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SALES OF IMPROVEMENTS DISCLOSURE FORM

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This form has been issued by the New York City Loft Board for use in the sale of improvements under Article 7-C, §286(6) of the Multiple Dwelling Law ("MDL") and Title 29 of the New York City Rules ("RCNY") §2-07. It serves as notice to the owner and the Loft Board of a proposed sale and informs outgoing and prospective incoming tenants of certain conditions governing improvement sales and the legalization of residential lofts in interim multiple dwellings.

Outgoing tenants should complete Sections I, II and IV of this form, and fulfill the service requirements indicated. Prospective incoming tenants should complete Section III and sign at the bottom of that section.

A copy of the applicable law and regulations are attached. Any questions regarding these matters may be directed to the Public Information Officer of the Loft Board at (212)-393-2616. Both outgoing and prospective incoming tenants may also consider consulting attorneys and/or architects before entering into sales transactions.

Upon receipt of this completed form, the Loft Board will check its records to determine whether a sale of improvements for the unit has been previously recorded. If so, the parties will be notified and the proposed sale will be deemed to be violative of Article 7-C of the M.D.L.

Outgoing Tenant: The Loft Law and Loft Board regulations require that a tenant seeking to move from a unit and to sell improvements must comply with the following procedures at least 30 days in advance of the proposed sale:

1. The tenant must notify the owner, or his designated agent, of his or her intent to move out and to sell the improvements to the unit made or purchased by the tenant, and of the identity of the prospective tenant, by delivering a completed copy of this Disclosure Form by personal delivery or by **both** registered or certified mail, return receipt requested, **and** by regular mail.
2. The original of this completed Disclosure Form must be filed with the Loft Board within two (2) days of the delivery required in paragraph (1) above.
3. An opportunity to inspect and examine the improvements offered for sale must be afforded the owner and/or his authorized agent within ten days of the completion of service at a time of mutual convenience for the tenant and the owner and/or his authorized agent.

Owner: Regulations further provide that within 10 days of the service on you or your designated agent of the Disclosure Form, the owner may request of the outgoing and prospective tenants such additional information as will enable the owner to decide whether or not to purchase the improvements, and to assist in determining the acceptability of the proposed tenant. Any such request for additional information shall not be unduly burdensome.

The owner must indicate that the subject unit is currently registered with the Loft Board as part of the IMD and was so registered at the time of service of the Disclosure Form. For any unit that was not so registered, the owner may not challenge the proposed sale, except on grounds of suitability of the proposed tenant, which challenge must also indicate that the owner owns the premises or is an agent authorized to act on behalf of the owner.

Within 20 days of service of the Disclosure Form on you or your designated agent, or within 20 days of service of the additional information reasonably requested by you, whichever is later, the owner shall deliver to the outgoing and proposed tenant, by personal service or by both registered or certified mail, return receipt requested, and regular mail, a notice of acceptance or rejection of the proposed tenant, and of (1) Acceptance and commitment to purchase the improvement offered for sale at the offered price, or (2) Consent to the proposed tenant and sale, or (3) Challenge of the offer on one or more of the grounds enumerated in 20 RCNY §2-07(g)(2). The owner must set forth the specific grounds for challenge in the notice of rejection. If the rejection is based on the fair market value of improvements as reflected in the offer, the notice shall also include the owner's own fair market valuation of them and the owner's commitment to purchase at such price if it is found to be the fair market value. If the rejection is based on the owner's claim that he made or purchased the improvements, the rejection shall indicate which improvements are so claimed and include proof thereof. If the owner challenges suitability of the prospective tenant, he must initiate any action based on that ground in a court of competent jurisdiction and so inform the Loft Board in writing within the time period prescribed above. An owner's failure to send a notice of acceptance or rejection within the prescribed time, or such other time as mutually agreed upon in writing, shall be deemed consent to the prospective tenant and sale.

Filing: If the prospective incoming tenant purchases the improvements, no further filing is required. The receipt of the Disclosure Form will be deemed, 60 days following its receipt, to be representative of a sale to the prospective incoming tenant. If the owner purchases the improvements, the owner must file a Loft Board Sales Record within 30 days of purchase. Failure by the owner to file the required Sales Record within 30 days of the sale of improvements will subject the owner to a civil penalty up to \$1,000 as determined by the Loft Board. If no sale occurs, the outgoing tenant must so notify the Loft Board in writing within 60 days of service of the Disclosure Form, or be subject to a filing fee at such time as a future Disclosure Form is filed.

