

BY-LAWS
OF
TIMBERLINE AT KINGSGATE

ARTICLE I

GENERAL

SECTION 1. Purpose. The property on which the Condominium hereinafer referred to is built is located in the Town of Clarkstown and consists of approximately 11.081 acres which forms a part of Lot E-1 on Map No. 4642 as filed in the Office of the Clerk of Rockland County. It is more particularly described in the Declaration, intended to be recorded in the Office of the Clerk of Rockland County simultaneously herewith, and has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by Timberline Associates, L.P., (hereinafter called the "Sponsor"). The condominium thereby created shall be known as Timberline at Kingsgate (hereinafter called the "Condominium"). All terms used herein which are not specifically defined herein shall have the meanings given to those terms in the Declaration.

SECTION 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the Buildings and all other improvements now or hereafter to be constructed thereon (including the Units and the Common Elements), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Article 9-B of the Real Property Law of the State of New York.

SECTION 3. Application. All present and future owners of Units ("Unit Owners"), mortgagees, lessees, sublessees and occupants of the Units and their employees and guests, and any other persons who may use the facilities of the Property in any manner, are and shall be subject to these By-Laws, the Declaration, the Rules and Regulations (as hereinafter defined) and all covenants, agreements, restrictions, easements and declarations of record ("title conditions"). The acceptance of a deed of conveyance, or

the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of these By-Laws, the Rules and Regulations, and the Declaration, as they now are or as they may be amended from time to time, and the title conditions, are accepted, ratified and will be complied with.

Each Unit Owner, by virtue of holding title to a Unit, shall become a member of 1200 MASTER ASSOCIATION, INC., a not-for-profit corporation organized under the laws of the State of New York, and shall hold one (1) membership for each Unit so held by said Unit Owner to be evidenced by a membership certificate in said "Association", and shall further be bound by all of the provisions contained in the Certificates of Incorporation and the By-Laws of 1200 Master Association, Inc. as they presently exist or as they may be amended hereafter from time to time.

Each of the five development phases of the Kingsgate Sub-division whose Unit Owners will constitute the total membership of 1200 Master Association, Inc. shall be represented on the Board of Directors of 1200 Master Association, Inc. by an elected representative or alternate. Each of the five representatives will have one vote. Said representatives shall control the management of said 1200 Master Association, Inc. to the same extent and in the same manner as set forth in the By-Laws and certificate of incorporation of said Association, as same has been or will be amended.

The ratio of sharing and issuance of shares in 1200 Master Association, Inc. will be based upon the relationship of the actual number of Units in the Community as compared to the actual number of Units in the phase and in the total number of units in all phases. As each Home in Timberline at Kingsgate Community is sold, Sponsor shall, at closing, deliver, or cause to be delivered, to purchaser upon payment for said Home, a membership certificate in 1200 Master Association, Inc. without additional charge. Each Purchaser hereby acknowledges that Sponsor is unaffiliated with the 1200 Master Association, Inc. and that Sponsor does not represent that it will be able to obtain membership certificates in said Association although Sponsor will use reasonable efforts to obtain same. Sponsor shall have no obligation to spend money or commence any legal proceedings in order to obtain same. In the event less than one hundred twenty two (122) Units for the phase is built, the unissued certificates shall remain the property of the Sponsor and 1200 Master Association, Inc., as the case may be.

Sponsor shall retain control and power to schedule and construct, design and re-design all construction and improvements contained in the Community until all such construction and improvements have been completed in accordance with the representations herein set forth, and

have been accepted and approved by all authorities having jurisdiction thereover. Sponsor further shall have control and power to alter, create, issue, grant, modify, amend, supplement, acknowledge and record easements required for inter-association purposes and/or inter-phase purposes during the aforesaid period. In any event, however, if improvements and facilities are not completed by September 1, 2000, the powers herein reserved shall cease.

SECTION 4. Office. The principal office of the Condominium, Board of Managers, and the "Associations" herein referred to shall be located within the Property or at such other place within the County of Rockland as may be designated from time to time by the Condominium Board of Managers.

ARTICLE II

BOARD OF MANAGERS

SECTION 1. Number and Term. As more particularly set forth in Section 2 of this Article II, the affairs of the Condominium shall be governed by a board of managers of the Condominium (the "Board") which shall consist of not less than six nor more than nine members. Until succeeded by managers elected at the first annual meeting of Unit Owners, members of the Board need not be Unit Owners. The initial Board shall consist of six members, who may or may not be Unit Owners, and shall be as set forth in Section IV below. So long as the Sponsor owns one or more Units, the Sponsor shall be entitled to elect at least one (1) member of the Board, who need not be a Unit Owner. After Sponsor has conveyed title to the last Unit in this section or on the expiration of three years from the date of closing of title to the first Unit or the date of conveyance of title to Units representing 51% or more of the common interests, whichever is earlier, Sponsor's right or power to control the Board shall be terminated. The managers shall be elected at the annual meeting of the Unit Owners as hereinafter provided, and at the first annual meeting of the Unit Owners called pursuant to Article III, Section II, the term of office of two of the managers shall be fixed for three (3) years; the term of office of two of the managers shall be fixed at two (2) years; and the term of office of two of the managers shall be fixed at one (1) year. At the expiration of the initial term of office of each of the said managers, his successor shall be elected to serve a term of three (3) years. All managers shall hold office until their successors are elected. In any event, at least one-third of the terms of the members of the Board shall expire annually.

