

# Cooperative Loan Recognition Agreement

Whereas \_\_\_\_\_ and \_\_\_\_\_ are tenant-stockholders owning a leasehold known as Unit \_\_\_\_\_ in the building known as \_\_\_\_\_, \_\_\_\_\_, New York and owning the shares of stock in \_\_\_\_\_, Inc., allocable to said unit in which they reside, said tenant-stockholders being hereinafter designated as the "BORROWERS"; and

Whereas the said \_\_\_\_\_, Inc. is a co-operative corporation organized and existing under the laws of the State of New York having its principal place of business at \_\_\_\_\_, New York and owns the building in which said unit is located said co-operative corporation being hereinafter designated as the "CORPORATION"; and

Whereas the BORROWERS have applied to the LENDER for a loan (the "LOAN") in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), to be secured by a pledge to the LENDER of all the shares in the CORPORATION owned by the BORROWERS and allocated to the above-described unit (the "UNIT") and an assignment to the LENDER of the said leasehold (the "LEASE"), the said shares and leasehold being together referred to herein as the "SECURITY";

Now, Therefore, in consideration of the LENDER'S extending to BORROWERS the LOAN, and the mutual covenants and promises set forth herein, the parties to this agreement hereby agree as follows:

## 1. Certification of Ownership

The CORPORATION hereby certifies to the LENDER that: (a) the SHARES are all of the SHARES allocable to the UNIT and are owned of record by the BORROWERS; and

(b) The BORROWERS are the holders of record of the LEASE; and

(c) To the best of the CORPORATION'S knowledge the BORROWERS have not sublet or assigned their tenancy nor have they assigned their SHARES, in whole or in part; and

(d) The BORROWERS are in no manner in default under their LEASE; and

(e) That neither the by-laws, nor the certificate of incorporation of the CORPORATION, nor the terms of the LEASE in any way prohibit or restrict the assignment thereof or a pledge of the SHARES to the LENDER.

## **2. Agreement to Withhold Consent**

Unless otherwise provided herein, the CORPORATION agrees not to consent to any subletting of the UNIT or further assignment of the LEASE or further pledge of the SHARES, in whole or in part, nor shall the CORPORATION consent to any termination, cancellation, surrender or modification of the LEASE without the prior written consent of the LENDER. However this provision shall not apply to any modification or termination of the LEASE which by its terms may be effective against a tenant-shareholder when approved by a specified percentage of other tenantshareholders of the CORPORATION or which may be effective in the case of condemnation or casualty.

## **3. Default by Tenant–Shareholders**

(a) If the tenant-shareholders default in the performance of any of their obligations under the lease and such default can be cured by the payment of money, the CORPORATION shall take no action to terminate the LEASE or cancel the SHARES for \_\_\_\_\_ days after notice to the LENDER of such default, during which period the LENDER may cure said default by the payment of the money due.

(b) If such default cannot be cured by the payment of money, the CORPORATION will take no action to terminate the LEASE or cancel the SHARES if, within \_\_\_\_\_ days after notice to the LENDER, the LENDER has cured the default or has commenced appropriate proceedings to acquire the tenant-shareholder's interest in the SHARES and the LEASE, or by other lawful means has proceeded to acquire such interest.

(c) If the lender has not cured the default mentioned in Par. 3(a) within the time permitted therein, or proceeded as set forth in Par. 3(b) within the time permitted therein, the CORPORATION may terminate the LEASE and cancel the SHARES.

(d) The CORPORATION shall accept payment from the LENDER on behalf of the BORROWERS of any sums due pursuant to the terms of the LEASE, but such payments shall not affect any rights of the LENDER against the BORROWERS.

(e) Nothing in the foregoing provisions of this section shall impose on the LENDER an obligation to cure any default of the BORROWERS. The provisions for cure by the LENDER are permissive only.

(f) The CORPORATION shall recognize the LENDER'S security interest in the SECURITY and if the LEASE is terminated and/or the SHARES are cancelled, in the net proceeds of any sale, assignment or subletting of the APARTMENT, subject to the LENDER'S obligation to pay to the CORPORATION all sums due to the CORPORATION pursuant to the terms of the LEASE.

(g) The LENDER agrees not to transfer the SECURITY upon foreclosure or otherwise without the approval of the CORPORATION as required by the LEASE; however, such approval shall not be unreasonably withheld or delayed.

**4. Notices, Demands and Approvals**

All notices, demands and approvals provided for by this agreement shall be in writing and sent by certified mail, return receipt requested, to the parties at the addresses set forth at the beginning hereof.

**5. No Oral Modification of Agreement**

This agreement represents the entire contract between the parties and no provision hereof may be waived, modified or canceled except in a writing signed by the party against whom the enforcement or any waiver, modification, or cancellation is sought.

Dated: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_, Corporation - CO-OP BOARD

By: \_\_\_\_\_

\_\_\_\_\_, Lender

By: \_\_\_\_\_

The undersigned BORROWERS, in order to induce the CORPORATION and the LENDER to enter into and execute the foregoing agreement, consent to each and every term and provision thereof, which each of us has read.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

[Acknowledgments]

**Acknowledgement taken in New York State**

STATE OF NEW YORK

COUNTY OF \_\_\_\_\_, ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, in the year 20\_\_\_\_, before me the undersigned, 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(y)(ies), and that by (his) (her) (their) signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

\_\_\_\_\_  
Notary Public