shareholder can then reapply and may be put on a waiting list if the maximum percentage of subleases for the building has been reached.

When the Board approves an application to sublease, such approval shall be effective for one year only and shall be applicable only for approved subtenant(s). At the end of the first year term, a shareholder who wishes to sublease beyond the first year must either apply in writing to the Board for an extension of the original subtenant, or re-apply (with a new sublease application) for a new subtenant.

Renewals will be considered on a case by case basis using the criteria listed below. The Board may refuse the sublet request. Long term, the chances of sublet approval decrease with each year.



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Shareholder Eligibility

In order for a shareholder to be eligible to apply for a sublease, he/she must have **owned and resided in the apartment for a minimum of 1 year or 12 months total**, prior to the submission of the sublease application. This paragraph shall only apply to the initial sublease. The intent of this policy is to provide shareholders with the ability to sublease their apartments, but not allow investors who seek to purchase a unit and thereafter attempt to rent it. All maintenance charges on the apartment must be current before the Board of Directors will consider a sublease request.

When a shareholder applies to sublease his/her apartment beyond an initial one-year term, the Board of Director's decision to permit or deny such request may be based on consideration of all of the following questions or conditions:

- A. What is the percentage of total subleases in the building at the time the request is made?
- B. Does the proposed shareholder have a history of subleasing in the building, and if so, is the impression favorable?
- C. Has the shareholder been the beneficiary of previous extensions or exceptions to the sublease policy? How many renewals have been granted?
- D. Shareholder and existing subtenant (if applicable) must not be in violation of any House Rule or provision of the Proprietary Lease.
- E. Has the shareholder made any efforts to sell, and have such efforts been serious?
- F. What are the existing market conditions and the probability of the sale of the apartment at the time of the request to sublease or extend a sublease?
- G. What is the relative hardship that would be imposed on the shareholder if the request were to be denied?

These questions and conditions will be considered each time a sublease renewal is requested. Sublease requests for the first and second consecutive years are presumptively favored. The sublease may run for a maximum of 3 years, provided that the shareholder or subtenant did not violate any of the House Rules or provision of the Proprietary Lease (as stated in item D above) during that time period.

Conditions of Sublease

Shareholders are allowed to sublease their apartments only under the following conditions and only upon completion of the requirements by all parties (Shareholder, Management Agent and Admissions Committee) as outlined below: Subleases will be approved only for a term of one (1) year, no more, no less. Upon the expiration of the term of any approved sublease, the shareholder may apply to the Board for permission to renew the term of the sublease. The Board reserves the right to refuse permission for such a renewal of the term of the sublease. The Sublease Agreement may not be renewed without the written permission of the Board of Directors. The shareholder must send a request for permission to renew by mail to the Management Company no less than sixty (60) days prior to the end of the term of the Sublease Agreement. The requested form for renewal of the Sublease is available through the management office.

While subleasing his/her apartment, the shareholder waives any rights to the use of the Co-op facilities or amenities, for example, parking, pool, laundry rooms, on-site storage space.

Shareholder must provide the Managing Agent with his/her address, home and work telephone numbers during the term of the sublease.



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Sublease Fee

As a condition of approval of any sublease, the shareholder must pay to 370 Westchester Ave. Corp. a sublease fee. The sublease fee is payable each and every year for which a shareholder is subleasing his/her apartment. Currently, the sublease fee is equal to two hundred fifty percent (2 ½ times) of the shareholders monthly base maintenance (excluding other charges and credits; parking, assessment, STAR), due after the subtenant is approved by the Admissions Committee, prior to the subtenant's move-in date.

A shareholder who subleases his/her apartment will be billed a sublease fee by the Management Company when the sublease starts and every March 1st thereafter.

Sublease fees cover the calendar year (January through and including December) and are billed in March (with the March maintenance), due March 1st or at the time the shareholder notifies Management and/or the Board of Directors of the need to sublease, if the sublease occurs after March.

Sublease fees ARE NOT offered/billed in monthly installments and therefore cannot be paid for on a monthly installment basis.

Sublease fees ARE NOT refundable, if the shareholder is not currently renting his/her apartment (for example, due to vacancy caused by a subtenant who moved out), or if the shareholder changes his/her plans and decides to discontinue renting his/her apartment. Sublease fees are paid in advance and are not refundable. A prorated portion of the sublease fee WILL NOT be refunded for any/all months an apartment is vacant.