SECTION 2. Powers and Duties. The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium and may do

and perform all such acts and things (except such powers and duties which by law, the Declaration or these By-Laws may not be delegated to the Board). Such powers and duties of the Board shall include the administration and management of the Condominium in consonance with the principal that this Condominium shall be a single Condominium existing in a community of Condominiums, in addition to 1200 Master Association, Inc., a not-for-profit corporation organized under the laws of the State of New York, and the Board shall so control and manage the affairs of the Condominium as to integrate the Condominium with other Condominiums in Kingsgate as may be necessary or appropriate. The Board shall control and manage the affairs of the Condominium so as to integrate the Condominium with condominiums which may be created in this phase and in other phases, when and if said other phases come into being. Such other phases may be owned by persons other than the Sponsor (each phase consists of a maximum of 240 Units and there are a total of four (4) additional potential phases, resulting in five in all).

Subject to the maintenance obligations of 1200 Master Association, Inc., the powers and duties of the Board shall include, but not be limited to, the following:

- (a) Operation, care, upkeep, maintenance, repair and replacement of the Common Elements.
- (b) Determination of the common expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.
- (c) Collection of the common expenses from the Unit Owners and the deposit and safeguarding thereof, including the right to appoint and compensate a collection and disbursement agent, which shall not charge a fee of more than \$2.00 per month per Unit, and which fee shall be included in the Common Expenses (as hereinafter defined); provided, however, the said agent may elect to discontinue collection of the Common Expenses by giving the Board forty-five (45) days' prior written notice thereof. If the said agent shall elect not to collect the Common Expenses, the same shall then be collected by the Board.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.

- (e) Adoption of, and amendments to, the Rules and Regulations (as hereinabove defined).
- (f) Maintaining bank accounts and investing condominium funds in insured bank certificates of deposit on behalf of the Condominium and designating the signatories required therefor.
- (g) Purchasing or leasing or otherwise acquiring in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their Owners to the Board.
- (h) Purchasing of Units at foreclosure or other judicial sale in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners.
- (i) Selling, leasing, mortgaging and otherwise dealing with (but not voting the interest appurtenant to), the Units acquired by, and subleasing Units leased by, the Board or its designee, corporate or otherwise, on behalf of all Unit Owners.
- (j) Organizing corporations to act as designees of the Board in acquiring title to or leasing of Units on behalf of all Unit Owners.
- (k) Obtaining of insurance for the Property, including the Units, pursuant to the provisions of Article VI, Section 2 hereof.
- (l) Making repairs, additions and improvements to, or alterations of, the Property and restoring the Property, in accordance with the other provisions of these By-Laws.
- (m) Enforcing obligations of the Unit Owners, allocating profits and expenses, and to do anything and everything necessary and proper for the sound management of the Condominium. Further, said Board shall have the sole right to enforce any obligations against the Sponsor, and no Unit Owner shall have the right to enforce such obligations.
- (n) Granting to and obtaining from contiguous and associated Condominium Regimes and/or Homeowner Associations all easements (reciprocal and otherwise) allowing for free ingress and egress to and from all properties constituting all such Regimes and Associations.

(o) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (1) the consent of at least 66-2/3% in number of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$10,000 and (2) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements, without the written consent of the Unit Owner.

(p) Granting utility, drainage and access easements that Sponsor may from time to time require in order properly to complete any other Condominium Regime and/or Homeowners Association now or hereafter to be developed in Kingsgate Lots E-1 and/or E-2, including such easements as may be required for ingress to and egress from all such Condominium Regimes and/or Homeowners Association.

(q) Implementing the terms of that certain agreement (to the extent applicable to this Community) dated July 12, 1976, between Stonegate Homes, Inc. and Spring Valley Water Company Incorporated, which agreement shall be binding upon the Board, and in particular the following:

1. The Board shall make separate application for domestic water service for each Building, and for private fire service.

2. Each Building, shall be separately metered.

3. A separate bill shall be rendered for the consumption registered on each meter.

4. The Board shall be responsible for payment of all bills rendered for domestic water service and private fire service in accordance with the rules and regulations of the Spring Valley Water Company Incorporated, as set forth in the Schedule for Water Service, filed with the Public Service Commission of the State of New York.

5. In the event of non-payment by the Condominium Association, and the withdrawal of the property from the provisions of the Condominium Act, each Unit Owner shall be liable directly to the Spring Valley Water

Company Incorporated for a proportionate share of common charges as set forth in the Declaration establishing the Condominium.

6. The Condominium Association shall be responsible for the maintenance and repair of any facilities installed for water supply purposes which do not become the property of the Spring Valley Water Company Incorporated, but not limited to, the private lines and services as shown on the Spring Valley Water Company Incorporated drawing.

7. The size of the private lines and of any additional taps to private lines will be subject to approval by the Spring Valley Water Company Incorporated.

