

SONYMA Exhibit 8/4-99

SONYMA Loan Number _____

SECURITY AGREEMENT - CO-OP

Loan No: _____

Apartment No: _____

Street Address: _____

This Security Agreement (the "Agreement") dated the _____ day of _____, _____ between _____ residing at _____ (collectively, the "Borrower") and _____ (the "Lender") organized and existing under the laws of the United States of America, having an office at _____.

- 1. **Definitions** I, Mine, Me, My, Myself - refer to the Borrower.
Note - refers to the instrument which the Borrower signed this day and which evidences the loan (the "Loan") in the amount of up to \$ _____ made this day to the Borrower by Lender.
- 2. **Loan** I agree to repay the Loan as required by the terms of the Note.
- 3. **Ownership** I own _____ shares (the "Shares") of capital stock of _____ (the "Corporation") and am the tenant under proprietary lease (the "Lease") for Apartment _____ (the "Apartment") in the building located at _____, State of New York. I represent to Lender that the Shares are all the cooperative shares allocated to the Apartment and that I have made no prior assignment of my interest in the shares or of my interest under the Lease.
- 4. **Security** To secure my repayment to Lender of the Loan, I pledge to Lender all of my right, title and interest in the Shares and assign to Lender all of my right, title and interest in the Lease and in the proceeds of any sale of the Shares, transfer of the Apartment or subsequent assignment of the Lease. The Shares, Lease, sale proceeds, any replacement and additional Shares and any amendments to and extensions or replacements of the Lease, are referred to as the "Security"; the interest of Lender in the Security is referred to as the "Security Interest".
- 5. **Delivery of Shares and the Lease** I have delivered to Lender the certificate for the Shares and the duplicate original Lease. I shall immediately deliver to Lender any and all replacement and/or additional Shares that may be allocated to the Apartment, any new and/or replacement Lease and any amendments or extensions to the Lease, without waiting for Lender to request the delivery of the foregoing items.
- 6. **End of Security Interest** The Security Interest shall end and Lender shall return the Shares and the Lease to me when I have repaid the Loan in full and have made all other payments required under the Note and this Agreement.
- 7. **Lender Right of Set-Off** If I am in default under this Note or this Agreement, in addition to any other rights that Lender has under the Note and this Agreement, Lender shall have such rights of set-off as may be permitted by applicable law.
- 8. **Additional Documents** Upon Lender's request, I agree to sign any financing statements and renewals in addition to any other documents that Lender may require to establish and/or protect its rights in the

Security. I also authorize Lender to sign these documents in my name and then file and/or record them as is appropriate.

9. **Written Statement of Amount Due** If Lender requests, in writing, a confirmation of the amount owed by me under the Note and this Agreement, within eight (8) days after such request I will give Lender a signed statement confirming the amount owed.
10. **Rights in the Security** No one other than the Corporation, myself and, by virtue of this Agreement, the Lender, has any interest in or claim against the Security. I agree to defend my ownership of, and Lender rights to, the Security as specified in this Agreement against any and all claims, and I shall keep the Security free of any other liens.
11. **Reimbursement** If Lender has to defend its rights under the Note or this Agreement, then any money which Lender has to pay (including reasonable attorney's fees) shall be added to the amount I owe Lender and paid by me promptly at Lender request with interest at the then applicable rate provided in the Note.
12. **Default** The happening of any of the following events means that I will be in default, Lender will then have the right to require that all amounts that I owe to Lender under the Note and this Agreement be paid in full to Lender with interest at the then applicable rate provided in the Note up to the day Lender receives payment. I will be in default:
- (A) If any payment required by the Note is not made within thirty (30) days after it is due; or
 - (B) If any payment required by the Lease is not made on time or if any items conditions or provisions of the Lease have been violated; or
 - (C) If either I or the Corporation cancels the Lease; or
 - (D) If I fail to pay or bond any judgement and or any tax deficiency; or
 - (E) If I sublet the Apartment or assign the Shares without first paying all amounts that I owe under the Note and this Agreement; or
 - (F) If I fail to deliver to Lender the certificate for Shares, or any and all replacement and/or additional Shares that may be allocated to me; or
 - (G) If I fail to deliver to Lender the duplicate original Lease and any new and/or replacement Lease and any amendments or extensions to the Lease; or
 - (H) If I have made any conflicting security interest; or
 - (I) If I shall die, become insolvent or be placed into bankruptcy, whether or not such declaration shall be voluntary; or
 - (J) If I do not comply with any term condition or provision of this Agreement; or
 - (K) If any statement or representation made by me under this Agreement is not true or correct.
13. **Lender's Rights if I Am in Default** (A) In the event that I am in default and Lender elects to demand payment of the entire amount I owe under the Note and this Agreement, Lender will so notify me. If I fail to pay what I owe within fifteen (15) business days of the notification, Lender may, in addition to all its other legal rights, sell the Security at public or private sale, with or without advertisement of the time, place or terms of sale, except that if it is a private sale, it shall occur no less than five (5) days after written notice to me. In the event of any such sale,

