



BY-LAWS

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ARTICLE I

NAME AND LOCATION OF CORPORATION

The name of the Corporation is 4-6 West 105<sup>th</sup> St Housing Development Fund Corporation. Its principal office is located at 4-6 West 105<sup>th</sup> St, New York.

ARTICLE II

CORPORATE PURPOSE



The purpose of this Corporation is to provide its shareholders with a cooperative housing project located at 4-6 West 105<sup>th</sup> St, New York (the "Building") consistent with the provisions of the Certificate of Incorporation.

### ARTICLE III

#### RECORDS AND FISCAL MANAGEMENT

##### Section 1. Fiscal Year

The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors (the "Board").

##### Section 2. Books and Accounts

Books and accounts of the Corporation shall be kept under the direction of the Treasurer and in accordance with generally accepted accounting procedures.

##### Section 3. Auditing and Annual Reports

At the close of each fiscal year, the books and records of the Corporation shall be audited by a Certified Public Accountant or such other person approved by the Board or shareholders. Based on such reports, the Corporation will furnish the shareholders with an annual financial statement, including the income and disbursements of the Corporation.

##### Section 4. Fidelity Bonds

The Board may require that all officers and employees of the Corporation who handle or are responsible for Corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

##### Section 5. Place of Keeping Books and Minutes

The Corporation shall keep its books and records of account and minutes of the meetings of its Shareholders and Board at its principal office in the State of New York. Minutes may be in written form or in any other form which can be converted into written form within a reasonable time.

##### Section 6. Examination of Books



The books, records, documents and accounts of the Corporation shall be open to inspection by shareholders, at reasonable times, at the office of the Corporation.

Section 7. Deposit of Funds

All funds of the Corporation which are not otherwise spent or invested shall be deposited in such banks or trust companies or similar depositories as the Board may determine from time to time or as required by the Regulatory Agreement between the Sponsor and the City of New York acting by and through its Department of Housing Preservation and Development.

Section 8. Safe Deposit Boxes

The Board shall from time to time, name an officer or officers who shall have access to any safe of the Corporation in the vault of any safe deposit company.

ARTICLE IV

SIGNING OF CORPORATE DOCUMENTS AND CHECKS; CORPORATE SEAL

Section 1. Authorized Signatures

With the prior authorization of the Board, all notes and contracts, including Proprietary Leases, shall be signed on behalf of the Corporation by two officers, including the President or the Vice President and by the Secretary or Treasurer. All checks shall be signed on behalf of the Corporation by the President or the Vice President and countersigned by either the Secretary or Treasurer, and all deeds shall be signed on behalf of the Corporation by either the President or Vice President. Such Board authorization may be general or confined to specific instances.

Section 2. Corporate Seal

The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization and the word "Corporate Seal" and "New York". The seal shall be kept by the Secretary. If directed by the Board, a duplicate of the seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE V



## CAPITAL SHARES

### Section 1. Issuance to Shareholders Only; Unsold Shares

(a) Shares of the Corporation shall only be issued or reissued when a Proprietary Lease for an apartment in the Building is presented by the Corporation and signed by the purchaser. The ownership of Shares shall entitle the holder to occupy the apartment for the purposes specified in such Proprietary Lease.

(b) Unsold Shares, as defined in Section 4.03 of the Proprietary Lease, shall be retained by the Corporation. Such shares may be issued only after the requirements of said section have been met and such sale has been ratified by a majority of the Total Votes as defined in Article VI, Section 11 of these by-laws.

### Section 2. Issuance of Certificates

Shares pertaining to each Proprietary Lease shall be reissued in the amount allocated by the Board to the apartment described in the Proprietary Lease and shall be represented by a single Certificate. Upon reissuance, all original Certificates shall be legended to indicate that they are subject to Apartment Profit liens of the Corporation for a period of thirty (30) years from the date of issuance of shares (the "Restriction Period"). Said Profits and the liens on them shall be calculated and allocated pursuant to specific provisions of Article XV of these by-laws. No reissuance, exchange, cancellation, return, sublet, transfer, assignment by the shareholder shall be valid unless the resale tax imposed on the seller has been paid.