8. The pool will be separately metered.

Notwithstanding anything to the contrary contained in these By-Laws, until the later of (i) such time as all of the Condominium Units and the Common Elements comprising Timberline at Kingsgate have been completed and sold by the Sponsor or (ii) January 1, 1992, the Board will not, without the Sponsor's prior written consent, (A) enter into any service or maintenance contract for work not covered in the schedule entitled "Timberline at Kingsgate Estimated Budget for 12 Months" which is set forth in the Offering Plan for the Condominium, and identified as Schedule B of Part I thereof, or otherwise provide services in excess of those contemplated by such schedule or the Offering Plan, (B) alter, modify or substantially change the appearance, standard of care and maintenance, the state of cleanliness and preservation of any of the Common Elements, including but not limited to the land, buildings and facilities, roads, paths, walkways, parking areas, trees, shrubs and all other landscaping, (C) increase or decrease the expenses and costs of the operation and maintenance of the Common Elements, or (D) impede, restrain or interfere, in any way, with the sales and/or leasing program or the construction program of the Sponsor, its successors or assigns, or designees, of Units or recreational facilities or other properties of the Sponsor within the Community of Timberline at Kingsgate or anywhere else in the Subdivision of Property for Kingsgate. A substantial change, or increase or decrease in costs and expenses as referred to above, shall be one that results in major increase or decrease in said costs allowing, however, for a change in general economic conditions, inflationary increases in costs or increases in costs and expenses which result from customary practices and procedures involved in the maintenance of the Property. In the event the Board fails to perform the undertakings or violates the obligations referred to above, Sponsor shall have the right to commence such legal action, including but

not limited to, seeking injunctive relief, seeking damages, or such other remedies as may be available to it under law and equity and the condominium shall be responsible for Sponsor's reasonable Attorney's fees, costs and disbursements related thereto.

SECTION 3. Managing Agent and Manager. The Board may employ for the Condominium a managing agent and/or a manager at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in subdivisions (a), (c), (d), (f), (k) and (l) of Section 2 of this Article II. The Board may delegate to such managing agent or manager all of the powers granted to the Board by these By-Laws, other than the powers set forth in subdivisions (b), (e), (g), (h), (i), (j), (m), (n), (o), (p) and (q) of Section 2 of this Article II.

SECTION 4. First Board. The first Board shall consist of persons designated by Sponsor, who shall hold office and exercise all powers of the Board until the first annual meeting of Unit Owners. Any and all of said managers shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article. Within sixty (60) days of the closing of title to the first Home, Sponsor will call a meeting of the Unit Owners and Unit Owners will elect one Unit Owner who is independent of the Sponsor to the Board to serve until the first annual meeting of the Unit Owners.

SECTION 5. Removal. Any Board member may be removed, only for cause, by a majority vote of all Unit Owners present in person or by proxy at a regular or special meeting of Unit Owners at which a quorum is present. Any Board member whose removal has been proposed shall be given an opportunity to be heard at the meeting. In addition, any member of the Board who is designated as such by the Sponsor may be removed by such designating party at any time, with cause, and Sponsor shall have the right to designate the replacement for such member. Except as provided in Article II, Section II, a member of the Board shall automatically be removed from serving as such if, during the term of his office, he ceases to be a Unit Owner.

SECTION 6. Vacancies. Any vacancy on the Board for whatever reason shall be filled by vote of a majority of the remaining members at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and any person so elected shall be a member of the Board for the remainder of the term of the member creating such vacancy or until a successor shall be elected at the next annual meeting of the Unit Owners, whichever is sooner. Notwithstanding anything

contained herein to the contrary, vacancies of members of the Board who have been designated as such by the Sponsor shall be filled only by the Sponsor.

SECTION 7. Organization Meeting. The first meeting of the Board following each annual meeting of the Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by the Unit Owners at the meeting at which such Board shall have been elected, and no notice shall be necessary to the newly-elected members of the Board in order to legally constitute such meeting, provided that a majority of the members of the Board shall be present therat. At each such meeting of the Board, the Board shall elect a director and an alternate as a representative on the Board of Directors of 1200 Master Association, Inc., the alternate to act in the absence or inability of the director.

SECTION 8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the members thereof, provided at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each member of the Board by personal delivery, mail or telegram, at least five (5) business days prior to the day named for such meeting.

SECTION 9. Special Meetings. Special meetings of the Board may be called by the President by giving five (5) business days' notice to each member of the Board by personal delivery, mail or telegram, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board may be called by the President or Secretary in like manner on like notice and on the written request of at least three (3) members of the Board.

SECTION 10. Waiver of Notice. Any member of the Board may at any time waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all members of the Board are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 11. Quorum of Board of Managers. At all meetings of the Board, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board present at a meeting at which a quorum is present shall constitute the decision of the Board except as otherwise provided in Article II, Section 12. If at any meeting of the Board there shall be less than a quorum present, a

majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

SECTION 12. Action in Writing and Telephone Conferences. Action permitted or required to be taken at a meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing. Members of the Board may participate in a meeting thereof by means of a conference telephone or similar communications equivalent pursuant to which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting.

SECTION 13. Compensation. No member of the Board shall receive any compensation from the Condominium for acting as such.