Lender may deduct from the proceeds of the sale all expenses of collection, sale and delivery of the Security and any other expenses including, but not limited to, reasonable attorneys fees and disbursements, costs, broker's commissions, and transfer fees and taxes. Lender may then apply the balance of the sale proceeds to any liability of mine under the Note or this Agreement, and Lender shall return any surplus to me. Lender shall determine the terms of any such sale in its sole discretion. A sale conducted according to the usual practice of banks selling similar security will be considered reasonably conducted. Lender may sell the Security for immediate cash payment or on credit. If the sale is on credit, Lender shall retain the Security until the sale price is paid in full. Lender will not be liable if the buyer fails to pay, and Lender may then resell the Security.

(B) Lender may elect to continue to hold the Shares and the Lease if it determines that a better price can be obtained at a later date and, absent gross negligence, Lender will not be to me for any loss in value in the Security. If Lender has the right to sell the liable Security, and has not begun to do so within ninety (90) days, I may demand that Lender proceed to sell the Security or I may make the sale myself, at my own expense. However, Lender will not be required to sell the Security if the net proceeds would not be enough to repay in full my debt under the Note and this Agreement. Similarly, Lender may not prevent me from making the sale if the net proceeds would be enough to repay my debt in full.

(C) If Lender elects to retain the Security, it shall give me notice of its election. If I object to its election within thirty (30) days after its notice, Lender shall offer the Security for sale and must sell if the net proceeds would be large enough to pay all that I owe Lender under the Note and this Agreement.

(D) Lender shall have the right, in connection with a sale, to complete a stock power and assignment of lease in order to transfer the Shares and the Lease. I hereby give Lender the right, in connection with such sale, to request that the Corporation terminate the Lease and take all lawful steps necessary to obtain possession of the Apartment for and on behalf of Lender. I will promptly vacate my Apartment upon the sale of the Security. Lender may start legal proceedings to get possession of the Apartment if I refuse to so vacate.

(E) Lender, or anyone designated by Lender may purchase the Security as stated above free of my right to redeem the Security, which right of redemption I now waive.

(F) Lender may seek the appointment of a receiver, without notice to me and without regard to the adequacy of the Security.

(G) Lender may seek to foreclose on the Security and sell the Security.

14. Disposition of Sale Proceeds

If Lender sells the Security, the proceeds shall be applied as follows:

(A) First, to the expenses of collecting, selling and delivering the Security, including (but not limited to) attorneys' fees, brokerage commissions, transfer fees and taxes;

(B) Second, to the payment of any charges due under the Lease;

(C) Third, to the payment of my debt in full; and

(D) Finally, the surplus, if any, to me unless there are other valid claims to the surplus.

15. Non - Liability of Corporation

The Corporation will not be liable to me if it transfers my Shares and Lease as required by this Agreement or if it refuses to transfer my Shares and Lease to another person without Lender consent.

16. **Lender's Payments On My Behalf** In the event that Lender makes any of the payments or performs any acts required under the Lease on my behalf, agree to promptly repay Lender for such payments and for the cost of such acts including but not limited to reasonable attorneys fees, with interest at the then applicable rate provided in the Note. I further agree that any such sums shall be added to the amount owed to Lender and secured by the Security. I agree that Lender shall have no obligation to make any payments or perform any acts required under the Lease on my behalf.
17. **No Sale of the Security** My obligations hereunder may not be assumed by any other person other than myself without the prior written consent of the State of New York Mortgage Agency.
18. **Usury** No matter what else is set forth in this Agreement, the Note or any other instrument executed by me in connection with the Loan, if any payment by me or act by me would result in the payment of interest in excess of the maximum rate of interest legally permissible, then my obligation to make such payment or do such an act shall be deemed automatically reduced to such maximum rate so that in no event will I be obligated to make any payment, perform any act, or promise to do (or not do) any act which would result in the payment of interest in excess of such maximum rate. Any such excess payments shall be applied as partial prepayments of my debt.
19. **Use of Premises** All sums due under this Agreement and the Note will become immediately due and payable if:
- (A) I fail to reside in the Apartment for a least six months of every calendar year:
or
 - (B) The Apartment is used for any purpose that increases the risk of fire or other hazard;
or
 - (C) The Apartment is used for any unlawful purpose; or
 - (D) The Apartment is no longer my principal residence or is used in trade or business.
- I will maintain the Apartment in a good state of repair, free from waste, and I will promptly obey all federal, state and municipal requirements affecting the Apartment.
- Lender enforcement of this section is optional with respect to only (A), (B) and (C) above. Lender must declare all sums due and payable as described above if (D) occurs.
20. **Successors and Assigns** All of my rights and obligations under this Agreement, and all of Lender rights and obligations under this Agreement, shall bind and benefit our respective distributees, legal representatives, successors, heirs and assigns. Lender retains any rights it may otherwise have that are not set forth in this Agreement. The Paragraph shall not be read to give me the right to sublet the Apartment, assign the Lease or transfer the Shares. However, Lender may assign this Agreement and its rights to the Security without my consent.
21. **Legal Expenses** If any legal proceeding is commenced in which Lender is made a party and which relates to this Agreement or the Note, or if an attorney, on Lender's behalf, seeks to assert or defend Lender rights under this Loan or the lien created by this Loan, I will repay on Lender demand all of its legal fees, costs, expenses, disbursements and allowances. Any amounts payable to Lender under this Paragraph shall be payable with interest from the date Lender requires payment, at the then applicable rate set forth in the Note.
22. **Use of Captions** Captions are used in this Agreement only as a matter of convenience and do not define or describe the intent of any provision.