### Section 3. Form and Share Register

Certificates of Shares in the Corporation shall be in the form adopted by the Board and as legended pursuant to Section 8 of this Article V during the Resale Period, shall be signed by the President or Vice President and the Secretary or the Treasurer, sealed with the seal of the Corporation and shall be numbered in the order in which issued. The signatures and seal may be facsimiles when and to the extent permitted by Section 508(a) of the Business Corporation Law or other applicable law. Certificates shall be issued in consecutive order and there shall be recorded the name of the person holding the Shares, the number of Shares and the date of issue. Each Certificate exchanged or returned to the Corporation shall be canceled with the date of cancellation indicated thereon. All canceled Certificates shall be retained in the corporate records.

### Section 4. Transfers



Transfers of Shares shall be made on the books of the Corporation by the shareholder in person or by power of attorney and shall be duly performed and filed by the Secretary of the Corporation on the surrender of the Certificate, except that Shares sold by the Corporation to satisfy any lien it holds on the Shares may be transferred without the surrender of the Certificate representing the Shares. The Board shall supervise the transfer of Shares in such a manner as to implement the rules and restrictions established for transfers in the Certificate of Incorporation and the Proprietary Lease and shall not make any transfer except on proof that the Corporation shall receive a resale tax (Flip Tax) on the Apartment Profit received on each sale, transfer or exchange of the individual units in the Housing Project according to the schedule contained in Article XV of these by-laws.

No sale, assignment or transfer of Shares allocated to any Apartment shall be effective until the requirements of this Section 4 have been complied with.

#### Section 5. Units of Issuance

Unless and until all Proprietary Leases signed by the Corporation have been terminated, the Shares allocated to each Proprietary Lease shall not be sold or assigned except as an entirety to the Corporation or an assignee of the Proprietary Lease, after satisfying the requirements of the Proprietary Lease in respect to the assignment.

#### Section 6. Corporation's Lien

The Corporation shall at all times have a first lien on the Shares owned by each shareholder for all sums due and to be due the Corporation from the shareholder including, without limitation, obligations arising under the provisions of any Proprietary Lease issued by the Corporation and held at any time by the shareholder. Unless and until the shareholder, as lessee, defaults in the payment of any maintenance charge, special assessment or of any other indebtedness or obligation or defaults in the performance of any of the covenants or conditions contained in the Proprietary Lease, the Shares shall continue to stand in the name of the shareholder on the books of the Corporation and the shareholder shall be entitled to vote such Shares as though the lien did not exist.

On the enforcement of the lien by Corporation, the Corporation shall have the right to issue to any purchaser of the Shares, a Certificate of the Shares so purchased, substantially similar to the Certificate previously issued to the defaulting shareholder and that previously issued certificate shall then become void. The defaulting shareholder agrees to surrender the Certificate to the Corporation on demand, but the failure of the defaulting shareholder to surrender the Certificate shall not affect the validity of the Certificate issued in replacement of the original. The Corporation may refuse to consent to the transfer of Shares of any shareholder indebted to the Corporation unless and until the indebtedness is paid.



Section 7. Lost Certificates

In the event any share Certificate is lost, stolen, destroyed or mutilated, the Board may authorize the issuance of a new Certificate substantially similar and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of any new Certificate, require the owner of the lost, stolen, destroyed or mutilated Certificate or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary and to give the Corporation a bond in such reasonable amount as it may direct, indemnifying the Corporation against any liability or loss it may sustain by reason of the issuance of such new Certificate.