SECTION 14. Liability of the Board. No member of the Board shall be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for his own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against any claim or liability except those arising out of his own willful misconduct or bad faith. To the extent permitted by applicable law, no member of the Board shall have any personal liability with respect to any contract, act or omission made by the Board or of any managing agent or manager in connection with the affairs or operation of the Condominium. It shall be understood and permissible for the original Board, who are members of or employed by the Sponsor, to contract with the Sponsor and affiliated corporations, without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportionate share of the total liability as the interest of such Unit Owner bears to the aggregate Common Elements of all the Unit Owners in the Common Elements. Every agreement made by the Board or by the managing agent or by the manager on behalf of the Condominium shall state that the members of the Board, or the managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

SECTION 15. Fidelity Bonds. The Board shall obtain fidelity bonds, in amounts deemed appropriate by it, for all of its members, officers, employees and of the managing agent or manager, if any, employed by it and the premiums on said bonds shall constitute Common Expenses.

SECTION 16. Committees. The Board may, subject to such limitations and exceptions as the Board may prescribe, appoint an Executive Committee and such other committees as the Board may deem appropriate, each to consist of three or more members of the Board. Each such committee, to the extent provided in the resolution which creates it, shall have and may exercise all the powers of the Board during the intervals between the meetings of such Board insofar as may be permitted by law.

ARTICLE III

MEETINGS OF UNIT OWNERS

SECTION 1. Annual Meetings. Within thirty (30) days after title to the last Unit has been conveyed by the Sponsor, but in any event no later than three (3) years after the closing of title to the first Unit, or the date of conveyance of title to Units representing fifty-one (51%) or more of the common interest, whichever is sooner, the Sponsor shall call the first annual meeting of Unit Owners. At such meeting, the incumbent Board shall resign and a new Board shall be elected by the Unit Owners. Thereafter, meetings shall be held on the last Thursday in April of each succeeding year unless said day shall be a holiday in which event the meeting shall be held on the next succeeding business day. At such meeting there shall be elected the Board in accordance with the requirements of Article III of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before the meeting. Other regular meetings will be held from time to time to transact necessary Condominium business.

SECTION 2. Place of Meeting. Meetings of the Unit Owners shall be held at a suitable and convenient place to the Unit Owners as may be designated by the Board.

SECTION 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners if directed by resolution of the Board or upon a petition therefor signed and presented by at least one-third of the Unit Owners.

SECTION 4. 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 Unit Owner of record, at least twenty (20) days, but not more than thirty

(30) days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served. If any order of business or act of the Board to be considered at said meeting requires the approval or consent of any holder of twenty-five (25) or more mortgages constituting first liens on the Units, notice of such meeting shall be given to any such mortgagees, and a statement fully describing such order of business or act of the Board shall be contained in the notice required pursuant to the terms hereof. If a notice in accordance with the foregoing shall have been given to any such mortgagee, and, if any such mortgagee shall fail to attend the meeting for which notice was given, or shall attend such meeting, but fail to act, its consent or approval to the order of business or act of the Board so required shall be deemed to have been given. Upon written request therefor, any holder of twenty-five (25) or more mortgages constituting first liens on the Units shall be entitled to attend any and all meetings of the Unit Owners.

SECTION 5. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum is not present, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time fixed for the original meeting.

SECTION 6. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting
- (c) Reading of minutes of preceding meeting
- (d) Reports of Officers
- (e) Report of members of the Board
- (f) Reports of Committees
- (g) Election of inspectors of election (when so required)
- (h) Election of members of the Board (when so required)
- (i) Unfinished business
- (j) New business

SECTION 7. Title to Units. Title to Units may be taken in the name of an individual or in the names of two (2) or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary; provided, however, not less than 85% of the Units shall be taken in the name of an individual or in the names of two (2) or more persons as tenants in common, as joint tenants or as tenants by the entirety.

SECTION 8. Voting. Each Unit Owner, or a person designated by such Unit Owner to act as proxy on his or their behalf and who need not be a Unit Owner, or a mortgagee acting pursuant to an assignment of the Unit Owner's voting rights, shall be entitled to cast the votes appurtenant to such Unit. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the Unit Owner so designating. A fiduciary shall be the voting member with respect to any Unit Owner in a fiduciary capacity. Any Unit owned by the Board or its designee shall not be entitled to a vote and shall be excluded from the total of common interests when computing the interest of Unit Owners for voting purposes.

At all meetings of Unit Owners each Unit Owner (or his proxy) entitled to vote thereat (including Sponsor with respect to Units owned by Sponsor or its designee) shall be entitled to cast one vote for each unit or units owned by such Unit Owner but the Board of Managers shall not cast any of its votes for the election of any member to the Board except as otherwise provided.

SECTION 9. Majority of Unit Owners. As used in these By-Laws, the term "Majority of Unit Owners" shall mean those Unit Owners having more than 50% of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance with the provisions of Section 8 of this Article III.

SECTION 10. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a Majority of Unit Owners, as defined in Article III, Section 9, shall constitute a quorum at all meetings of the Unit Owners.

SECTION 11. Majority Vote. Except where otherwise provided by law, the Declaration, or these By-Laws, the vote of a Majority of Unit Owners present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes.

ARTICLE IV

OFFICERS

SECTION 1. Designation. The principal officers of the Condominium shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President and Vice-President, but no other officers, must be members of the Board.

SECTION 2. Election of Officers. The officers of the Condominium shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board and until their successors are elected.

SECTION 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

SECTION 4. President. The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and of the Board. He shall have all of the general powers and duties which are incident to the office of President of a business corporation organized under the Business Corporation Law of the State of New York.

SECTION 5. Vice President. The Vice-President shall take the place of the President and perform his 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 in the place of the President on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board or by the President.