Sublease fees ARE refundable only if and when the shareholder sells his/her subleased apartment. When the shareholder closes on the sale of the apartment, a prorated portion of the sublease fee will be refunded accordingly, for the balance of the remaining sublease term.

NOTE: ALL SUBLEASE FEES ARE DUE PROMPTLY. LATE SUBLEASE PAYMENTS ARE SUBJECT TO LATE FEES. SHAREHOLDER WILL PAY A LATE FEE OF \$50.00 PER MONTH FOR EACH MONTH BEYOND WHICH THE SUBLEASE FEE IS DUE AND OWING AND NOT PAID IN FULL.

Sublease Application Process

The shareholder and prospective subtenant may expect the subleasing approval process to take from four (4) to six (6) weeks after the Managing Agent has received all necessary documentation. No prospective subtenant shall move into the building without the expressed approval of the Board of Directors and the Admissions Committee. An unauthorized move into the building will result in a notice to the shareholder to evict the unauthorized subtenant and no further consideration may be given to the personal merits of any such prospective subtenant. Failure of any shareholder to evict an unauthorized subtenant after notice to do so, will result in legal proceedings against any such shareholder to terminate his Proprietary Lease, with the shareholder being responsible for any and all legal fees incurred by the Corporation.



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Shareholder's Responsibilities

1. The shareholder must notify the Board and Managing Agent, in writing, of his/her intent to sublease and to obtain all necessary sublease paperwork from the Managing Agent. If using a Realtor, the shareholder can have the Realtor call the Managing Agent.
2. The Shareholder must comply with the 80% carpet compliance house rule which states: All residents are required to have at least 80% of the floors in their apartments covered with carpeting or rugs and padding in each and every room, including the hallways, except the kitchen, bathroom and closets.
3. The shareholder must give the Sublease Application Packet of material received from the Managing Agent to the prospective subtenant. This packet includes the following papers:
 - A. Coop Sublease Application Forms
 - B. Sublease Agreement including Rider and Lead-based Paint Disclosure Form
 - C. House Rules
 - D. Emergency Contact Informational Questionnaire (new)
4. The shareholder must have the prospective subtenant complete the application and submit all the required documentation.
5. The prospective subtenant will forward any and all completed documentation to the Managing Agent, including but not limited to the items listed here below. All sublease applications shall be accompanied by a fully-executed Sublease Agreement, a fully-executed Rider and Lead-based Paint Disclosure Form (as provided by the Managing Agent).
 - A. Sublease application along with all the documentation requested in the application packet.
 - B. A fully-executed standard Sublease Agreement and Rider.
 - C. A check for the application fee in the amount of \$200.00, payable by the prospective subtenant to the Managing Agent. In addition, a credit report fee of \$50.00 for each applicant must be submitted to the Managing Agent for each adult person who will be residing in the apartment. THESE APPLICATION FEES ARE NON-REFUNDABLE.
 - D. A check in the amount of \$500 for the carpet compliance deposit upon submission of the application. The deposit will be held by the Management Company until after the subtenant moves in and upon inspection and confirmation of carpet compliance. Thereafter, the deposit will be returned to the shareholder.
 - E. A copy of the shareholders current homeowners insurance policy certificate. The shareholder's homeowner's insurance policy must be verified to confirm insurance coverage as a rental apartment . This must be provided in writing by the shareholder's insurance company or agent.
 - F. A copy of the apartment keys provided to the superintendent.
6. The shareholder must understand that all of the payments for the apartment to the Managing Agent will continue to be the responsibility of the shareholder: the maintenance payments, assessment fees, any parking fees and the homeowner's insurance policy will continue to be the responsibility of the shareholder.
7. The shareholder will be billed for the parking space on his/her monthly maintenance bill. The Shareholder is responsible for ensuring that their sublease rent accounts for the fact that the shareholder will be billed for parking. Before a new parking sticker/tag will be issued to the subtenant, the shareholder must surrender his/her current parking sticker/tag to the Parking Committee.



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Prospective Subtenant's Responsibilities

During the admittance process, the prospective subtenant should direct all questions regarding the status of the application to the Managing Agent, or shareholder, or Realtor, if one is representing the shareholder.