Section 8. Legend on Share Certificate

Certificates representing Shares in the Corporation shall bear a legend reading as follows:

“The rights of any holder of this Certificate of Shares are subject to the requirements of the Private Housing Finance Law, including maximum limits on resident income, specifically new residents may earn no more than 120% of the area median income as determined from time to time by the Department of Housing and Urban Development, the provisions of the Certificate of Incorporation and the by-laws of this Corporation, and to all terms, covenants, conditions and provisions of a Proprietary Lease made between the person in whose name this Certificate is issued, as Lessee and this Corporation, as Lessor, for an apartment in the premises located at \_\_\_\_\_, which lease limits and restricts the title and rights of any transferee of this Certificate. The obligations secured hereby include, but are not limited to, the obligations of the holder of these shares to pay a resale tax (“Flip Tax”) upon each subsequent sale, transfer or assignment pursuant to the by-laws.

“The Shares represented by this Certificate are transferable only in accordance with the maximum limits on resident income contained in the Certificate of Incorporation, only as an entirety and only to an approved assignee of the Proprietary Lease to which these Shares are allocated.

“Copies of the Certificate of Incorporation, by-laws, and the Proprietary Lease are on file and available for inspection at the office of this Corporation located at \_\_\_\_\_ :



The Directors of this Corporation may refuse to consent to the transfer of the Shares represented by this Certificate until any indebtedness of the shareholder to this Corporation is paid. This Corporation, by the terms of the by-laws and Proprietary Lease, has a lien on the Shares represented by this Certificate for all sums due and to become due under the Proprietary Lease, including the lien against the Apartment Profit from any payment of the purchase price upon the resale of these shares, as more particularly set forth in the by-laws.

“For a period of thirty (30) years a resale restriction in the form of a resale tax (“Flip Tax”) will be placed on each subsequent sale, transfer or assignment of shares allocated to the apartments and proprietary leases. The Flip Tax, which is levied against the seller, shall be assessed against the resale profits portion of all payments by a purchaser of these shares, whether made at closing or by later installments on a purchase money mortgage, according to a schedule contained in these By-laws. The definition of Resale Profits shall be according to the specific provisions in the by-laws of this Corporation.

ARTICLE VI

MEETINGS OF SHAREHOLDERS; VOTING MAJORITIES

A. Types of Meetings

Section 1. Annual Meetings

A meeting of shareholders shall be held annually for the election of directors and the transaction of other business on the first day of \_\_\_\_\_ (month) of each year, if it is not a legal holiday and, if it is a legal holiday, then on the next succeeding day that is not a legal holiday.

Section 2. Regular Meetings

Regular meetings of the shareholders shall be held on the first day of \_\_\_\_\_ [month(s)] of each year for the transaction of the Corporation's business.

Section 3. Order of Business



The order of business at all annual and regularly scheduled meetings of the shareholders shall be as follows:

- i) roll call
- ii) proof of notice of meeting or waiver of notice
- iii) reading of minutes of preceding meeting
- iv) reports of officers
- v) reports of committees
- vi) unfinished business
- vii) new business

#### Section 4. Special Meetings

Special meetings of the shareholders of the Corporation may be called at any time by the President or by order of the Board given at a meeting of the Board or by ten percent (10%) of the shareholders eligible to vote under these by-laws. The notice or waiver of notice of any special meeting shall state the time and place of such meetings and the purpose of the meeting.

No business shall be transacted at a special meeting except as stated in the notice.

#### B. Requirements For All Meetings

#### Section 5. Place of Meeting

All meetings of the shareholders of the Corporation shall be held in the Building or at such place within the City of New York, which is specified in the notice of the meeting or in the waiver of notice thereof.

#### Section 6. Notice of Meetings

Written notice of any meeting will state the place, date and hour and will be given personally or by first class mail to each shareholder entitled to vote at such meeting not less than ten nor more than fifty days before the date of the meeting. Written notice of a special meeting will indicate that it is being issued by or at the direction of the person or persons calling the meeting and state the purpose or purposes for which the meeting is called.

