

# ***FIRE ISLAND PINES, INC.***

## ***BY-LAWS***

### **ARTICLE I**

#### **Meeting of Stockholders**

Section 1. Annual Meeting. The annual meeting of the stockholders of the Corporation, for the election of Directors and for such other business as may properly come before such meeting, shall be held on a Saturday or Sunday from mid-May to mid-June at Fire Island Pines as determined by the Board of Directors. The notice of the meeting shall be in writing and signed by the President or a Vice-President or the Secretary, or an assistant-Secretary or by the managing agent if so directed by the Board of Directors. Such notice shall state the purpose or purposes for which the meeting is called and the time when and the place within the state where it is to be held and a copy thereof shall be served, either personally, or by mail or electronically to such address designated in writing by all the holders of a certain certificate of stock for receipt of such notice, upon each stockholders of record entitled to vote at such meeting, not less than ten nor more than forty days before the meeting. In addition to the annual meeting, there shall be a second stockholders meeting in the fall, on a date determined by the Board. The purpose of this meeting, unless otherwise specified in the notice, will be to review the activities and conditions of the Corporation. The notice of the second stockholders meeting shall be issued in the same manner as provided above for the Annual Meeting.

Section 2. Special Meetings. Special meetings of stockholders, other than those regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Directors, and it shall also be the duty of the Secretary to call such a meeting whenever requested in writing so to do by stockholders of record of at least one-quarter of the outstanding capital stock. A notice of each special meeting shall be in writing and signed by the President, Vice President or Secretary, assistant-Secretary or by the managing agent if so directed by the Board of Directors, stating the time and place within the state and purpose thereof and the officer or other person or persons by whom the meeting is called, shall be served, either personally, or by mail or electronically to such address designated in writing by all the holders of a certain certificate of stock for receipt of such notice, on each stockholder of record, not less than ten nor more than forty days before the meeting. No business other than that stated in the notice shall be transacted at any special meeting unless the holders of record of all outstanding stock of the Corporation are present thereat in person or by proxy.

Section 3. Waiver of Mailing of Notice. The notice provided for in the two foregoing sections is not indispensable, but any stockholders meeting whatever shall be valid for all purposes if the stockholders of record of all outstanding stock of the Corporation are present thereat in person or by proxy, or if a quorum is present as provided in the next succeeding section and notice of the time, place and purpose of such meeting has been duly waived in writing by all stockholders not so present. Any notice to be served upon a stockholder by mail shall be mailed to the stockholder's address as it appears on the stock book unless the stockholder shall have filed with the Secretary of the Corporation a written request that notices be mailed or sent electronically to some other address,

in which case it shall be mailed or sent electronically to the address designated in such request. The attendance of any stockholder at a meeting, in person or by proxy, shall constitute a waiver of notice by the stockholder.

Section 4. Quorum. At all meetings of stockholders in order to constitute a quorum and to permit the transaction of any business, except to adjourn a meeting, there shall be present, either in person or by proxy, holders of record of a majority of the outstanding capital stock.

Section. 5. Voting. Each stockholder of record shall be entitled at each stockholders' meeting to one vote, in person or by proxy, for each share of stock standing in the name on the stock book at the time of the meeting. All proxies shall be in writing and shall be filed with the Secretary at or prior to the time of the meeting; electronic delivery of a proxy shall be acceptable. A proxy may be declined if the Board determines in its sole discretion that such proxy is improper, incomplete and/or unreliable. An individual serving as proxy for a stockholder need not be a stockholder of the corporation. All voting shall be viva voce, except that any qualified voter may demand a ballot stock vote, in which case the voting shall be by ballot, and each ballot shall state the name of the stockholder voting and the number of shares owned by him, and in addition the name of the proxy, if such ballot is cast by proxy. The affirmative vote by stockholders owning a majority of the then outstanding capital stock issued by the corporation at a meeting at which a quorum is present shall be necessary for the transaction of any item of business and shall constitute the act of the stockholders.