SECTION 6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board, shall have the charge of such books and papers as the Board may direct and shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the Business Corporation Law of the State of New York.

SECTION 7. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all monies and other securities in the name of the Board, or in the name of the managing agent or manager appointed by the Board, in such depositories as may from time to time be designated by the Board, and he shall, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Business Corporation Law of the State of New York.

SECTION 8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two (2) officers of the Condominium, or by such other person or persons as may be designated by the Board.

SECTION 9. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V

NOTICES

SECTION 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws notice is required to be given to the Board, any manager or any Unit Owner, it shall not be construed to mean personal notice, but such notice may be given by registered or certified mailing addressed to the Board, such manager or Unit Owner at such address as appears on the books of the Condominium. All notices shall be deemed to have been given when mailed in a postage prepaid sealed wrapper, except notices of change of address which shall be deemed to have been given when received.

SECTION 2. Service of Notice - Waiver. Whenever any notice is required to be given by law, the Declaration or 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 VI

OPERATION OF THE PROPERTY

SECTION 1. Determination of Common Expenses and Fixing of Common Charges. Except as otherwise provided herein, all costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements ("Common Expenses") shall be determined by the Board. The Board shall from time to time, and at least annually, prepare a budget to meet Common Expenses, and shall allocate and assess such Common Expenses among the Unit Owners according to their respective interests. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be obtained by the Board pursuant to the provisions of Section 2 of this Article VI. The Common Expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve and for

a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease or sublease by the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose owner has elected to sell, lease, transfer or convey such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale, and any dues which the Condominium may be required to contribute to 1200 Master Association, Inc. for maintenance. The Board shall advise all Unit Owners promptly in writing of the amount of Common Expenses payable by each of them, as determined by the Board, and shall furnish copies of each budget, on which such Common Expenses are based, to all Unit Owners and to those mortgagees holding mortgages constituting first liens on twenty-five (25) or more Units.

SECTION 2. Insurance. The Board shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with all risk extended coverage, water damage, vandalism and malicious mischief endorsements insuring all of the Buildings in the Condominium (including all of the Units and the bathroom, kitchen fixtures and laundry facilities initially installed therein by the Sponsor, but not including carpeting and/or drapes furnished by the Sponsor or furniture, furnishings or other personal property supplied or installed by Unit Owner), together with all heating, air conditioning equipment and other service machinery contained therein and covering the interests of the Condominium, the Board, and all Unit Owners and their mortgagees, as their interests may appear, for 100% of the full replacement value of the improvements, which amount shall be determined by the Board, each of which policies shall contain a New York standard mortgage clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board, (2) Worker's compensation and (3) such other insurance as the Board may determine. All such policies shall provide that adjustment of loss shall be made by the Board and that the net proceeds thereof shall be payable to the Board. For the purpose of determining the insurable value of the Buildings containing the Units, the Board shall at intervals of not more than two (2) years, obtain an insurance survey prepared by a qualified insurance surveyor and the results of such survey shall be made available to those mortgagees holding mortgages constituting first liens on twenty-five (25) or more Units.

The fire insurance will commence with the closing of title to the first Unit in an amount of \$8,100,000.

All policies of physical damage shall contain waivers of subrogation and waivers of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit Owners, or of the invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be cancelled or modified without at least ten (10) days' prior written notice to all insureds. Duplicate originals or certificates of insurance of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all Unit Owners and mortgagees of Units, if required by New York law, at least ten (10) days prior to expiration of the then current policies.

The Board shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board may from time to time determine, covering each member of the Board, the managing agent, the manager, and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. The Board shall review at least once a year the limits on all insurance policies obtained by it.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit provided that all 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 Unit Owner.

SECTION 3. Repair or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building or Buildings containing the Units as a result of fire or other casualty (unless 75% or more of the Units are destroyed or substantially damaged and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Board shall arrange for the prompt repair and restoration of the Buildings containing the Units (including damaged Units, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, but excluding any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Unit Owners in the Units), and the Board shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board may assess all the Unit Owners for such deficit and for a completion bond for such deficit as part of the Common Expenses.

If there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds shall be retained by the Board as a reserve fund for the benefit of all Unit Owners.

If 75% or more of the Units are destroyed or substantially damaged as determined by the Board with the written approval of those mortgagees holding mortgages constituting first liens on twenty-five (25) or more Units, which approval shall not be unreasonably withheld, and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which event, the net proceeds of sale, together with the net proceeds of insurance policies, shall be held in escrow by the Board, to be divided among all Unit Owners in proportion to their respective common interests after first applying the share of the net proceeds of such sale, otherwise payable to any Unit Owner to the payment of any liens on his Unit, in the order of the priority of such liens.

Wherever in this Section the words "promptly repair" are used, it shall mean repairs are to begin not more than sixty (60) days from the date the Board obtains the proceeds of insurance sufficient to pay the estimated costs of such work, or not more than ninety (90) days after the Board determines that such funds are insufficient to pay said estimated costs and the Unit Owners are advised of the amount of the required completion bond, if necessary. Wherever the words "Promptly resolve" are used, it shall also mean not more than sixty (60) days from the date of receipt of said insurance funds.

SECTION 4. Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine.

No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of Section 1 of Article VIII of these By-Laws) of such Unit, together with the Appurtenant Interests, as defined in Section 1 of Article VIII hereof. Any Unit Owner may, subject to the terms and conditions specified in these By-Laws, provided that his Unit is free and clear of liens and encumbrances, other than permissible mortgages and the statutory lien for unpaid Common Expenses, convey his Unit, together with the Appurtenant Interest, to the Board or its designee,

corporate or otherwise, on behalf of all other Unit Owners, and in such event be exempt from the Common Expenses thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Expenses assessed and unpaid against such Unit prior to the acquisition by him of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the foreclosure sale; nor shall any institutional mortgagee which acquires a Unit in foreclosure be required to pay Common Expenses attributable to said Unit for the period of time said institutional mortgagee owns said Unit.

SECTION 5. Collection of Assessments. The Board shall assess Common Expenses against the Unit Owners from time to time (at least annually) and shall take prompt action to collect any Common Expense due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof.

SECTION 6. Default in Payment of Common Expenses. In the event of default by any Unit Owner in paying to the Board the Common Expenses as determined by the Board which default continues for thirty (30) days after the due date, such Unit Owner shall be obligated to pay interest at the maximum rate allowed under the laws of the State of New York on such Common Expenses from the due date thereof, together with all expenses, including attorneys' fees incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. In the event any such common charges are not received by the Board within fifteen (15) days of its due date or in the event that any check delivered in payment is returned for any reason, a charge equal to five (5%) percent of such amount will be added to the common charges as administrative labor and processing charges. The Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceeding, including reasonable attorneys' fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit as provided in Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa, thereof. The lien of any unpaid Common Expenses shall at all times be subordinate to the lien of any first mortgage held by an institutional lender covering a Unit, with the same force and effect as if such lien had been recorded subsequent to the recording of the first mortgage.

In addition to all other rights and remedies, the Board, if it so elects, may assess an administrative charge in such amount as it may determine, against a Unit Owner in default and such charge may be collected as any other Common Expense.

SECTION 7. Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Board to foreclose a lien on a Unit because of unpaid Common Expenses, the Unit Owner shall be required to pay a reasonable rental for the use and occupancy of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Unit Owners, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage (but not to vote the interest appurtenant thereto), convey or otherwise deal with the same. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. In the event the net proceeds received on such foreclosure (after deduction of all legal fees, advertising costs, brokerage commissions and other expenses and costs incurred in connection therewith) are insufficient to satisfy the Unit Owner's obligations, such Unit Owner shall remain liable for the deficit.

SECTION 8. Statement of Common Expenses. The Board shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Expenses due from such Unit Owner.

SECTION 9. Maintenance and Repairs.

(a) All maintenance of and repairs to any Unit, whether structural or non-structural, ordinary or extraordinary, other than to the Common Elements contained therein, and to the doors and windows, electrical, plumbing and heating and air conditioning fixtures within the Unit or belonging to the Unit Owner, shall be at the Unit Owner's expense, excepting as otherwise specifically provided herein.

(b) All maintenance of, repairs to and replacements of the Common Elements, as defined in the Declaration, and the painting and decorating of the exterior doors and exterior window sash shall be made by the Board and shall be charged to all Unit Owners as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case, such expense shall be charged to such Unit Owner and shall be collectible as a Common Expense.

SECTION 10. Balconies and Decks. A balcony or deck to which there is direct access from the interior of a Unit shall be for the exclusive use of the Owner of such Unit. Any such balcony or deck shall be kept free and clear of snow, ice and any other accumulation by the Owner of such Unit who shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All other repairs in, to or with respect to such balcony or deck shall be made by the Board as a Common Expense.

SECTION 11. Restrictions on Use of Units. In order to provide for mutually compatible occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with provisions of the zoning ordinances and regulations in effect from time to time and shall include but not be limited to the following:

(a) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units.

(b) No nuisance shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

(c) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated by and at the sole expense of the Unit Owners or the Board, whichever shall have the obligation to maintain or repair such portion of the Property.

(d) No portion of a Unit (other than the entire Unit) may be rented, and no transients may be accommodated therein.

(e) No Unit Owner shall be permitted to install an individual antenna on the exterior of any building. However, there is no restriction against the installation of indoor antennas in the attic area immediately above the premises of each Unit Owner. The expense of maintenance of such antennas, if installed, is the responsibility of each individual Unit Owner.

SECTION 12. Additions, Alterations or Improvements by the Board. Whenever in the judgment of the Board the Common Elements shall require additions, alterations or improvements costing in excess of \$10,000.00, no such additions, alterations or improvements shall be made until the same shall have been approved by a Majority in Interest of the Unit Owners present and voting at a meeting at which a quorum is present along with the approval of those mortgagees holding mortgages constituting first liens on twenty-five (25) or more Units, and upon such approval, the Board shall proceed with such additions, alterations or improvements and shall assess all additions, alterations, or improvements cost to

all Unit Owners as a Common Expense. Any additions, alterations or improvements costing \$10,000.00 or less may be made by the Board without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

SECTION 13. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make or permit to be made any structural additions, alterations or improvements in or to the basement or roof areas of his Unit, including the installation of skylights, for a period of one (1) year after the initial closing of title to his Unit with Sponsor, except if such work is done by Sponsor or Sponsor's agent. No Unit Owner shall make any structural additions, alterations or improvements in or to his Unit, or to any of the common property, including roof areas and basement, without the prior written consent thereto of the Board. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration or improvement. Any application to any department of the Town of Clarkstown or to any other municipal authority having jurisdiction in the premises for a permit to make an addition, alteration or improvement in or to any Unit, shall be executed by the Board, provided that the Board and each member thereof shall not incur any liability, cost or expense in connection with such application or to any contractor, subcontractor or materialman, architect or engineer on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage arising therefrom. The provisions of this Section 13 shall not apply to Units owned by the Sponsor until such Units shall have been initially sold by the Sponsor and paid for.

SECTION 14. Right of Access. A Unit Owner shall make access to his Unit available to the Board, the manager, the managing agent and any other person authorized by the Board, the manager or the managing agent, for the purpose of making inspections, or for the purpose of correcting any conditions originating in his Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the Building in which the Unit is located, or for the purpose of reading, maintaining, or replacing utility meters relating to the Common Elements provided that requests for entry are made in advance where practical, and that any such entry is at a time reasonably convenient to the Unit Owner unless in an emergency situation. In case of any emergency, such right of entry shall be immediate, whether the Unit

Owner is present or not. In the event of the exercise of the right of access provided in this Section 14, any costs for repairs shall be borne in accordance with the provisions of Section 9 of this Article.

SECTION 15. Rules of Conduct. Annexed hereto as Schedule A and made a part hereof are rules and regulations (the "Rules and Regulations") concerning the use of the Units and the Common Elements. The Rules and Regulations may be modified or amended by the Board except that a vote of a Majority of Unit Owners at a meeting called for that purpose may overrule the Board with respect to any such modification or amendment. Copies of the Rules and Regulations shall be provided by the Board to each Unit Owner prior to the time when the same shall become effective. The Board may assess administrative charges against all Unit Owners who violate the Rules and Regulations.

SECTION 16. Water Charges and Sewer Rents. Water shall be supplied to all of the Units and the Common Elements through one or more building meters and the Board shall pay, as a Common Expense, all charges for water consumed on the Property, including the Units, promptly after the bills for the same have been rendered. In the event of a proposed sale of a Unit by the Owner thereof, the Board on request of the selling Unit Owner shall execute and deliver to the purchaser of such Unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and sewer rents affecting the Property as of the date of closing of title to such Unit promptly after such charges shall have been billed. In the event separate water meters are installed for the Units each Unit Owner shall be required to pay the bills for water consumed and sewer charges for his Unit. All water consumed in the Common Elements shall be billed as a Common Expense.

SECTION 19. Electricity and Gas. Electricity and gas shall be supplied by the public utility company serving the area directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for electricity and gas consumed. All electricity consumed in any portions of the Common Elements shall be separately metered and billed as a Common Expense.

ARTICLE VII

MORTGAGES

SECTION 1. Notice to Board of Managers. A Unit Owner who mortgages his Unit shall notify the Board of the name and address of his mortgagee and file a conformed copy of the note and mortgage with the Board. A Unit Owner who satisfies a mortgage covering his Unit shall so notify the

Board and shall file a conformed copy of the satisfaction of mortgage with the Board. The Board shall maintain such information in a book entitled "Mortgages of Units".

SECTION 2. Notice of Unpaid Common Expenses. The Board, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid Common Expenses due from, or any other default by, the owner of the mortgaged Unit.

SECTION 3. Notice of Default. The Board, when giving notice to a Unit Owner of a default in paying Common Expenses or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board.

SECTION 4. Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account and any and all financial records, documents, data and information pertaining to the operation and maintenance of the Condominium at reasonable times, on business days after receipt of prior written notice.

SECTION 5. Casualty Loss or Condemnation. The Board shall promptly notify those mortgagees holding mortgages constituting first liens on twenty-five (25) or more Units of any casualty loss or offer of condemnation award in excess of \$20,000.

ARTICLE VIII

SALES, LEASES AND MORTGAGES OF UNITS

SECTION 1. Sales and Leases. No Unit Owner other than the Sponsor may sell or lease his Unit or any interest therein except by complying with the following provisions:

Any Unit Owner who receives a bona fide offer for the sale of his Unit together with: (i) the undivided interest in the Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; and (iii) the interest of such Unit Owner in any other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), or a bona fide offer for a lease of his Unit (hereinafter called an "Outside Offer"), which he intends to accept, shall give notice by certified mail to the Board of such Outside Offer and of such intention, the name and address of the Outside Offeror, the terms of the proposed transaction and such other information as the Board may reasonably require. The giving of such notice to the Board shall constitute an offer by such Unit Owner to sell such Unit, together with the Appurtenant Interests, or to

lease such Unit, to the Board, or its designee, corporate or otherwise, on behalf of the Owners of all other Units, on the same terms and conditions as contained in such Outside Offer, and shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board on behalf of the other Unit Owners, that such Unit Owner believes the Outside Offer to be a bona fide offer in all respects. The notice must be accompanied by (i) bank or certified check for all common charge arrears and charges through the end of the month in which such notice is given; and (ii) such reasonable processing charges as may be determined by the Board of Managers, not to be less than \$100.00 per Unit, which processing charge should be payable to the order of the Managing Agent for the Managing Agent's own account.