#### Section 7. Waiver of Notice





Written notice of any meeting does not have to be given to any shareholder who submits a signed waiver of notice, in person or by proxy. The attendance of any shareholder at a meeting, in person or by proxy, without protesting the lack of notice shall constitute a waiver of notice by that shareholder.

Section 8. Quorum

At all meetings of the shareholders of the Corporation, the presence, in person or by proxy, of a majority of shareholders eligible to vote under these by-laws shall be necessary to constitute a quorum for transaction of business. If there is no quorum at any meeting, a majority of shareholders eligible to vote may adjourn the meeting to some future time and place. At the reconvened meeting, the same quorum will be required.

C. Voting

Section 9. Eligibility

All shareholders in good standing in the Corporation ten (10) days before the date of any meeting are entitled to notice of the meeting and are eligible to vote at the meeting. No shareholder shall be eligible to vote or to be elected to the Board who is shown on the books or management accounts of the Corporation to be behind in two or more monthly payments due the Corporation under the Proprietary Lease.

Section 10. Number and Manner

At every meeting of the shareholders, each shareholder present, either in person or by proxy, shall have the right to cast one vote per share on each question. In the event the shares allocated to one apartment are held by more than one person, such persons shall jointly or separately cast their allotted votes, with each person entitled to cast the fraction of the votes which represents his or her interest. Voting by shareholders shall be by voice vote unless any shareholder present at the meeting, in person, demands a vote by written ballot.

Section 11. Majority Rule

- a) Meeting Votes. The votes of shareholders, voting in person or by proxy, which are present at a duly conducted shareholders meeting ("Meeting Votes"), shall decide by majority vote any question brought before the meeting, unless the question is one for which any express provision of law, these by-laws, the Proprietary Lease or the Certificate of Incorporation requires a different vote, in which case such express provision shall govern and control.
- b) Total Votes. Votes on amendments of these by-laws and other matters which require a vote of all shareholders eligible to vote ("Total Votes"), shall be decided



by a majority of the Total Votes unless the question requires a different percentage of the Total Votes, in which case such express provision will govern and control.

Section 12. Proxies

A shareholder may appoint as his or her proxy any other person to act in his or her behalf. Every proxy authorization must be signed by the shareholder and be filed with the Corporation's Secretary before the appointed time of each meeting. No shareholder shall cast more than two hundred fifty (250) votes by proxy in addition to his or her own votes.

ARTICLE VII  
AMENDMENT AND INTERPRETATION OF BY-LAWS

Section 1. Amendment and Repeal

Unless otherwise provided in the Certificate of Incorporation, these by-laws may be adopted, amended or repealed by a vote of shareholders representing a majority of the Total Votes at any meeting of the shareholders, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all the shareholders be present, in person or by proxy.

Section 2. Interpretation

The decision of the Board shall be conclusive on all questions of the meaning of these by-laws except as otherwise expressly provided in the Certificate of Incorporation or the Proprietary Lease.

ARTICLE VIII

DIRECTORS

A. General Provisions

Section 1. Number and Qualifications

The affairs of the Corporation shall be governed by a Board composed of \_\_\_\_ shareholders. Any shareholder who is at least eighteen (18) years of age shall be eligible to be elected as Director. The number of Directors may be increased or decreased by a



vote of shareholders representing a majority of the Total Votes, subject to the limitations that a decrease may not shorten the term of any incumbent director or reduce the number of Directors to less than three (3).

Section 2. Powers and Duties

The Board shall have all the powers and duties necessary to administer the affairs of the Corporation including, but not limited to, the election of the officers of the Corporation. The Board may do all such acts and things except those acts which by law, these by-laws or the Certificate of Incorporation are directed to be exercised and done by the shareholders or expressly prohibited.

Section 3. Election and Term of Office

Each Director shall be elected by a vote of shareholders representing a majority of Meeting Votes at the meeting called for the elections thereof. Directors shall serve for a term of one year. Except as otherwise provided in these by-laws, Directors shall be elected at the annual meeting of the Corporation. Each Director shall continue in office until the close of the meeting at which a successor is elected or until his or her earlier death, resignation or removal.

Section 4. Resignation

Any Director may resign at any time by delivering a signed letter of resignation to the office of the Corporation. Such resignation shall take effect at the time specified in that letter or, if not so specified, on the date the letter is delivered.

Section 5. Removal of Directors

At any regular or special meeting of the shareholders duly called, any Director may be removed with or without cause by a majority of Total Votes and a successor may then be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the shareholders shall be given any opportunity to be heard at the meeting. The term of any Director who becomes more than two (2) months behind in payment of his or her maintenance charges shall be automatically terminated and a replacement shall be duly elected.

Section 6. Vacancies

Vacancies occurring in the office of any Director, for any reason, including for removal with or without cause, shall be filled by a vote of shareholders representing a majority of Meeting Votes. A Director elected to fill a vacancy shall hold office until the



next annual meeting at which the election of directors is the regular order of business and until his or her successor is elected and qualified.

## B. Meetings

### Section 7. Regular Meetings

Regular meetings of the Board may be held at such time as determined by a majority of the Directors, but at least four such meetings shall be held during each year. Notice of regular meetings of the Board shall be given to each Director, personally or by mail or telephone or in such other manner as may be provided by resolution of the Board, at least three (3) days prior to the day named for such meeting.

### Section 8. Special Meetings

Special meetings of the Board may be called by the President on one day notice given to each Director personally or by mail or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in the same way and with the same notice on the written request of at least ten (10%) percent of all Directors.

### Section 9. Waiver of Notice

Before or after any meeting of the Board of Directors, any Director may, in writing, waive the notice requirement. Attendance by a Director at any meeting of the Board without protesting the lack of notice shall be a waiver of notice by him or her. 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.

### Section 10. Quorum and Voting

At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of those present may adjourn the meeting to some future time and place.

## ARTICLE IX

### OFFICERS

#### Section 1. Designation



The principal officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board. Only shareholders who satisfy the qualifications for Directors as set forth in Article VIII, Section 1, shall be eligible to be officers of the Corporation. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in their judgment may be necessary. The offices of Treasurer and Secretary may be filled by the same person. The offices of President and Secretary may not be held by the same person.

Section 2. Election of Officers

The officers of the Corporation shall be elected by the Board at the first meeting of the Board following the annual meeting of the shareholders and shall hold office for a one year term and until their successors have been elected and qualified.

Section 3. Removal of Officers

Any officer may be removed, either with or without cause, and a successor elected by a vote of a majority of the Board at a regular or special meeting duly called. Alternatively, these actions may be taken by a vote of shareholders representing a majority of the Total Votes.

Section 4. President

The President shall be chief executive officer of the Corporation. He or she shall preside at all meetings of the shareholders and of the Board. He or she shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to, the powers to appoint committees from among the shareholders from time to time as he or she may decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 5. 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. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act on an interim basis. The Vice President shall perform such other duties as shall from time to time be determined by the Board.

Section 6. Secretary



The Secretary shall: keep the minutes of all meetings of the Board and the minutes of all meetings of the shareholders of the Corporation; give notice of all meetings of shareholders and directors; have custody of the seal of the Corporation, the record of shares, proprietary leases, and such other books and papers as the Board may direct; and, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer

The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Corporation in such places as may from time to time be designated by the Board and perform all other duties and acts incident to the office of Treasurer.

ARTICLE X  
RESTRICTIONS ON COMPENSATION AND TRANSACTIONS

Section 1. Compensation

No compensation shall be paid to Directors or officers for their services as Directors or officers. No compensation shall be paid to a Director or officer for services performed by them for the Corporation in any other capacity, unless a resolution authorizing such compensation is unanimously adopted by the Board before the services are undertaken.

