

## RECOGNITION AGREEMENT

THIS AGREEMENT made between SHOREHAM WEST COOPERATIVE APARTMENTS, INC., a Delaware corporation (hereinafter called the "Cooperative"), and \_\_\_\_\_, with an address of \_\_\_\_\_ (hereinafter called the "Lender") with respect to the pledge and assignment by \_\_\_\_\_ (hereinafter collectively called the "Assignor") of Assignor's Proprietary Documents relating to Unit Number \_\_\_\_\_ and Garage Space Number \_\_\_\_\_ (hereinafter called the "Unit") and more specifically located at 2700 Calvert Street, N.W., Washington, D.C. 20008 (the "Property") as collateral security for a loan (hereinafter called the "Loan") to be made by the Lender to Assignor.

### WITNESSETH

**WHEREAS**, the Cooperative has approved Assignor for occupancy of said Unit; and

**WHEREAS**, the Assignor has exhibited to the Cooperative and the Lender the Cooperative Apartment Proprietary Lease and Occupancy Agreement [and any subsequent Assignment and Assumption Agreement(s)] and the documents incorporated by reference therein (hereinafter called the "Proprietary Documents"); and

**WHEREAS**, the Lender has approved Assignor's application for the Loan to be made by the Lender to the Assignor; and

**WHEREAS**, the Lender has received Assignor's acceptance of the terms and conditions set forth in Lender's commitment for the Loan; and

**WHEREAS**, the Lender and the Assignor represent and warrant that the amount of the Loan, together with all other loans secured by a pledge, security interest, mortgage and/or assignment of the Unit, if any, does not or do not exceed fifty percent (50%) of the purchase price paid by Assignor for the Unit or fifty percent (50%) of the appraised value of the Unit; and

**WHEREAS**, the Lender acknowledges that the Cooperative anticipates the possibility of obtaining certain future financing in the amount of up to twenty-five percent (25%) of the then fair market value of the Property (the "Anticipated Senior Indebtedness"), and the Lender acknowledges the seniority of the Anticipated Senior Indebtedness, and that the Loan and any other grant made hereunder is subordinated to the Anticipated Senior Indebtedness, and that nothing herein is intended to or shall be construed to affect the seniority thereof or to limit or restrict the right of the Cooperative to refinance and preserve this seniority except that the Cooperative shall provide Lender with written notice prior to such refinancing and increase, if any, of the Anticipated Senior Indebtedness; and

**WHEREAS**, the Lender acknowledges and agrees that the assessments, charges and liens imposed by the Cooperative upon Assignor and the Proprietary Documents and Assignor's obligations to the Cooperative have seniority over the charges and liens imposed by the Lender upon Assignor and the Proprietary Documents; and

**WHEREAS**, the recitals set forth above constitute an integral part of this Agreement and are incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the parties.

**NOW, THEREFORE**, as consideration for the making of a Loan by Lender to Assignor, the Cooperative hereby agrees:

(a) to accept for recordation, pursuant to its By-Laws, the pledge and assignment to the Lender by Assignor of the Proprietary Documents issued by the Cooperative, and relating to the Unit, as collateral security for the Loan;

(b) (i) prior to any termination of the Proprietary Documents, the Cooperative will give written notice to the Lender specifying any default of Assignor under the Proprietary Documents and (ii) for a period of twenty (20) days after said notice, the Cooperative will not take any action to terminate the Proprietary Documents;

(c) to permit the Lender to cure all defaults of the Assignor under the Proprietary Documents in the event the Lender so elects, and, in the case of a default other than in the payment of money, not to take any action to effect a termination of the Proprietary Documents without first giving the Lender reasonable time not to exceed sixty (60) days) within which to complete a sale of or otherwise acquire the Assignor's interest in the Proprietary Documents;

(d) not to consent to any assignment of the Proprietary Documents by Assignment and Assumption Agreement or a subletting of the Unit without the prior written consent of the Lender;

(e) not to accept or recognize any further pledge or mortgage of the Proprietary Documents without prior written notice to the Lender;