- A. Prospective subtenant must provide the following documentation, listed in the sublease application packet, for each person whose name will be on the lease. The Admissions Committee reserves the right to request additional financial and/or reference information as evidence of financial responsibility from the prospective subtenant.
- (1) Personal financial statements for income and liability, including net worth statement and copies of most recent bank statements, passbooks, stock securities holdings statements.
 - (2) Federal Tax W-2 form and Form 1040 Tax Returns for the two (2) preceding tax years
 - (3) A letter from the employer(s) verifying length of employment and salary
 - (4) A minimum of two personal reference letters.
- B. The prospective subtenant must return the completed application and all documentation to the Management Company.
- C. Approval to sublease is subject to an interview of the subtenant by the Admissions Committee of the Board of Directors.
- D. Prospective subtenants must attend an interview scheduled by the Admission Committee at a time and place specified by the Committee. ALL PARTIES WHO WILL RESIDE IN THE UNIT MUST BE PRESENT AT THE INTERVIEW. NO EXCEPTIONS WILL BE MADE.
- E. If the prospective subtenant plans to obtain a parking space, he/she must make arrangements with the shareholder to account for the fact that the shareholder will be billed for the parking space. A new parking sticker/tag will be issued to the subtenant after move-in and only after the shareholder surrenders any existing parking sticker/tag.

Managing Agent's Responsibilities

Upon receiving a written notice of intent to sublease from the shareholder, the Managing Agent will send the intent to sublease to the Board, with a request to determine the eligibility of the shareholder to sublet. Once the Board of Directors has confirmed the eligibility of the shareholder to sublease his/her unit, the Managing Agent will send the shareholder the Sublease Application Packet with all required paperwork.

When the completed sublease application with documentation are received back from the applicant, including cleared checks, the Managing Agent will do the following:

- (1) Begin processing the application
 - (2) Order a credit report
 - (3) Forward all appropriate forms to the Admission Committee for review.
- A. The Managing Agent will provide the Admission Committee with two collated sets of copies; the original copy shall remain with Management Company.
- B. The Managing Agent will inform the owner/shareholder and prospective subtenant of the Corporation's decision in writing.
- C. The Managing Agent will contact the building personnel and alert them regarding the intended date of the subtenant's move-in so that the elevators are properly padded. It will make sure that move-in/move out deposits and certificate of insurance from a moving company endorsed to 370 Westchester Ave. Corp. (if applicable) are received from the subtenant and shareholder, prior to the move-in.



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Admission Committee's Responsibilities

- A. Upon receiving a written notice of intent to sublease from the shareholder (via the Managing Agent), the Board will determine the eligibility of the shareholder to sublet. The Board will notify the Admissions Committee and the shareholder of their eligibility, within two (2) weeks.
- B. Once the Admission Committee has received and reviewed the Sublease Application, a formal admissions interview will be scheduled, at a time and place specified by the Admissions Committee, and the applicant(s) will be notified. Anyone planning on residing in the unit with the subtenant must attend the interview.
- C. If the prospective subtenant is approved, the sublease may be approved, generally within one (1) business day of the interview.
- D. The Admissions Committee will inform the Managing Agent of its decision to approve or disapprove the prospective subtenant. The Managing Agent will in turn inform the shareholder and prospective subtenant of the outcome in writing. The Admissions Committee will inform the Head of the Parking Committee if the approved subtenant will require a permanent parking sticker.

Conflict of Interest

The shareholder or sublet applicant being represented by a realtor, attorney or bank loan officer currently serving on the Board of Directors or its Admission Committee will not be given any special consideration or expedited approval in the sublet application process.

In addition, as the sublease is discussed by the Admissions Committee or Board, the shareholder or sublet applicant's representative currently serving on either the Committee or the Board must recuse himself/ herself from any discussion & vote.

A family member of the shareholder or applicant, if currently serving on the Admissions Committee or the Board, must recuse himself/ herself from the sublease discussion and vote.

Sublease Approval

If the prospective subtenant is approved, the shareholder will receive written notification from the Managing Agent that the sublease has been approved.

Notwithstanding sublease approval, the shareholder will be billed and is required to pay all maintenance, parking, assessments, and any other Cooperative charges.

In the event a shareholder is in arrears or delinquent in the payment of any Cooperative charges, the Cooperative may require the subtenant to pay his/her rent directly to the Management Company and will receive a credit against any rent otherwise due to the shareholder per the Sublease Rider.

The Managing Agent will bill the shareholder on the next billing statement for the first year's sublease fee in the amount of two hundred fifty percent (2 ½ times) of the shareholders monthly base maintenance. Thereafter, annual sublease fees will be billed in March of each subsequent year.