Section 2. Loans to Directors and Officers

The Corporation shall make no loans to any of its shareholders, Directors or officers or to any other corporation, firm, association or other entity in which one or more of its shareholders, Directors or officers are Directors or officers or have substantial financial interest.

Section 3. Dividends to Members, Directors and Officers

The Corporation shall not pay dividends or distribute any part of its income or profits to any of its shareholders, Directors or officers.

Section 4. Contracts with Directors and Officers

No Director or officer of the Corporation shall be interested, directly or indirectly, in any contract relating to the operations conducted by the Corporation, nor in any contract for furnishing services of supplies to the Corporation, unless:



- a) such contract shall be authorized by the Board (without counting the vote of such interested Director) and such interest shall have been disclosed or known to the Board; or
- b) such contract shall be authorized by the shareholders and such interest shall have been disclosed or known to the shareholders.

If there was no disclosure, knowledge or vote as provided in (a) and (b) above, the Corporation may void the contract or transaction unless the party or parties thereto establish affirmatively that the contract or transaction was fair and reasonable to the Corporation at the time it was authorized by the Board or the shareholders.

Interested Directors or their shares may be counted in, respectively, determining the presence of a quorum at a meeting of the Board or shareholders which authorizes such contract or transaction but in no event may they vote on the issue.

#### ARTICLE XI INDEMNIFICATION

The Corporation may provide indemnification of its Directors and officers to the fullest extent permitted by Sections 721 through 726 of the Business Corporation Law except in relation to matters as to which such Director or officer is adjudged to have breached his duty to the Corporation.

#### ARTICLE XII MAINTENANCE AND OPERATING EXPENSES; SPECIAL ASSESSMENTS; SPACE ALLOCATIONS

##### Section 1. Maintenance Determinations

Notwithstanding the fact that the maintenance charge is to be increased automatically on May 1 every year by two (2%) percent, the Board shall meet, at least once a year, to determine the maintenance and operating expenses of the Corporation and determine the term and manner of payment of maintenance charges (rent) in accordance with the provisions of the Proprietary Lease. The Board shall increase maintenance by more than two percent (2%) if it determines such higher increase is necessary for the Corporation to meet its financial and other obligations.

##### Section 2. Budgetary Decisions

The Board shall have discretionary power, subject to the approval of the shareholders, to prescribe the manner of maintaining and operating the Building within the limits of the annual operating budget and maintenance charges. Any expenditures



made by the Corporation's officers or its agents under the direction or with the approval of the Board shall be deemed necessarily and properly made for such purpose.

Section 3. Maintenance Charge Credit

The Board may call a special meeting of shareholders to propose that one or more shareholders be given a credit toward payment of their maintenance charges. Such proposal will contain the terms and conditions for the granting of a credit. A determination to grant a maintenance charge credit and the terms and conditions of the grant, will require the approval of shareholders representing at least sixty-six and two-thirds (66-2/3%) percent of the Total Votes. Any vote to grant a maintenance charge credit will be binding on all members, regardless of how they vote on the issue. A special shareholder meeting for this purpose shall be convened in the manner provided in these by-laws. The requirements of this section will not apply to rent reductions for damage resulting from fire or other cause, as provided under the Proprietary Lease.

Section 4. Special Assessments

The Board may require the payment of special assessments to pay for particular repairs or other unforeseen financial outlays in accordance with the provisions of the Proprietary Lease.

Section 5. Space Allocation

The Board may, in its discretion, authorize the conversion, subdivision or reallocation of space in the Building for which there are currently issued one or more Proprietary Leases, where such space is suitable to the primary purposes of the Corporation as set forth in the Certificate of Incorporation and the affected shareholder consents and may allocate or reallocate shares to such space and authorize the signing of one or more Proprietary Leases for such space.