23. **New York Law** This Agreement shall be governed by the laws of the State of New York and any applicable federal law. In the event of a conflict between any provision of this Agreement and any federal or New York State statute, law or regulation in effect as of the date of this Agreement, the statute, law or regulation shall control to the extent of such conflict and the provision contained in this Agreement shall be without effect. All other provisions of this Agreement will remain fully effective and enforceable.
24. **Modification of Agreement** This Agreement may not be modified without the mutual agreement in writing of Lender and myself.
25. **Notice** All notices and demands are to be sent by certified or registered mail, return receipt requested (i) to me at the Apartment address set forth above, and (ii) to Lender at the address set forth above. All notices shall be deemed to have been received two (2) business days after mailing.
26. **My Rights Before Default** Until there is a default under this Agreement and Lender has demanded payment in full, I will have all the rights, responsibilities and privileges of a shareholder and lessee not otherwise affected by this Agreement. I have the sole responsibility for making all payments required by the Lease and for complying with all of the terms and conditions of the Lease.
- Except as otherwise set forth in this Agreement my responsibilities under the Lease shall continue after any default by me under the Note of this Agreement.
27. **Distribution of Capital** Lender will have the right to receive any distributions of capital from the Corporation and shall apply such distributions to reduce the amount that I owe to Lender.
28. **Responsible Parties** If more than one person signs this Agreement each will be fully responsible for complying with its terms.
29. **Owner Occupancy Requirement** I covenant and agree that I shall within 60 days from the date hereof and thereafter occupy the Apartment as my primary residence.
- In the event I shall fail to occupy the Apartment as aforesaid, then the entire principal balance together with accrued interest under the Note shall, at the option of Lender, become immediately due and payable.
30. **Lender's Reliance on Borrower's Representations** I hereby warrant and represent that all affirmations made in the Recapture Notification and Mortgagor's Affidavit, executed by me and affirmed as of the date hereof which have been relied upon by the Lender and the State of New York Mortgage Agency in the granting of the Loan, are true and correct. In the event during the term of this Loan it is discovered that I have made any false statements on the aforementioned affidavit, then the entire principal balance together with accrued interest under the Note shall, at the option of Lender or the State of New York Mortgage Agency, become immediately due and payable.
31. **Lender's Reliance on Borrower's Submission of Appropriate Documentation** I hereby warrant and represent that all documents required to be delivered by me in connection with the granting of the Loan, including any and all documentation necessary for the verification of affirmations made in the Recapture Notification and Mortgagor's Affidavit executed by me and reaffirmed as of the date hereof, have been delivered by me and are in complete and correct forms as to matters set forth therein.
- In the event the Lender determines this documentation was not delivered in the required manner as set forth above, I agree to execute and complete these documents as requested by the Lender. If during the term of the Loan that I promise to pay under the Note I do

not provide the above required documentation as requested, then the entire principal balance together with accrued interest under the Note shall, at the option of the Lender, become immediately due and payable.

- 32. **Borrower's to Pay Obligation Mortgage Insurance Premiums** If Lender required mortgage insurance as a condition of making the Loan that I promise to pay under the Note, I will pay the premiums for that mortgage insurance. I will pay the premiums until the requirement for mortgage insurance ends according to my written agreement with Lender according to law. No consideration will be given to my request for cancellation of mortgage insurance based on appreciation of the value-of-the-property.
- 33. **Surrender** If Lender sells the Security, I shall immediately, without any further notice or action on the part of the Lender, vacate and surrender the Premises to Lender.
- 34. **Legislation** If any enactment of a statute has the effect of rendering any provision of the Note or this Agreement unenforceable to its terms, Lender may require immediate payment of all sums secured and owing under this Agreement.

I have signed this Agreement on the date set down at the beginning of this document.

Witness

Borrower

Witness

Borrower

ACKNOWLEDGEMENT

STATE OF _____).ss:

COUNTY OF _____)

On the _____ day of _____ in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public
Commission expires: