

BY-LAWS
OF
WATCH HILL
HOMEOWNERS ASSOCIATION, INC.

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HOMEOWNERS ASSOCIATION, INC.

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BY-LAWS
OF
WATCH HILL
HOMEOWNERS ASSOCIATION, INC.

A New York Not-for-Profit Corporation

ARTICLE I. NAME, LOCATION AND PRINCIPAL OFFICE

These are the By-Laws of Watch Hill Homeowners Association, Inc. hereinafter referred to as the "Association". The principal office of the Association shall be located at Old White Plains Road, Town of Greenburgh, County of Westchester and State of New York.

ARTICLE II. DEFINITIONS

The following words when used in these By-Laws shall, unless the context otherwise prohibits, have the meanings set forth below:

- (a) "Association" shall mean and refer to Watch Hill Homeowners Association, Inc., a New York Not-for-Profit Corporation.
- (b) "The Board" shall mean and refer to the Board of Directors of the Association.
- (c) "By-Laws" shall mean and refer to these By-Laws which govern the operation of the Association.
- (d) "Common Expense" shall mean and refer to those expenses (including reserves) which are incurred or assessed by the Association in fulfilling its lawful responsibilities (herein sometimes referred to as ("Assessment")).
- (e) "Common Properties" or "Common Areas" shall mean and refer to certain areas of land excluding the residential lots in Phase I and the develop-able areas for future construction of subsequent Phases as shown on the Filed Map of The Property filed in the Westchester County Clerk's Office and including without limitation, all internal roadways, all parking areas located outside of the individual Lots, any sidewalks located outside the individual Lots, the Drainage System, the Sanitary Sewage System a Forever Green Area, Restricted Open Area, the Underground Utilities and any other Common Areas including any Recreational Facilities that may be brought into the Association pursuant to Article II, Section 2 of the Declaration.
- (f) "Declaration" shall mean and refer to the Declaration of Covenants, Restrictions, Easements, Charges and Liens applicable to The Properties recorded among the land records in the Clerk of the County of Westchester, New York as the same may, from time to time be amended.
- (g)

- (h) "Development" or "Community" shall mean Watch Hill, a residential home development constructed on The Properties.
- (i) "Drainage System" shall mean and refer to a system of catch basins and drain piping leading to a storm water basin in connection with the storm water collection system.
- (j) "Filed Map" shall mean and refer to the map for the Watch Hill Planned Unit Development as filed in the Westchester County Clerk's Office.
- (k) "Forever Green Space Area" shall mean and refer to the areas of land located within the Common Area to be left in their natural state as shown on the Filed Map and upon which no improvements of any type may be constructed except stabilization of rock faces.
- (l) "Home" shall mean and refer to all units of residential housing situated upon the Lots located on The Properties.
- (m) "Home Owner" or "Homeowner" or "Owner" shall mean and refer to the record owner of fee simple title to any Home. Every Homeowner shall be treated for all purposes as a single owner for each Home held, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety such collective ownership shall constitute one (1) Member.
- (n) "Lot" shall mean and refer to any plot, pieces or parcels of land intended for residential uses as shown on the Filed Map filed in the Westchester County Clerk's Office and any plots, pieces or parcels of land intended for residential uses that may be located on the Phased Property and as may hereinafter be brought within the scheme of the Declaration as provided for in Article II Section 2 of the Declaration.
- (o) "Member" shall mean and refer to such holder of a membership interest in the Association, as such interest is set forth in Article VI. Each Member shall be entitled to one (1) vote.
- (p) "Permitted Mortgage" shall mean and refer to any first mortgage covering a Home or Homes.
- (q) "Permitted Mortgagee" shall mean and refer to the holder of a Permitted Mortgage.
- (r)
- (s) "The Properties" shall mean and refer to all those such Properties described in Article II, Section 1 of the Declaration and all such Properties which may be brought within the scheme of the Declaration pursuant to Article II, Section 2 of the Declaration.
- (t) "Recreation Facilities" shall mean and refer to the swimming pool and pool cabana in the Common Area of Phase III of The Properties and which will be owned, operated and maintained by the Association as part of the Common Area of the Association.
- (u) "Restricted Open Space Area" shall mean and refer to the areas of land located within the Common Area as shown on the Filed Map and upon which no dwelling units or parking areas shall be permitted, but which may contain approved roadways, utilities and appurtenances thereto.

- (v) "Sanitary Sewage System" shall mean and refer to sanitary piping and any other equipment for sewage collection located on the Common Area to be connected to the Town of Greenburgh Department of Public Works Sewer System.
- (w) "Statute" shall mean and refer the New York Not-for-Profit Corporation Law.
- (x) "Underground Utilities" shall mean and refer to those underground utilities located in the Development, the Restricted Open Space Area and the Forever Green Space Area, if permitted, which utilities shall include water, electric, gas, sanitary and storm pipes, lines and wires. Said Underground Utilities shall not include any telephone or cable lines.
- (y)

ARTICLE III. PURPOSE

This Association is formed to own, operate and maintain the Common Areas for the benefit of the Members of the Association.

ARTICLE IV. APPLICABILITY

All present and future Members, their family members, lessees, occupants and guests shall be subject to these By-Laws and to the rules and regulations issued by the Association to govern the conduct of its Members.

ARTICLE V. USE OF FACILITIES

The Common Areas shall be limited to the use by the Members, their family members and their guests. In the event that a Member shall lease or permit another to occupy his Home, however, the lessee or occupant shall at the option of the Member, be permitted to enjoy the use of the Common Areas in lieu of and subject to the same restrictions and limitations as said Member. However, both the Member and the lessee may not use the facilities at the same time. Any Member, lessee or occupant entitled to the use of the Association facilities may extend such privileges to members of his family residing in his household by notifying the Secretary in writing of the names of any such persons and of the relationship of such Member, lessee or occupant to such persons. The Board may establish a limitation on guest privileges and/or establish a guest fee for the use of the Common Areas by guests of Members or permitted lessees or occupants of Homes and their respective family members.

ARTICLE VI. MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership.

The Association shall have one class of membership interest as follows:

The Owner of a Home, Lot or Unsold Home on The Properties then subject to the Declaration shall be a Member of the Association whether such Home is a townhouse or any other type of residential dwelling unit and whether such ownership is joint, in common or tenancy by the entirety. Each Member is entitled to one vote irrespective of the number of Homes, Lots or Unsold Homes

owned by a Member. When more than one person or entity holds such interest in such membership, the one vote attributable to such Member shall be exercised as such persons mutually determine but not more than one vote may be cast with respect to any such Member.

Section 2. Suspension of Membership.

The rights of a Member or permitted lessee or occupant of a Home, and their respective family members, guests and invitees to the use and enjoyment of the Common Areas are subject to the payment of periodic Common Expenses levied by the Board, the obligation of which Common Expenses is imposed against each Member and becomes a lien upon the property of any Homeowner against which such Common Expenses are made as provided for by Article VI of the Declaration. If a Member shall be in default in the payment of the Common Expenses assessed against such Member's Home, and fails to cure such default within five (5) days after receipt of written notice from the Board, the Board, in its sole discretion, shall have the option to prohibit the further use of any Recreational Facilities and any other privileges of the Association by such Member, permitted lessee or occupant, and the respective family Members, guests and invitees of the foregoing, and until such Member is reinstated in good standing in the Association, to take such other legal action as may be permitted by applicable law or these By-Laws. In addition to the foregoing, any Member so in default shall be ineligible to be considered for membership to the Board and if on the Board shall be suspended thereto until such time as all Common Expenses, together with late charges, interest and expenses, if any, are paid to the Association. In no event, however, shall a Member's voting rights be suspended for non-payment of Common Expenses. The right of a Member to use the Recreational Facilities may also be suspended, after notice and a hearing, for a period not to exceed thirty (30) days, for each violation of any rule or regulation.

Section 3. Transfer of Membership.

Membership in the Association shall be appurtenant to, and may not be transferred except in conjunction with the lawful sale or conveyance of, a Home. No Owner shall be permitted to sell or convey his or her Home unless and until he or she shall have paid in full to the Board all unpaid Common Expenses and other amounts required by the Board to be paid and assessed by the Board against such Home. Upon such sale or conveyance, the seller of such Home shall relinquish his or her membership in the Association and the purchaser of such Home shall automatically become a Member, subject to this Declaration, the By-Laws and the rules and regulations.

ARTICLE VII. QUORUM, PROXIES AND WAIVER

Section 1. Quorum.

So many Members as shall represent at least thirty-three and one-third (33 1/3)% of all Members whose Homes are then subject to the Declaration present in person or represented by written proxy shall be requisite to and shall constitute a quorum at all meetings of the Association for the transaction of business, except as otherwise provided by Statute, by the Declaration, the Certificate of Incorporation of the Association or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Association, the Members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least 5 days' written notice of such adjourned meeting shall be given to all Members. At such adjourned meeting any business may be transacted which might have been transacted at the meeting originally called. At such adjourned meeting, so many Members as shall represent at least twenty-five (25%) percent

of all Members whose Homes are then subject to the Declaration shall constitute a quorum. If, however, such reduced quorum shall not be present or represented at such adjourned meeting of the Association, the Members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting and such adjourned meeting shall require at least twenty (20%) percent of all Members whose Homes are then subject to the Declaration. At least 5 days' written notice of such adjourned meeting shall be given to all Members.

Section 2. Vote Required to Transact Business.

When a quorum is present at any meeting, the vote of a majority of the Members present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Members, unless the question is one upon which by express provision of the Statute, Declaration, Certificate of Incorporation or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 3. Right to Vote.

Members shall be entitled to vote either in person or by proxy at any meeting of the Association. Any such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 4. Number of Votes.

Each member shall be entitled to one (1) vote irrespective of the number of Homes owned by such Member.

Section 5. Proxies.

All proxies shall be in writing signed by the owner, and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 6. Waiver and Consent.

Wherever the vote of the membership at a meeting is required or permitted by Statute or by any provision of the Declaration, Certificate of Incorporation or by these By-Laws to be taken in connection with any action of the Association, the meeting and vote of the membership may be dispensed with if all Members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 7. Place of Meeting.

Meetings shall be held at any suitable place convenient to the Members as may be designated by the Board of Directors and designated in the notices of such meetings.

Section 8. Annual Meetings.

The annual meeting of the membership of the Association shall be held on such date as is fixed by the Board of Directors but at least on an annual basis. At such meetings there shall be elected by

ballot of the membership a Board of Directors in accordance with the requirements of Article VIII of these By-Laws. The Members may also transact such other business as may properly come before the meeting.

Section 9. Special Meetings.

It shall be the duty of the President to call a special meeting of the Association, if so directed by the Board of Directors, or upon the presentation to the Secretary of a petition signed by a majority of the Members.

Section 10. Notice of Meetings.

It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member at least ten but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 11. Order of Business.

The order of business at all meetings shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Report of officers
- (e) Report of committees
- (f) Appointment of inspectors of election (in the event there is an election)
- (g) Election of Directors (in the event there is an election)
- (h) Unfinished business
- (i) New business

ARCICLE VIII. BOARD OF DIRECTORS

Section 1. Number and term.

The number of Directors which shall constitute the whole Board shall be five (5) and shall serve for two (2) year terms and until their successors have been duly elected and qualified. All Directors must be either Members of the Association or immediate family members residing in the Member's Home. As required by law, each Director shall be at least nineteen years of age. In no event shall any Member be eligible for election to the Board if such Member is then in default, beyond any applicable grace period, in the payment of Common Expenses or any other amounts required by the Board to be paid.

Section 2. Vacancy and Replacement.

If the office of any Director becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor, who shall hold office for the unexpired term in respect of which such vacancy occurred and until a successor is duly elected and qualified.

Section 3. Removal.

Directors may be removed for cause by an affirmative vote of fifty-one (51%) (66-2/3%) percent of the Members. No Director shall continue to serve on the Board if, during his term of office, he shall cease to be a Member.

Section 4. Powers.

(a) The property and business of the Association shall be managed by its Board of Directors, which may exercise all such powers of the Association and do all such lawful acts and things as are not by Statute, Declaration, Certificate of Incorporation or by these By-Laws, directed or required to be exercised or done by the Members or Homeowners personally. These powers shall specifically include, but not be limited to the following items:

1. To determine and levy monthly assessments ("Common Expenses") to cover the cost of operating and maintaining the Common Areas and other maintenance requirements of the Association payable in advance. The Board of Directors may increase the monthly Common Expenses or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses.
2. To collect, use and expend the Common Expenses collected to maintain, care for and preserve the Common subject to Article 12 Section 3(b) on The Properties and other maintenance requirements of the Association.
3. To make repairs, restore or alter the Common Areas after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.
4. To open bank accounts and borrow money on behalf of the Association and to designate the signatories to such bank accounts.
5. To collect delinquent Common Expenses by suit or otherwise, to abate nuisances and to enjoin or seek damages from Members for violations of the house rules or rules and regulations herein referred to.
6. To make reasonable rules and regulations and to amend the same from time to time. Such rules and regulations and amendments thereto shall be binding upon the Members when the Board has approved them in writing and delivered a copy of such rules and all amendments to each Member. Such rules and regulations may without limiting the

foregoing, include reasonable limitations on the use of the Common Areas by guests of the Members as well as reasonable admission and other fees for such use.

7. To impose fines or penalties upon any Member who violates the Declaration its rules and regulations or By-Laws. Any Member fined or penalized by the Association for a violation of its Declaration, By-Laws or any of its rules, regulations shall be entitled to receive written notice by registered mail of such action. The written notice shall contain the following statements:

- i. A copy of the portion of the Declaration, By-Laws or rule or regulation the Member has violated and a description of the manner in which the Member violated the same.
- ii. The amount of the fine or penalty.
- iii. A time and place at which the Member shall be given the opportunity to present a defense before final action is taken.

8. To employ workmen, contractors and supervisory personnel, and to purchase supplies and equipment, to enter into contracts to provide maintenance, refuse removal and other services, and generally to have the power of Directors in connection with the matters hereinabove set forth.

9. To bring and defend actions by or against one or more Members, any of their occupants and lessees, pertinent to the operation of the Association and to assess special assessments to pay the cost of such litigation.

10. To hire a Managing Agent to perform and exercise the powers of the Board of Directors in the management of the Development.

11. To execute, acknowledge and deliver (i) any declaration or other instrument affecting The Properties, which the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of any public authority, applicable to the occupancy, maintenance, demolition, construction, alteration, repair or restoration of The Properties (ii) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting The Properties which the Board deems necessary or appropriate.

12. To obtain and review insurance for the Association.

(b) The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, in addition to any committee required by these By-Laws, each of such committees to consist of at least three (3) Members, one of whom shall be a Director, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association and may have power to sign all papers which may be required, provided the said resolution or resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Committees established by resolution of the Board of Directors shall keep regular minutes of their proceedings and shall report the same to the Board as required.

(c)

Section 5. Compensation.

Directors and officers, as such, shall receive no compensation for their services.

Section 6. Meetings.

(a) The first meeting of each Board newly elected by the Members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Directors shall be held at the same place as the annual meeting of Association Members and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days' notice to each Director either personally or by mail or email. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) Directors.

(d) At all meetings of the Board, a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of a majority of the Directors present at any meetings at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by Statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

(e) Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

(f) Members of the Board may participate in a meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting.

Section 7. Annual Statement.

The Board of Directors shall furnish to all Members and shall present annually (at the annual meeting) and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business conditions and affairs of the Association, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Members and a notice of the holding of the annual meeting of Association members.

Section 8. Fidelity Bonds.

The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a Common Expense of the Association.

ARTICLE IX. OFFICERS

Section 1. Elective Officers.

The officers of the Association shall be chosen by the Board and shall consist of a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Assistant Secretaries and Assistant Treasurers and such other officers as in their judgment may be necessary. All officers must be either members of the Board of Directors or Members of the Association. Two or more offices may not be held by the same person.

Section 2. Election.

The Board of Directors, at its first meeting after each annual meeting of Association Members, shall elect a President, a Vice President, a Secretary and a Treasurer. Only the President must be a member of the Board.

Section 3. Appointive Officers.

The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term.

The officers shall hold office for a period of one year or until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed with or without cause, at any time, by the affirmative vote of a majority of the Board of Directors, provided prior notice was given to all Board members that this item was on the agenda for such meeting. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President.

The President shall be the chief executive officer of the Association, shall preside at all meetings of the Association Members and the Board of Directors, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Association, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a corporation organized under the Not-for-Profit Corporation Law of the State of New York.

Section 6. The Vice President.

The Vice President shall take the place of the President and perform those duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a corporation organized under the Not-for-Profit Corporation Law of the State of New York.

Section 7. The Secretary.

The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all meetings of Association Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of Association Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision The Secretary shall be.

Section 8. The Treasurer.

The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Association including the vouchers for such disbursements, and shall deposit all monies, and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. These duties may also be exercised by the Managing Agent, if any. However, such Managing Agent shall not replace the Treasurer.

The Treasurer shall disburse the funds of the Association as may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Directors, at the regular meeting of the Board or whenever they may require it, an account of all transactions as Treasurer, and of the financial condition of the Association.

The Treasurer shall keep detailed financial records and books of account of the Association, including a separate account for each Member, which among other things, shall contain the amount of such assessment, the date when due, the amount paid thereon and the balance remaining unpaid.

Section 9. Agreements, etc.

All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Directors.

ARTICLE X. NOTICES

Section 1. Definitions.

Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Directors or to any Director or Association Member, it shall not be construed to mean personal notice; but such notice may be given in writing, by email, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Directors, such Director, or Member, at such address as appears on the books of the Association.

Section 2. Service of Notice Waiver.

Whenever any notice is required to be given under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE XI. COMMON EXPENSES

Section 1. Creation of the Lien and Personal Obligation of Assessments.

The creation of the lien and personal obligation of Common Expenses is governed by Section 1 of Article VI of the Declaration.

Section 2. Purpose of Common Expenses.

The purpose of Common Expenses is as specified in Section 2 of Article VI of the Declaration.

Section 3. Basis of Common Expenses.

The basis of the Common Expenses is as specified in Section 3 of Article VI of the Declaration.

Section 4. Date of Commencement of Common Expenses: Due Dates.

The date of commencement and the due dates of Common Expenses are as specified in Section 4 of Article VI of the Declaration.

Section 5. Effect of Non-Payment of Common Expenses: Remedies of the Association.

The effect of non-payment of Common Expenses and the remedies of the Association shall be as specified in Section 5 of Article VI of the Declaration.

Section 6. Subordination of Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinated pursuant to the provisions of Section 5 of Article VI of the Declaration.

Section 7. Checks.

All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 8. Operating Account.

There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all monthly and specific Common Expenses as fixed and determined for all Members. Disbursements from said account shall be for the general needs of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the community.

Section 9. Other Accounts.

The Board shall maintain any other accounts it shall deem necessary to carry out its purposes.

ARTICLE XII. INSURANCE

Section 1. Common Areas/Master Policy.

(a) The Board shall be required to obtain and maintain, to the extent obtainable and to the extent determined by the Board to be appropriate, the following insurance: (i) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the insurable parties of the Common Areas, together with all service machinery contained therein and covering the interests of the Association, the Board and all Members, as their respective interests may appear, in

an amount equal to the full replacement value of all Common Areas and appurtenances thereto (exclusive of any foundation and footings, if any), without deduction for depreciation; (ii) workers' compensation and New York State disability benefits insurance for any employees; (iii) fidelity insurance covering all officers, Board members, directors and employees of the Association and of the managing agent or agents who handle funds of the Associations; (iv) directors' and officers' errors and omissions insurance; and (v) such other insurance as the Board may determine. The premiums for all insurance referred to above and for the liability insurance referred to below shall be Common Expenses and shall be borne equally by the Members.

(b) The Board shall also be required to obtain and maintain, to the extent obtainable, comprehensive general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Common Areas and in such limits as the Board may from time to time determine, covering (i) the Board, any managing agent appointed by the Board, each Board Member and each Association Member and any lessee, occupant and family member. The Board shall also be required to obtain and maintain, on behalf of the Board, fidelity insurance covering the Board, the Managing Agent, if any, each Board member and each officer of the Association and each employee of the Association employed as such.

(c) Members shall not be prohibited from carrying other insurance for their own benefit, at their own expenses, and the Board shall not be prohibited from carrying additional insurance, provided that any such policies shall contain waivers of subrogation, and further provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Member.

(d) The Board of Directors shall have the discretion of placing a Master Policy on all Homes located on the premises in lieu of each Home Owner securing their own. In such event the cost of such insurance shall be a Common Expense.

Section 2. Insurance Policies to be Carried by the Members.

In the event the Board of Directors does not secure a Master Policy then each Member shall be required to maintain the following insurance:

(a) Each Member will be required to maintain an "All Risk" property policy on his or her Home, with an insurance company acceptable to the Homeowners Association, in an amount equal to full replacement value of the Home (exclusive of any foundation and footing) without deducting for depreciation, which policy shall contain if available (i) waivers of subrogation of any defenses based upon co-insurance or other insurance or invalidity arising out of acts of the insured or a pro rata reduction of liability; (ii) shall name the Board of Directors or Association as an additional insured and (iii) a provision that such policy not be either canceled or substantially modified except upon at least thirty (30) days' prior written notice to all of the insured including the Association. Copies of these policies must be maintained with the Managing Agent, if any, or by the Board and shall be sent with proof of payment of premiums at least thirty (30) days prior to the expiration of the then current policies. Any repair or reconstruction of the exterior of any Home must be performed in a good and workmanlike manner and shall conform as nearly as possible to the original plans and specifications. The plans and specifications for repair or reconstruction to the exterior of any Home must be submitted to and approved in writing by the Board.

(b) Each Member will be required to maintain an individual liability policy, with an insurance company acceptable to the Homeowners Association, covering occurrences on his or her Home, including the Home constructed thereon. The policy must provide for coverage of the first \$300,000

of any judgment (or the first \$300,000 of a settlement in lieu of judgment) recovered against the Association as a result of an occurrence on the Owner's Home or such other amount as the Board shall from time to time determine and if possible must name the Association and the Managing Agent, if any as additional insured. Such policy shall also provide medical payment coverage in the amount of \$2,000. Additionally, if available without special premium the policy shall contain (i) waivers of subrogation of any defense based upon co-insurance or other insurance or invalidity arising out of acts of the insured or a pro rata reduction of liability and (ii) a provision that such policy may not be either canceled or substantially modified except upon at least thirty (30) days' prior written notice of all of the insured including the Association. Copies of these policies must be maintained with the Managing Agent, if any, or with the Board and must be sent with proof of payment or premiums at least thirty (30) days prior to the expiration of the then current policies. Each such policy must provide for at least thirty (30) days written notice to the Managing Agent and the Board before the policy may be canceled.

(c) Adequate Insurance Not Obtained. If the insurance provided under this Section has not otherwise been adequately obtained by each Homeowner, as determined by the Board of Directors, then the Board may obtain such insurance coverage. Such insurance shall be sufficient to cover the full replacement cost or necessary repair or reconstruction work. The purpose of such insurance will be to protect, preserve and provide for the continued maintenance and support of separately owned Homes which shall include common Party Walls, connected exterior roofs and other parts of the overall structure. Insurance obtained by the Board of Directors shall be written in the name of the Association as Trustee for the benefit of each Homeowner. Premiums for insurance obtained by the Board of Directors, as provided hereinabove, shall not be a part of the Association Common Expenses but shall be an individual assessment payable in accordance with the provisions of Article VI of this Declaration.

Section 3. Repair or Reconstruction after Fire or Other Casualty.

(a) Common Area. In the event that the Common Area or any part thereof is damaged or destroyed by fire or other casualty, the Board will arrange for the prompt repair and restoration thereof and the Board, or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. If the insurance proceeds are less than sufficient to cover, or exceed, the cost of repairs and restoration, the deficit or surplus, as the case may be, will be borne equally by all Homeowners as an Association Common Expense or shared equally by all Homeowners, except that the amount of any surplus payable to any Homeowner pursuant to this Section 3 shall be lessened by the amount of any unpaid Common Expense against such Homeowner.

(b) Homeowner. If no cleanup, repair or rebuilding has been contracted for, or otherwise substantially started by the Homeowner, with the cooperation of the Board within thirty (30) days of the receipt of the insurance proceeds, the Board of Directors shall have the right but not the obligation to initiate the clean up, repair or rebuilding of the damaged or destroyed portions of the structure and/or exterior of the Home, in a good and workmanlike manner in conformance with the original plans and specifications. The Board of Directors may advertise for sealed bids from any licensed contractors and may then negotiate with said contractors. The contractor or contractors selected to perform the work shall provide full performance and payment bonds for such repair or rebuilding. In the event the insurance proceeds are insufficient to fully pay the costs of repairing and/or rebuilding the damaged or destroyed portions in a good and workmanlike manner, the Board of Directors may levy special assessment against the Homeowner in whatever amount sufficient to make up the deficiency. Until such time as the special assessment is paid, the Board of Directors may borrow funds or impose a special assessment against the Association Members to pay for such

reconstruction and cleanup. The cost of such borrowing including interest, legal fees, etc., shall be paid by the Owner. If the insurance proceeds exceed the cost of repairing and/or rebuilding, such excess shall be paid over to the respective Homeowner and/or Homeowner's mortgagee in such portions as shall be independently determined by those parties. The Board of Directors shall have the right to enter in and on the Homeowners Lot or home to effectuate necessary repairs.

ARTICLE XIII. AMENDMENTS

Except as otherwise provided, these By-Laws may be altered, amended or added to at any duly called meeting of Association Members provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment and (2) that the amendment shall be approved by vote of at least fifty-one (51) percent of the total Members whose Homes are then subject to the Declaration. No amendment, however, shall affect or impair the validity or priority of the Members' interests and the interests of holders of a mortgage encumbering a Member's Home.

ARTICLE XIV. SELLING, LEASING AND GIFTS OF HOMES

Section 1. Selling and Leasing Homes.

Any Home may be conveyed or leased by a Member free of any restrictions except as provided in Article XII of the Declaration as to any Lease and except that no Member shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all violations against the Home are removed and all unpaid Common Expenses assessed against the Home shall have been paid as directed by the Board of Directors. Such unpaid Common Expenses, however, may be paid out of the proceeds from the sale of a Home, or by the Grantee. Any sale or lease of a Home in violation of this section or the applicable Article of the Declaration shall be voidable at the election of the Board of Directors. Upon the written request of a Member or mortgagee, the Board or its designee shall furnish a written statement of the status of any violation and the unpaid charges due from such Member which shall be conclusive evidence of the payment of amounts assessed prior to the date of the statement. A reasonable charge may be made by the Board for the issuance of such statements.

The provisions of this Section as they apply to unpaid Common Expenses shall not apply to the acquisition of a Home by a mortgagee who shall acquire title to such Home by foreclosure or by deed in lieu of foreclosure. In such event the unpaid Common Expenses against the Home which were assessed and became due prior to the acquisition of title to such Home by such mortgagee shall be deemed waived by the Association and shall be charged to all other Members of the Association as a Common Expense. Such provisions shall, however, apply to any Common Expenses which are addressed and become due after the acquisition of title to such Home by the mortgagee and to any purchaser from such mortgagee.

Whenever the term "Home" is referred to in this Section, it shall include the Home, the Member's interest in the Association and the Member's interest in any Homes acquired by the Association.

Section 2. Gifts, etc.

Any Member may convey or transfer his Home by gift during his lifetime or devise his Home by will or pass the same by intestacy without restriction except as may be permitted regarding occupancy requirements as provided in Article XIII of the Declaration.

ARTICLE XV INDEMNIFICATION

Section 1. Indemnification to Officers and Directors.

To the fullest extent allowed by law, the Association shall indemnify any person, made a party to an action by or in the right of the Association to procure a judgment in its favor by reason of the fact that he, his testator or, intestate, is or was or has agreed to become a Director or Officer of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such Director or Officer is adjudged to have breached his duty to the Association, as such duty is defined in Section 717 of the Not-For-Profit Corporation Law. To the extent allowed by law, the Association shall also indemnify any person, made, or threatened to be made, a party to an action or proceeding other than one by or in the right of the Association to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation, domestic or foreign, which he served in any capacity at the request of the Association by reason of the fact that he, his testator or intestate was a Director or Officer of the Association or served it in any capacity against judgment, fines, amounts paid in settlement, and reasonable attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such Director or Officer acted, in good faith, for a purpose which he reasonably believed to be in the best interests of the Association and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

Section 2. Indemnification to Employees and Agents.

The Association may, to the extent authorized from time to time by the Board or by a committee comprised of members of the Board, provide indemnification to employees or agents of the Association who are not Officers or Directors of the Association with such scope and effect as determined by the Board, or such committee.

Section 3. Indemnification to Others.

The Association may indemnify any person to whom the Association is permitted by applicable law to provide indemnification or the advancement of expenses, whether pursuant to rights granted pursuant to, or provided by, the New York Not-For-Profit Corporation Law or other rights created by (i) a resolution of the Members, (ii) a resolution of Directors, or (iii) an agreement providing for such indemnification, it being expressly intended that these By-Laws authorize the creation of other rights in any such manner.

Section 4. Other Rights.

The right to be indemnified and to the reimbursement or advancement of expenses incurred in defending a proceeding in advance of its final disposition authorized by this Article XV shall not be exclusive of nor limit any other right which any person may have or hereafter acquire under any

statute, provision of the Certificate of Incorporation, By-Laws, agreement, vote of Members or disinterested Directors or otherwise.

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

ARTICLE XVI. GENERAL PROVISIONS

Section 1. Fiscal Year.

The fiscal year of the Association shall be fixed by resolution of the Board of Directors and unless otherwise specified shall be based on the calendar year.

Section 2. Seal.

The Association seal shall have inscribed thereon the name of the Association and the year of its incorporation under the laws of the State of New York. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 3. Architectural Control.

No building, deck, patio, fence, wall, statuary or other structure, or change in landscaping, or color of exterior façade shall be commenced, erected, replaced, repaired or maintained upon The Properties, nor shall any exterior addition to, or change or alteration thereto, be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to, and approved in writing as to harmony of external design and location, in relation to surrounding structures and topography by the Board of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. A two-thirds majority of a quorum of the Board or Architectural Committee shall be required for approval of any addition, change, or alteration.

The make-up and procedures applicable to an Architectural Committee is as follows:

- (1) Members of Architectural Committee and Rights of Appointment. The Architectural Committee shall consist of three (3) members; provided, however that such number may be increased or decreased by resolution of the Board. The Board shall have the right to appoint and remove all members of the Architectural Committee. Architectural Committee members appointed by the Board shall serve for a term of one (1) year or until their respective successors are appointed.
- (2)
 - (b) Plans and Specifications. The Architectural Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, landscaping plans, elevation drawings and description or samples of exterior material and colors prepared by a licensed professional engineer or registered architect. Until receipt by the Architectural Committee of any required plans and specifications, the Architectural Committee may postpone review of any plan submitted for approval. Decision of the

Architectural Committee and the reasons therefore shall be transmitted by the Architectural Committee to the Applicant at the address set forth in the application for approval, within sixty (60) days after receipt by the Architectural Committee of all materials required by the Architectural Committee. Any application submitted pursuant to this Section shall be deemed approved, unless written disapproval or a request for additional materials by the Architectural Committee shall have been transmitted to the Applicant within sixty (60) days after the date of receipt by the Architectural Committee of the Applicant's most recent submission.

(c) Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

- (1) The Architectural Committee or its duly authorized representative may at any time inspect any work for which approval of plans is required under this Section 3. However, the Architectural Committee's right of inspection of the work for which plans have been submitted and approved shall terminate sixty (60) days after the work has been completed and the respective Owner has given written notice to the Architectural Committee of its completion. The Architectural Committee's rights of inspection shall not terminate pursuant to this paragraph if plans for the work have not previously been submitted to and approved by the Architectural Committee. If, as a result of such inspection, the Architectural Committee finds that the work was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the Architectural Committee, it shall notify the Owner in writing of his failure to comply with this Section within sixty (60) days from the inspection, specifying the particulars of noncompliance. The Architectural Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.
- (2) If upon the expiration of sixty (60) days from the date of such notification, the Owner has failed to remedy the noncompliance, the Architectural Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Homeowner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Homeowner. If the Homeowner does not comply with the Board ruling within that period, the Board, at its option, may take whatever action it may have at law, in equity or in the Declaration or By-Laws.

Section 4. Examination of Books and Records.

Each Member, or their respective representatives and first mortgagee, shall be entitled to a reasonable examination of the books and records of the Association at any time during normal business hours upon reasonable notice to its Board of Directors. The Declaration, Certification of Incorporation and the By-Laws of the Association shall be available for inspection by any Member or first mortgagee at the principal office of the Association.

Section 5. Construction.

In the case of any conflict between the Certificate of Incorporation and these By-Laws, the Certificate shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 6. Severability.

Should any of the covenants, terms or provisions herein imposed be or become unenforceable at law or in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.