The subtenant is required to:

- (1) Contact the Managing Agent to indicate when he/she will be moving into the apartment (see policy regarding moving in and out).
- (2) Provide the Managing Agent with a refundable \$250.00 move-in deposit, payable to 370 Westchester Ave. Corp. and a certificate of insurance from a moving company endorsed to 370 Westchester Ave Corp. (if applicable). A certificate of insurance shall not apply if shareholder and/or subtenant do not use a moving company.



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Sublease Disapproval

If the sublease is disapproved, there is no appeal process. Application and credit check fees submitted with the application are NOT refundable.

Beyond 3 Years of Subleasing

After the initial 3 year sublet, the shareholder is strongly encouraged to sell the unit. If the shareholder plans instead to move back in to the unit, a letter to the Board / Management Company stating move-in date and expected length of residence will be required.

A request to sublease the apartment beyond the initial 3 year period will require the shareholder to reside in the apartment or leave it vacant for a period of at least one year before being eligible to sublease the apartment again for one final year. No additional sublease requests will be considered beyond the fourth year.

Damage To Property & Shareholder's Obligations

The Proprietary Lease and House Rules are expressly incorporated into and made part of the sublease. The shareholder shall be responsible for any damage, nuisance, disturbance or other violation of the Proprietary Lease and/or House Rules caused by the subtenant **during the term of the sublease**. The shareholder shall reimburse the Corporation for any expenses it incurs in connection with the correction of any violation or the removal of a subtenant for a violation of provisions of the Proprietary Lease or House Rules or provisions thereof, and any such charge shall be billed to the shareholder as additional maintenance. The shareholder is responsible for any and all damage to the apartment or common areas of the building caused by his/her subtenant.

Arrears

The sublease rider provides that in the event that the shareholder of a subleased apartment is in arrears in any payment due under the proprietary lease, the Corporation shall have the right to collect rent directly from the subtenant. All charges on the apartment must be current before the Board of Directors will consider a sublease request.

Occupants

Under no circumstances may the named subtenant sublease the apartment to another person(s). Only those persons listed on the Sublease Application and noted in the Sublease Agreement shall occupy said apartment

Insurance

Before an approved subtenant may move into the building, the shareholder must **submit proof of a current homeowner's** liability insurance policy which covers the apartment as a rental. Such policy shall insure against any and all physical damage to the apartment, or to other apartments in the building, caused by accident or negligence, as well as against personal injury caused by accident or negligence on the shareholder's premises. The limit of coverage of such policy shall not be less than \$300,000. A copy of the insurance certificate must be submitted to the Managing Agent before the subtenant will be allowed to move into the building. It is strongly recommended that the subtenant also obtain his/her own renter's insurance policy covering his/her personal property and any liability as he/she sees fit.



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Move-in/Move-Out

Subtenants are required to adhere to all of the rules for moving in and out as stated in the House Rules. In addition, upon approval of the sublease, and prior to any move, the subtenant moving in and the shareholder moving out must each submit his/her check in the sum of Two Hundred Fifty (\$250.00) dollars (the move-in, move-out security), payable to the order of 370 Westchester Ave. Corp. These fees are refundable if the move-in/move-out occurs without any damage to the building, its grounds, and common areas, and pursuant to the move-in/move-out policies of the Board.

The move-in/out security of \$250.00 is not a limit on either of the moving entities' responsibility for damages. A shareholder will be responsible for any damages in excess of \$250.00 if the subtenant refuses to pay for damages in excess of \$250.00, without requiring 370 Westchester Ave. Corp. to take any legal action against the subtenant or shareholder.

Locks & Keys

Subtenants are required to follow all the instructions for "Locks and Keys" and "Emergencies" in the Proprietary Lease and House Rules.

It is required that each shareholder provide a copy of the apartment keys to the Superintendent. The keys will be confidential and held in a secure location. Note that, in the event of an emergency (fire, gas, water leaks, etc.) in which access to the subleased shareholder's apartment is needed, the shareholder is liable for damages to the door and/or lock(s), if ready access to the apartment's set of keys is not possible, and is liable for damages to any other parts of the building damaged due to the delay.

It is the responsibility of the residents (shareholders and subtenants) to contribute to the overall security of the building and its premises. Therefore, all residents (shareholders and subtenants) are advised to use discretion with respect to making copies and providing keys to non-residents, such as a shareholder who provides a key to a relative. For example, an elderly resident may choose to provide keys to their children.

Particular discretion must be used with regards to the keys for the building entrances.

The Board of Directors reserves the right to waive, modify or vary the foregoing conditions and criteria in the event of circumstances, which would warrant such action.

The foregoing Sublease Policy shall be effective June 29, 2015.