I. Outgoing Tenant: Please print or type the following information:

<p>A. _____ Address of Premises</p> <p>_____</p> <p>Unit Number</p>	<p>_____</p> <p>IMD Registration Number</p> <p>_____</p> <p>Date tenant Intends to Move</p>
<p>B. _____</p> <p>Outgoing Tenant</p> <p>_____</p> <p>Address for Notice Purposes (If different from address of premises)</p>	<p>_____</p> <p>Telephone Number (Daytime)</p>
<p>C. _____</p> <p>Owner, or Designated Agent (Circle One)</p>	<p>_____</p> <p>Business Address</p>
<p>D. _____</p> <p>Proposed Incoming Tenant</p> <p>_____</p> <p>Telephone Number (Daytime)</p>	<p>_____</p> <p>Business Address</p> <p>_____</p> <p>Current Home Address</p>

Address for Notice Purposes (if different)

II. List and describe the improvements which are being offered for sale. If the outgoing tenant purchased any or all of these improvements in a previous transaction from the owner, a former tenant, or both, list the price paid for the improvement. Improvements offered in this present transaction must have been made or purchased by the outgoing tenant. They may include fixtures, alterations and developments of the unit, as defined in 29 RCNY §2-07(a). They may not include statutory rights pursuant to Article 7-C or removable personal property. All terms and conditions of the offer must be described below. Please attach additional sheets of paper, if needed.

(Complete if applicable.)

A. I previously purchased some/all (circle one) of the improvements from the owner/previous tenant/both the owner and the previous tenant (circle one) for \$ _____.

B. List of Improvements to the Unit Previously Purchased (Describe fully)

1. _____
2. _____
3. _____
4. _____
5. _____

C. List of Improvements Made to the Unit being offered for sale (Describe fully)

1. _____
2. _____
3. _____
4. _____
5. _____

Total offer from proposed incoming tenant for improvements made and purchased to the unit \$ _____. Attach a written copy of the offer verified by the prospective tenant, including all terms and conditions of the offer.

Additional terms and conditions, if any (e.g., provisions for deposits, time payments, interest):

D. List below three reasonable dates and times within ten (10) days of service of the Disclosure Form on which the owner, the owner's designee, or both may inspect the improvements offered for sale.

Date

Time

- 1. _____
- 2. _____
- 3. _____

E. Insert current rent for the unit in Item III.E below.

III. Prospective Tenant: Sign below to indicate that the information pertaining to you in Part I is correct, that the above description of the offer (Part II) contains all of the terms and conditions of the sale and that you have read and understood the following:

- A. The sale of improvements is limited to the items listed in Part II.C. above.
- B. These improvements cannot be sold again.
- C. If the building has not been issued a residential certificate of occupancy for its IMD units at the time of this offer, the building remains subject to the requirements of Article 7-C and Loft Board Code Compliance Regulations 29 RCNY §2-01 that such units be brought into compliance. The necessary and reasonable costs of legalization, determined by the Loft Board, are passed through to the tenants and may result in increases above the base rent over a 10 or 15 year period. The term is determined based on whether interests costs are included by the owner in the costs. The amount of the increase will depend on the condition of the building and the legalization work affecting the specific loft unit.
- D. Before a proposed sale may be consummated, the owner must first be given an opportunity to purchase the improvements for an amount equal to their fair market value. In exercising this right, the owner may challenge the fair market value established by the offer, as provided by 29 RCNY §2-07(g). If the owner elects to purchase the improvements, he may rent the loft at market value, unless the owner is found guilty by the Loft Board of harassment of tenants.
- E. The outgoing tenant's current rent is \$ _____. (Outgoing tenant: fill in amount). Further increases may be applicable from (1) terms of the Loft Board's interim rent guidelines, (2) pass-through of costs determined pursuant to Code Compliance regulations, and (3) Rent Guidelines Board orders.
- F. An incoming tenant, upon purchase of the improvements, assumes the rights and obligations of the seller as an occupant qualified for protection under Article 7-C. In purchasing improvements, you are acquiring the seller's interests in title to all removable personal property and the use and enjoyment for the duration of your tenancy of all other property deemed improvements. The owner will be responsible for maintenance of those improvements deemed to be fixtures except that some improvements may be altered or removed pursuant to code compliance requirements.

I, _____ certify that I have received and reviewed this
Prospective Tenant

Disclosure Form and understand the terms and conditions of the proposed sale; that the information in Part I pertaining to me is correct, and that the description of the offer includes all terms and conditions.

Print Name

Signature

Date

IT IS NOT NECESSARY THAT THE FOREGOING BE SWORN TO, BUT FALSE STATEMENTS MAY SUBJECT YOU TO THE PENALTIES PROVIDED BY LAW.

IV. Outgoing Tenant: Complete this section.

I, _____ certify, under penalties provided by law that
Outgoing Tenant

all improvements listed above were made or purchased by me; that I am authorized to sell the improvements on behalf of all co-tenants or any other parties, if any, having ownership interest or claims; that all statements that I have made are true except for those which I have stated to be based on information and belief, and as to those matters, I believe them to be true and correct; that I have served a copy of this form and attachments on the owner, or his designate, on _____, (Date) which is at least 30 days before my intended departure date, by the following method (check one):

Personal Delivery

Registered or Certified Mail,
Returned Receipt Requested,
Regular Mail

at _____
Address

Signature

Date

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