Section 6. Inspectors of Election. Inspectors of election shall not be required to be appointed at any meeting of stockholders unless requested by a stockholder present (in person or by proxy) and entitled to vote at such meeting. Upon the making of such request one or more inspectors shall be appointed by the Board of Directors and make a written report thereof; alternate inspectors may be appointed by the President or the person presiding at the meeting in the event that no inspector is appointed or if an appointed inspector is unable or fails to act. Each and all inspectors, before entering upon the discharge of their duties, shall take an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of their abilities.

Section 7. Order of Business. At each meeting of the stockholders the president or in the absence of the president the vice president shall be declared the chairperson of the meeting. The regular order of business for the annual meeting of stockholders, and for each special meeting to the extent such order is applicable, shall be as follows: (1) Call to order, (2) Roll call and presentation and examination of proxies for quorum; (3) Presentation of notice of the meeting and proof of service, or waiver of notice; (4) Reading of minutes of preceding stockholders meeting, unless waived; (5) Report of officers and committees; (6) Appointment of inspectors of election, if requested; (7) If the annual meeting or special meeting called for that purpose, Election of Directors for the ensuing year; (8) Unfinished business, (9) New business, (10) Adjournment.

## **ARTICLE II**

### **Directors**

Section 1A. Qualification and Number. Only stockholders of the corporation shall be qualified to serve as directors of the corporation. Only one stockholder from any apartment may

serve as a director at any given time. The number of directors shall not be less than a minimum of five and not more than a maximum of nine. The number of directors shall be determined by the stockholders from time to time at any annual meeting or at any special meeting called for that purpose, and the number so determined by the stockholders shall be the number of directors of the corporation until changed by further action of the stockholders, provided, however, that the number of directors shall not be decreased to a number less than the number of directors then in office, except at any annual meeting of stockholders, and provided further that the fixing of the number of directors shall be stated in the notice of meeting as one of the purposes. As provided in the certificate of incorporation, at least one director must be a resident of the State of New York. No stockholder shall be qualified to serve as director if such stockholder is delinquent in rent payments for a period in excess of sixty (60) days.

Section 1B. Election and Term. Directors shall be elected at the annual meeting of stockholders, or at a special meeting called for that purpose as provided by law, by a plurality of the votes cast in person or by proxy at such election. Each director shall be elected for a term of two years, with elections to be staggered so that one year a simple majority of the Board will be elected and the following year the remainder of the Board will be elected, in order to provide continuity on the Board. Directors may be re-elected to succeed themselves.

Section 2. Vacancies. Vacancies in the Board of Directors resulting from death, resignation or removal may be filled without notice to any of the stockholders by a vote of a majority of the remaining Directors present at the meeting at which such election is held. If a vacancy renders the Board of Directors incapable of establishing a quorum the vacancy may be filled without notice to any of the stockholders by a vote of a majority of the remaining Directors present at a special meeting upon written notice of the special meeting specifying that the purpose of the meeting is to fill the vacancy. Vacancies in the Board of Directors resulting from an increase in the size of the Board of Directors shall be filled in the manner provided in the resolution increasing the size of the Board of Directors. If all the Directors die or resign, any stockholder may call a special meeting of the stockholders as provided herein and Directors for the unexpired term may be elected at such special meeting in the manner provided for their election at annual meetings. If any Director, by ceasing to be a resident of the State of New York, reduces the number of such residents remaining on the Board to less than one, that Director shall be deemed to have resigned resulting in a vacancy.

Section 3. Resignation. Any Director of the Board who resigns shall do so only upon submitting such resignation in writing; electronic transmission of such resignation shall be acceptable. Acceptance shall be considered by the Board of Directors. Acceptance of such resignation shall be approved by 2/3 of the Board of Directors.

Section 4. Removal. Any Director may be removed from office without cause by the stockholders of the Corporation at a meeting duly called for that purpose. Any Director may be removed from office with cause by a supermajority of the Board of Directors.

Section 5. Meetings. (a) Notice, Quorum, Voting: The Board of Directors shall hold its annual meeting immediately after the annual meeting of stockholders, without notice, and shall hold a special meeting whenever called together by the President or by a Vice-President or, after written request of any two Directors then holding office, by any other officer, upon two days' written notice to each Director served in person, or by mail or electronically to the last address furnished by each Director to the Corporation for delivery of notices. Notice of a meeting is waived by any Director

in attendance at such meeting. Any meeting of the Board at which all the Directors are present, or of which notice has been duly waived by all absentees, shall be valid for all purposes provided a quorum is present. A majority of the Directors shall constitute a quorum. Meetings of the Board shall be held at such place as directed by the Board of Directors and as is specified in the notice calling the meeting. At meetings of the Board, each Director shall be entitled to one vote. (b) Duties and Powers: The duly elected Board of Directors is authorized to conduct such business of the Corporation as the Board deems appropriate and necessary and in accordance with the Certificate of Incorporation, these By-Laws, the Proprietary Lease of the Corporation, and the laws of the state of New York. All stockholders, tenants, subtenants (e.g., renters), occupants and invitees are bound by and subject to such authority of the Board and governing documents of the Corporation.

Section 6. Annual Budget. In furtherance of the definitions and provisions of the proprietary leases entered into by the Corporation with its stockholders, the Board of Directors shall determine the cash requirements, as defined therein, and shall likewise fix the terms and times of payment of the rent due from stockholders who are lessees under such proprietary leases to meet such cash requirements. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the apartment buildings of the Corporation, and any other premises acquired by the Corporation by purchase or otherwise, and to determine the aforesaid cash requirements. Every such determination by the Board shall be final and conclusive as to all stockholders who are lessees under proprietary leases and any expenditures made by the Corporation's officers or agents under the direction or with the approval of the Board shall, as against such stockholders, be deemed necessarily and properly made for such purposes. The operating year of the Corporation shall be the calendar year.

Section 6A. Reserve Fund. The Board of Directors may also include in the cash requirements for any year any sums which the Board of Directors may deem it necessary or prudent to provide as a reserve for major capital improvements, to augment the said reserve fund, to forestall increases in maintenance costs, and to avoid special assessments. The Board of Directors is authorized and empowered to create and maintain a reserve fund from budget surplus, creation and collection of a flip tax, and/or through other reasonable means.

Section 7. Loan Agreements. No loan agreement or mortgage agreement may be entered into or signed by the Board of Directors on behalf of the Corporation without prior approval of 2/3 of the stockholders voting, in person or by proxy, at a meeting duly held in accordance with the By-Laws, provided that a quorum exists at the time of voting. For purposes of this section, "loan agreement" does not include the purchasing of repairs or supplies in the normal course of business on usual trade credit terms. Each such loan agreement shall be signed by two (2) officers of the Corporation.

Section 8. Competitive Bids. Where purchase of services and/or supplies entail an outlay of \$25,000 or more, the Board of Directors shall be required to solicit, in writing, a minimum of three (3) competitive bids. Furthermore, copies of such solicitations and the responses received shall be readily available for viewing by any stockholder upon reasonable notice. Competitive bids shall not be required in an emergency situation, which shall be determined and approved by a majority vote of the Board of Directors.

Section 9. Improvement Costs. Whenever in the judgment of a majority of the Board of Directors the cooperative shall require additions, alterations or improvements costing more than

\$25,000 and the making of such alterations or improvements shall have been approved by more than 50% of the total authorized shares of those Stockholders present in person and/or by proxy and voting at a meeting duly held in accordance with the by-laws, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess the stockholders for their proportionate share of the cost of such additions, alterations or improvements as part of their maintenance obligations. Any additions, alterations or improvements costing \$25,000 or less (including non-emergency repair) may be made by approval of a majority of the Board of Directors without the approval of the stockholders and the cost thereof shall constitute part of the maintenance. The billing to the stockholders for such approved expenditures shall be added to the next maintenance invoice and/or shall be spread over installments to be billed in such amount and in such manner as determined at the discretion of the Board of Directors.