(f) that in the event of a termination and sale of the Proprietary Documents, pursuant to the Proprietary Documents, by the Cooperative for any reason, the proceeds of such sale shall be paid to the Lender, less all sums that may be due to the Cooperative under the Proprietary Documents and all reasonable expenses incurred by the Cooperative relating to such termination and sale, including, but not limited to, reasonable attorneys' fees, renovation expense and sales commissions;

(g) not to accept or permit any further mortgages or liens upon the real property of the Cooperative without prior written notice to Lender;

(h) that in the event any proceeds of insurance on or refinancing of the Cooperative which are received by the Cooperative and are due and payable to the Assignor, such proceeds shall be paid to the Lender, less all sums that may be due to the Cooperative under the Proprietary Documents and all reasonable expenses incurred by the Cooperative relating to such insurance or refinancing proceeds;

(i) that in the event the Lender notifies the Cooperative that there is a default by the Assignor under the Loan and as a result thereof the Lender, its successors or assigns, causes the

Proprietary Documents to be acquired by a purchaser who is approved by the Cooperative, the Cooperative will accept an Assignment and Assumption Agreement executed by Assignor in favor of said purchaser, provided always that the sums due the Cooperative under the Proprietary Documents are fully paid to the date of the Assignment and Assumption Agreement and further provided that the purchaser is approved by the Cooperative. The Cooperative hereby approves the Lender as a purchaser of the Proprietary Documents (such approval to be irrevocable until such time as the Lender notifies the Cooperative that the Loan is paid and satisfied in full), provided, however, that if the Lender (and its successors) or its assigns purchase the Proprietary Documents neither shall be entitled to occupy the Unit other than for purposes incident to finding an ultimate purchaser thereof who shall be approved by the Cooperative. Approval decisions shall be made with reasonable promptness and based upon the same conditions and requirements as are customarily applied by the Cooperative in connection with the approval of purchasers generally and nothing herein shall be construed or interpreted as constituting advance approval by the Cooperative of any prospective purchaser or assignee except the Lender for the limited purposes described above. In addition, Lender expressly agrees to indemnify the Cooperative for any and all expenses including, but not limited to, reasonable attorneys' fees, incurred by the Cooperative in connection with actions taken by the Cooperative at the request of Lender and in reliance upon notice received hereunder by Cooperative from Lender.

The Cooperative represents that its By-Laws and form of Proprietary Documents and any encumbrance which it has placed on its property do not prohibit the pledge and the collateral assignment to the Lender in accordance with this Agreement.

WITNESS the due execution of this Agreement this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST:

**SHOREHAM WEST COOPERATIVE  
APARTMENTS, INC., a Delaware  
Corporation**

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

By: \_\_\_\_\_ [SEAL]  
President

Acknowledged, agreed to and accepted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**[NAME OF LENDER]**

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



**INDEMNITY AND CONTRIBUTION AGREEMENT**

The undersigned, to induce the Cooperative to enter into the foregoing and annexed Recognition Agreement (the "Agreement") (a) agrees and consents to and approves all of the terms and provisions of the Agreement, and (b) agrees that the Cooperative, its officers, agents, and employees shall incur no liability to the undersigned by reason of any action taken or failed to be taken pursuant to the Agreement. The undersigned further agrees that the undersigned shall indemnify the Cooperative for any expenses incurred by the Cooperative, including, but not limited to, actual attorneys' fees and costs arising out of or in connection with the foregoing and annexed Agreement.

\_\_\_\_\_  
\_\_\_\_\_, Member

District of Columbia: ss)

On this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, before me, \_\_\_\_\_, personally came \_\_\_\_\_, known to me as or proved by oaths of credible witness to be the individual described in the annexed instrument, personally appeared before me on this day and acknowledged to me that she executed the annexed instrument.

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

My commission expires:

[SEAL]

The undersigned, being the Secretary of the Cooperative, hereby certifies to the Lender that the Cooperative Corporation's execution and delivery of the annexed agreement was duly authorized by the Cooperative's Board of Directors, and such authorization remains unmodified and in full force and effect as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**SHOREHAM WEST COOPERATIVE  
APARTMENTS, INC., a Delaware  
Corporation**

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