ARTICLE XIII  
PROPRIETARY LEASE

Section 1. Form of Lease

A. The Board shall adopt the form of Proprietary Lease which is an exhibit in the Cooperative Offering Plan to be used by the Corporation for the leasing of all apartments to shareholders. Proprietary Leases shall be for a stated term, with or without provision for renewal, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby, and such other terms, provisions, conditions and covenants as the Board may determine, consistent with the Certificate of Incorporation.





B. After a Proprietary Lease in the form adopted by the Board shall have been signed and delivered by the Corporation, all Proprietary Leases subsequently signed and delivered shall be in the same form, except for the name of the tenant shareholder and the commencement date of the term of the lease. Any change or alteration must be approved by the shareholders in accordance with the requirements of the Proprietary Lease.

Section 2. Assignment

Proprietary Leases may be sold, assigned, exchanged or transferred only in compliance with the terms, conditions and provisions of the Proprietary Lease and the Certificate of Incorporation of the Corporation. A copy of each Proprietary Lease shall be kept on file in the principal office of the Corporation at all times.

The Board shall supervise the sale, sublet, assignment or other transfer of Proprietary Leases and the transfer of shares to assure compliance with the provisions of the Certificate of Incorporation and the Proprietary Lease in accordance with the requirement of Article V, Section 4 and Article XV of these by-laws

For the purposes of these by-laws, "Profits" shall be defined as follows:

For each apartment in the Building, gross sales price less the sum of the consideration paid by the selling tenant-shareholder upon his or her prior acquisition of the shares allocated to such individual unit plus special assessment for building wide improvements, if any (referred to herein as the "Apartment Profit"). Said profits shall be calculated and allocated pursuant to the guidelines of Article XV of these by-laws.

ARTICLE XIV  
HOUSE RULES

The Board may, from time to time, for the health, safety, convenience and enjoyment of the shareholders, adopt and amend such House Rules as it may deem necessary in respect to the apartment building of the Corporation. Copies of the House Rules and of any changes in them shall be furnished to each shareholder.

ARTICLE XV  
RESALE RESTRICTIONS

Section 1. Determination



Apartment Profits shall be determined in accordance with the guidelines in these by-laws.

Section 2. Allocation of Apartment Profits

During the Restriction Period, as defined in Article V, Section 2 of these by-laws, a resale restriction in the form of a resale tax ("Flip Tax") will be placed on each subsequent sale, transfer or assignment of shares allocated to the apartment and proprietary leases. The Flip Tax, which is levied against the seller, shall be assessed against the resale profits received by the seller from all payments made by a purchaser of these shares, whether made at closing or by later installments on a purchase money mortgage. "Resale Profits" shall mean (i) the gross sales for such sale, less (ii) the sum of the consideration paid by such shareholder when purchasing the unit plus special assessments for building wide improvements.

Seventy (70%) percent of the Profits will be retained by the seller and thirty (30%) percent of the Profits shall be retained by the Corporation.

Section 3. Allocation of Shares

The Board shall allocate the number of shares of the Corporation which pertain to each apartment in the Building to be leased to shareholders under Proprietary Leases, which number shall be set forth in the Proprietary Lease and the Certificate of Shares.

Section 4. Fees on Assignment

The Board shall have authority before any assignment, sublet, surrender or other transfer of a Proprietary Lease to fix a reasonable fee to cover actual expenses and attorney's fees of the Corporation and a service fee of the Corporation in connection with each such proposed assignment, sublease, surrender or other transfer.

Section 5. Lost Proprietary Leases

In the event any Proprietary Lease is lost, stolen, destroyed or mutilated, the Board may authorize the issuance of a replacement Proprietary Lease in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such replacement Proprietary Lease, require the owner to furnish an affidavit setting forth such facts as to the loss, destruction or mutilation as the Board deems necessary and to give the Corporation a bond, in such reasonable sum and as the Board directs, indemnifying the Corporation against any liability or loss it may sustain by reason of the issuance of such replacement Proprietary Lease.