Section 10. Distributions. The Board of Directors shall by vote declare dividends from the surplus profits of the Corporation whenever in their opinion the condition of the Corporation's affairs will render it expedient for such dividends to be declared. The stockholder shall not be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the Corporation, to receive any distribution not out of earnings and profits of the Corporation.

Section 11. House Rules. The Board of Directors shall have power to make and change the house rules applicable to the apartments, buildings and grounds of the Corporation whenever the Board deems it advisable so to do. All house rules, including amendments to house rules that are delivered to stockholders by regular mail or electronically, shall be binding upon all stockholders, tenants, subtenants (*e.g.*, renters), occupants and guests of the apartment buildings; stockholders/tenants are responsible for compliance by their subtenants, occupants and guests. House rules shall be posted on the corporation's website; revisions to house rules will be promptly posted on the website. An administrative fee in an amount determined by vote of the Board in accordance with the house rules may be assessed against a stockholder if said stockholder or the stockholder's subtenant or guest is found in the Board's sole discretion not to be in compliance with the house rules.

Section 12. Committees. (a) Executive Committee: The Board of Directors may by resolution appoint an executive committee to consist of three or more Directors to the Corporation. Such committee shall have and may exercise all of the powers of the Board in the management of the business and affairs of the Corporation during the intervals between the meetings of the Board, so far as may be permitted by law, except that the Executive Committee shall not have power to determine the cash requirements defined in the proprietary leases, or to fix the rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the Board. (b) Other Committees: The Board of Directors may by resolution create such other committee(s) as it deems appropriate to conduct certain business within the scope of operation as determined by the Board for each such committee. The Board may in its sole discretion appoint to any such committee or remove from any such committee any stockholder and/or occupant of an apartment.

Section 13. Sale of Real Estate. The Board of Directors is hereafter prohibited from entering into any negotiations regarding the sale of the real estate owned by the Corporation, including the improvements thereon, without the prior approval of such negotiations by affirmative vote of stockholders representing two-thirds (2/3) of the issued and outstanding shares.

Section 14. Restrictions. No director shall be permitted to conduct real estate business in Fire Island Pines.

## **ARTICLE III**

### **Officers**

Section 1. Election and Removal. The Board of Directors at each annual meeting shall elect by a majority vote, a President and one or more Vice-Presidents, a Secretary and a Treasurer, and may also at any time appoint one or more Assistant Secretaries or Assistant Treasurers and accord to such assistant officers such powers as the Board deems proper. All officers must be stockholders and directors of the corporation. Any person otherwise qualified may hold any two offices. Each of the officers shall serve until the next annual meeting of the Board and until the election or appointment of the officer's respective successor; but any officer may be removed from office at any time and a successor may be chosen, and any other vacancy may be filled, at the pleasure of the Board, upon affirmative vote, taken at any meeting, by a majority of the then total authorized number of directors.

Section 2. President and Vice President. The President shall preside at meetings of stockholders and of the Board of Directors. The President shall, subject to the control of the Board, perform all the duties incidental to the office of President by law or as prescribed by these bylaws or by the Board and shall make and sign in the name of the Corporation all contracts, leases and other instruments which are authorized from time to time by the Board. In the absence or inability of the President, any Vice-President shall have the powers and perform the duties of the President. A Vice President shall at all times have power to make and sign proprietary leases and certificates of stock in the name of the Corporation.

Section 3. Secretary. The Secretary shall keep and record in proper books provided for the purpose the minutes of meetings of the Board of Directors and of the stockholders, record all transfers of stock and cancel and preserve certificates of stock transferred, and keep such other records as the Board shall require. The Secretary shall attend to the giving and serving of notices of the Corporation and have custody of the corporate seal and affix the same to certificates of stock and to written instruments required by law or by these bylaws or authorized by the Board. The Secretary shall also perform all other duties incidental to the office of Secretary. The Secretary shall keep a book, to be known as the stock book, containing the names, alphabetically arranged, of all persons who are stockholders of the Corporation, showing their places of residence, the number of shares of stock held by them respectively, the time when they respectively became the owners thereof, the amount paid thereon, and the denomination and amount of all stock transfer stamps affixed thereto, and such book shall be open daily, during at least three business hours, for inspection by any judgment creditor of the Corporation, or by any person who shall have been a stockholder of record for at least six months immediately preceding such demand, or by any person holding, or thereunto in writing authorized by the holders of, at least five per cent of all the outstanding stock. Persons so entitled to inspect the stock book may make extracts therefrom. In the absence or inability of the Secretary, the Assistant Secretary shall have all of the powers and perform all of the duties of the Secretary.

Section 4. Treasurer. The Treasurer, shall, subject to the control of the Board, have the care and custody of, and be responsible for, all funds and securities of the Corporation and shall keep the same in its name in such banks, trust companies or safe deposit companies as the Board shall designate, and shall perform all other duties incidental to this office, or prescribed for him by these bylaws or by the Board. If so required by the Board, the Treasurer shall, before receiving any such funds or securities, furnish to the Corporation a bond with a surety company as surety, in such form and amount as the Board from time to time shall determine. The premium upon such bond shall be paid by the Corporation. Within a reasonable time after the close of each year ending December 31st, the Treasurer shall furnish to each stockholder who is a lessee under a proprietary lease then in force a statement of the income, expenses and paid-in surplus of the Corporation during such year, on which statement there shall be indicated the portions of the rent paid by such stockholder under the corresponding proprietary lease during such year which have been used by the Corporation for the payment of taxes on real estate and interest on its mortgage or other indebtedness. In the absence or inability of the Treasurer, the Assistant Treasurer shall have all the powers and perform all of the duties of the Treasurer.

Section 5. Salaries. No salary or other compensation for services shall be paid to any director or officer of the Corporation for services rendered as such director or officer unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held stockholders' meeting, by the record holders of at least two-thirds of the then outstanding capital stock of the Corporation.

Section 6. Managing Agent. The Board of Directors and its officers by contract with a managing agent may delegate to the managing agent certain administrative responsibilities that shall be supervised by the directors and officers.

## **ARTICLE IV**

### **Indemnification**

Section 1. Indemnification. The Corporation shall indemnify to the fullest extent permitted from time to time by law, any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an action by or in the right of the Corporation or any other Corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any Director or Officer of the Corporation heretofore or hereafter served in any capacity at the request of the Corporation, by reason of the fact that such person, or such person's testator or intestate, was a Director or Officer of the Corporation, or served such other Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, and was acting on the authority of the Board or Corporation against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and reasonably incurred as a result of the threat, commencement or continuation of such action or proceeding, or any appeal therein. The Corporation may advance expenses incurred by any director or officer in defending a civil or criminal action or proceeding upon receipt of an undertaking by or on behalf of such Director or Officer to repay the amount advanced if such Director or Officer is ultimately found not to be entitled to indemnification or to the extent the expenses exceed the indemnification to which such Director or Officer is entitled.

The indemnification provided by the preceding paragraph shall not be deemed exclusive of any other rights to which a Director or Officer seeking indemnification or advancement of expenses may be entitled, whether contained in the certificate of incorporation or By-Laws, or a resolution of stockholders, a resolution of Directors, or an agreement providing for such indemnification, provided that no indemnification may be made to or on behalf of any Directors or Officers if a judgment or other final adjudication adverse to the Director or Officer establishes that such Director's or Officer's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such Director or Officer personally gained in fact a financial profit or other advantage to which such Director or Officer was not legally entitled.

The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction, or its equivalent, shall not in itself create a presumption that any such director or officer did not act, in good faith, for a purpose which the director or officer reasonably believed to be and/or not opposed to the best interests of the Corporation or that the director or officer had reasonable cause to believe that their conduct was unlawful, as provided in NY Business Corporation Law § 722(b).

Section 2. Insurance: The Corporation shall have power to purchase and maintain insurance to indemnify (i) the Corporation for any obligation which it incurs as a result of the indemnification of Directors and Officers under the provisions of this article, any indemnification provided in the certificate of incorporation, a resolution of stockholders, a resolution of Directors or any agreement, (ii) Directors and Officers in instances in which they may be indemnified by the Corporation under the provisions of this article, any indemnification provided in the certificate of incorporation, a resolution of stockholders, a resolution of Directors or any agreement and (iii) Directors and Officers in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article provided the contract of insurance covering such directors and officers provides, in a manner acceptable to the superintendent of insurance, for retention amount and for co-insurance.

Section 3. Intent: The intent of the foregoing indemnification provisions is both to provide and to expand upon the indemnification provided by the New York Business Corporation Law as from time to time amended so as to maintain and continue to attract persons of high quality to serve the Corporation as Officers, Directors, or in similar capacities.

Nothing contained in this provision shall limit any right to indemnification to which any director or any officer may be entitled by contract or under any law now or hereinafter enacted.

## **ARTICLE V**

### **Proprietary Leases**

Section 1. Form. The Board of Directors shall adopt a form of proprietary lease to be used by the Corporation for the leasing of all apartments in the apartment buildings to be leased to stockholders under proprietary leases. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale or transfer of the shares of stock of the Corporation accompanying the same, and such other terms, provisions, conditions and covenants, as the Board deems advisable. After a proprietary lease in the

form so adopted by the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases subsequently executed and delivered shall be in the same form (except with respect to the statement as to the number of shares of stock owned by the lessee), unless the variation is approved by lessees owning at least two-thirds of the shares of capital stock of the Corporation then owned by all lessees under proprietary leases then in force. Notwithstanding the foregoing, the term of all proprietary leases shall be uniformly extended or renewed if so determined by (i) the holders of a majority of the shares, in writing or by a vote at a meeting called for such purpose, or (ii) the Board (except the Board shall not have the right to so extend or renew if the holders of a majority of the shares shall determine not to extend or renew).

Section 2. Assignment. Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of the terms, conditions and provisions, of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the office of the Corporation or with the managing agent.

Section 3. Accompanying Stock. The Board of Directors shall allocate to each apartment to be leased under a proprietary lease the number of shares of stock of the Corporation which must be owned by the proprietary lessee thereof. If the size of any such apartment is changed from that shown on the typical plan thereof, the number of shares of stock so allocated to such apartment and to any other apartment affected by such change shall be ratably and correspondingly changed by the Board.

Section 4. Re-grouping of Space. The Board of Directors, upon the written request of the owner or owners of one or more proprietary leases covering one or more apartments in the apartment buildings and of the stock issued to accompany the same, may in its discretion, at any time, permit such owner or owners, at their own expense, (1) to subdivide or combine all or any portions of any such apartment or apartments into one or any desired number of apartments, (2) to convert all or any portion of any such apartment into a suite, and (3) to re-allocate the stock issued to accompany the proprietary leases, in such proportions as the said owners request and the Board approves, provided only that (a) the total number of the shares so re-allocated is not less than the shares previously allocated, and (b) the proprietary leases so affected and the accompanying certificates of stock are surrendered, and that there are executed and delivered in place thereof respectively, a new proprietary lease for each separate apartment or suite so created and a new certificate of stock for the number of shares so re-allocated to each such new proprietary lease.

Section 5. Fees on Assignment. The Board of Directors shall have authority to fix by resolution and to collect, before any assignment of a proprietary lease, sublet, or any re-allocation of stock takes effect as against the Corporation as lessor, reasonable fees to cover the Corporation's expenses and attorneys' fees in connection with such proposed assignment, sublet and/or re-allocation.

Section 5A. Flip Tax Upon Sale of Shares And Assignment of Lease. The Board of Directors shall have authority to fix by resolution and to collect, before any sale of stock and assignment of proprietary lease takes effect as against the Corporation as Lessor, a flip tax in the amount of two (2%) percent of the gross sale price for the Lessee's stock, for the purpose of creating a reserve fund as an important source of the revenue for major capital improvements, to augment the said reserve fund, to forestall increases in maintenance costs, and to avoid special assessments.

Section 6. Lost Proprietary Leases. In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of such new proprietary lease, require the owner of the lost, stolen, destroyed or mutilated proprietary lease, or the legal representative of the owner, to (i) make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, (ii) impose a reasonable fee for the time and cost expended to address the lost proprietary lease, and (iii) to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

## ARTICLE VI

### Capital Stock

Section 1. Shares. Shares of stock of the Corporation shall be issued only in connection with the execution and delivery by the lessee and the Corporation of a proprietary lease of an apartment in the buildings owned or leased by the Corporation, and the ownership of the said stock so issued shall entitle the holder hereof to occupy for dwelling purposes the apartment specified in the proprietary lease so executed and delivered in connection with the issuance of said stock, subject to the covenants and agreements contained in such proprietary lease.

Section 2. Certificate of Stock. Certificates of the stock of the Corporation shall be in the form prescribed by the Board of Directors, and shall be signed by the President or a Vice-President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Certificates shall be bound in a book and issued in consecutive order therefrom, and in the margin or stub thereof shall be entered the name of the person holding the shares therein represented, the number of shares and the date of issue. Each certificate exchanged or returned to the Corporation shall be canceled, and the date of cancellation shall be indicated thereon, by the Secretary and such certificate shall be immediately pasted in the certificate book opposite the memorandum of its issue.

Section 3. Transfer. Transfer of shares shall be made only upon the books of the Corporation by the holder in person or by power of attorney, duly executed and witnessed and filed with the Secretary, and on the surrender of the certificate of such shares, except that shares sold by the Corporation to satisfy any lien which it holds thereon may be transferred without the surrender of such certificate. No transfer of stock shall be valid as against the Corporation, its stockholders and creditors for any purpose until it shall have been entered in the stock book as required by Section 624(a) of said Business Corporation Law by an entry showing from whom and to whom transferred.

Section 4. Units of Issuance. Shares of stock issued to accompany each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment described in such proprietary lease. Unless and until all proprietary leases which shall have been executed by the Corporation shall have been terminated, the shares of stock which accompany each proprietary lease shall be represented by a single certificate and shall not be sold or transferred except to the Corporation or as an entirety to a person who has acquired such proprietary lease, or a new one in

place thereof, after complying with and satisfying the requirements of such proprietary lease in respect to the assignment thereof.

Section 5. Fees on Transfer. The Board of Directors shall have authority to fix by resolution and to collect, before the transfer of any stock, reasonable fees to cover the Corporation's expenses and attorneys' fees in connection with such proposed transfer.

Section 5A. Flip Tax Upon Sale of Shares And Assignment of Lease. The Board of Directors shall have authority to fix by resolution and to collect, before any sale of stock and assignment of proprietary lease takes effect as against the Corporation as Lessor, a flip tax in the amount of two (2%) percent of the gross sale price for the Lessee's stock, for the purpose of creating a reserve fund as an important source of the revenue for major capital improvements, to augment the said reserve fund, to forestall increases in maintenance costs, and to avoid special assessments.

Section 6. Corporation Lien. The Corporation shall at all times have a first lien upon the shares of stock owned by each stockholder to secure the payment by such stockholder under the provisions of any proprietary lease issued by the Corporation and at any time held by such stockholder and for all other indebtedness from such stockholder to the Corporation and to secure the performance by the stockholder of all the covenants and conditions of said proprietary lease to be performed or complied with by the stockholder. Unless and until such stockholder or lessee makes default in the payment of any of such rent or other indebtedness or in the performance of any of such covenants or conditions, said shares shall continue to stand in the name of the stockholder upon the books of the Corporation and the stockholder shall be entitled to exercise the right to vote thereon. The Corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the Corporation of such lien, or to the nominee of such purchaser, a certificate of the shares of stock so purchased substantially of the tenor of the certificate issued to such defaulting stockholder, and thereupon the certificate for such stock issued to such defaulting stockholder shall become void and such defaulting stockholder shall surrender the same to the Corporation on demand but the failure of such defaulting stockholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof. The Corporation may refuse to consent and/or impose such conditions as it deems appropriate to the transfer of shares of any stockholder indebted to the Corporation unless and until such indebtedness is paid.

Section 7. Legend on Stock Certificates. Certificates representing shares of the Corporation shall bear the following legend and certificates issued heretofore shall be deemed to bear the following legend:

This certificate is issued and only transferable subject to the provisions of Article VI of the by-laws of the corporation and of the agreement between the corporation and the stockholder whose name appears on the face hereof embodied in paragraph First of Article V of a proprietary lease entered into between said parties or assumed by such stockholder, copies of which by-law and lease provisions are set forth in full on the back of this certificate.

If a stockholder shall be indebted to the corporation, the directors may refuse to consent to a transfer of stock until such indebtedness is paid, provided a copy of this

section is written or printed upon the certificate of stock. This certificate is not valid unless counter-signed by the Transfer Agent.

Section 8. Lost Certificates. In the event that any certificate of stock is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, (i) to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, (ii) impose a reasonable fee for the time and cost expended to address the lost stock certificate, and (iii) to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

## **ARTICLE VII**

### **Seal**

Section 1. Form. The seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation, the year of its incorporation, and the words "Corporate Seal, N.Y."

## **ARTICLE VIII**

### **Checks, Notes, Etc.**

Section 1. Signatures on Checks. Checks drawn against the Corporation's deposit accounts with banks or trust companies shall be signed by such officer or officers, or employee or employees as the Board of Directors may from time to time prescribe.

Section 2. Signatures on Notes and Bonds. Promissory notes and bonds of the Corporation shall be signed by any two officers, who, from time to time, shall be designated by the Board of Directors for that purpose.

Section 3. Safe Deposit Boxes. Any officer or officers who, from time to time, shall be designated by the Board of Directors for that purpose shall have access to any safe deposit box of the Corporation in the vault of any safe deposit company.

Section 4. Securities. Any officer or officers who, from time to time, shall be designated by the Board of Directors for that purpose shall have power to control and direct the disposition of any bonds or other securities or property of the Corporation deposited in the custody of any bank, trust company, or any other custodian.

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## ARTICLE IX

### Amendments

Section 1. How Made. These bylaws may be amended at any stockholders' meeting provided that the proposed amendment has been inserted in the notice of meeting or that all of the stockholders are present in person or by proxy. These bylaws may also be amended at any directors' meeting provided that the proposed amendment has been inserted in the notice of the meeting and provided at least two thirds of the then authorized total number of Directors shall be present at such meeting; but any bylaw adopted by the Board of Directors may at any time be rescinded, repealed or amended by the stockholders owning a majority of the then outstanding capital stock represented in person or by proxy. Notwithstanding the foregoing, no amendment to Section 5 of Article III of these bylaws shall be effective unless such amendment be approved by vote of stockholders owning at least 90% of the then outstanding capital stock of the Corporation represented in person or by proxy.

\* \* \*

\*(Above Bylaws adopted by the original Board of Directors in March 18, 1960, and amended at subsequent meetings of the Board and of the stockholders.)

(Certificate of Incorporation filed with State of New York, March 14, 1960, #205840)

Issued to Stockholders September 1989

Reprinted, with voted changes to Article II, August 1995.

Amended: June 10, 2006 Art. II § 6A, Art. V § 5A, Art. VI § 5A (stockholders meeting).

Amended: June 12, 2016 Art. I – Art. VI, Art. IX (stockholders meeting).