Within twenty (20) days after receipt of such notice, the Board may elect, by notice to such Unit Owner, by certified mail, to purchase such Unit, together with the Appurtenant Interest, or to lease such Unit as the case may be, or to cause the same to be purchased or leased by its designee, corporate or otherwise, on behalf of all other Unit Owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner. In the event the Board shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close or a lease shall be executed at the office of the attorneys for the Condominium in accordance with the terms of the Outside Offer, within four-five (45) days after the giving of notice by the Board of its election to accept such offer.

If the selling Unit Owner's existing mortgage is not satisfied, the Board will purchase the Unit and take subject to said existing mortgage. At the closing, the Unit Owner, if such Unit together with Appurtenant Interests is to be sold, shall convey the same to the Board or its designee, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York with all tax and documentary stamps affixed, and shall pay all other taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board, or its designee, as tenant, covering such Unit, for the rental and term contained in such Outside Offer.

In the event the Board, or its designee, shall fail to accept such offer within twenty (20) days after receipt of the notice, as aforesaid, the offering Unit Owner shall be

free to contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, within sixty (60) days after the expiration of the period in which the Board, or its designee, might have accepted such offer, to the Outside Offeror, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board. Any such deed to any Outside Offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws, and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, extended, amended or assigned, without the prior consent in writing of the Board, that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board, and that the Board shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease shall be the then current form of lease recommended by the Real Estate Board of New York, Inc., and shall provide that the Board may enter into a sublease of the premises, and shall contain such other modifications as shall be approved in writing by the Board.

In the event the offering Unit Owner shall not, within such 60-day period, contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Unit Owner shall so contract to sell or lease his Unit within such 60-day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the same or another Outside Offeror on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of Article VIII.

Any purported sale or lease of a Unit in violation of this Section shall be voidable at the election of the Board.

SECTION 2. Consent of Unit Owners to Purchase or Lease of Units by Board. The Board shall not exercise any option hereinabove set forth to purchase or lease any Unit without the prior approval of a Majority of the Unit Owners.

SECTION 3. Severance of Ownership. No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without including

therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units.

SECTION 4. Release by Board of Rights of First Refusal. The right of first refusal contained in Section 1 of this Article VIII may be released or waived by the Board in which event the Unit, together with the Appurtenant Interests, may be sold, conveyed, or leased, free and clear of the provisions of Section 1 of this Article VIII.

SECTION 5. Certificate of Termination of Right of First Refusal. A certificate of termination executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 1 of this Article VIII have been met by a Unit Owner, or have been duly waived by the Board, and that the rights of the Board thereunder have terminated, shall be conclusive upon the Board, and the Unit Owners in favor of all persons who rely thereupon in good faith. Such certificate shall be furnished to any Unit Owner who has, in fact, complied with the provisions of Section 1 of this Article VIII or in respect to whom the provisions of such section have been waived, upon request, at a reasonable processing fee, payable to the Managing Agent, not to be less than \$100.00.

SECTION 6. Financing of Purchase of Units by Board. The acquisition of Units by the Board, or its designee, on behalf of all Unit Owners, may be made from the working capital and Common Expenses in the hands of the Board, or if such funds are insufficient, the Board may levy an assessment against each Unit Owner in proportion to his ownership in the Common Elements as a Common Expense, which assessment shall be enforceable in the same manner as provided in Sections 6 and 7 of Article VI, or the Board, in its discretion, may borrow money to finance the acquisition of such Unit, provided, however, that no such financing may be secured by an encumbrance of hypothecation of any property other than the Unit, together with the Appurtenant Interests, so to be acquired by the Board.

SECTION 7. Exceptions. The provisions of Section 1 of this Article VIII shall not apply with respect to any sale or conveyance by a Unit Owner, together with the Appurtenant

Interests, to his spouse, or to any of his adult children, parents, or to his adult siblings, or any one or more of them, or to a Unit owned by the Sponsor, or to the acquisition or sale of a Unit, together with the Appurtenant Interests, by a mortgagee herein authorized who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. However, the provisions of this section shall apply with respect to any purchaser of such Unit from such mortgagee.

SECTION 8. Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer his Unit by gift, or may devise his Unit by will, or have his Unit pass by intestacy, without restriction.

SECTION 9. Waiver of Right of Partition with Respect To Units Acquired by the Board, or Its Designee, on Behalf of All Unit Owners as Tenants-In-Common. In the event that a Unit shall be acquired by the Board, or its designee, on behalf of all Unit Owners as tenants-in-common, Unit Owners expressly waive the right to institute partition action with respect to such Units so acquired.

SECTION 10. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board all unpaid Common Expenses theretofore assessed by the Board against his Unit and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages, or until he shall have paid any administrative charges assessed against him.

SECTION 11. Mortgage of Units. No Unit Owner shall mortgage his Unit except by a first mortgage made to a New York licensed bank, trust company, insurance company, federal savings and loan association, pension fund or other institutional lender or by a purchase money mortgage made by a Seller, or the Sponsor upon a sale of any Unit. Any such mortgage shall be substantially in the form on file with the Board, except for such changes or additions as may be legally necessary in order to permit the particular institutional lender to make the mortgage loan, or to the extent permitted by the Board.

ARTICLE IX

AMENDMENTS TO BY-LAWS

SECTION 1. Amendments to By-Laws. These By-Laws may be modified or amended by the vote of 66-2/3% in number and in common interest of all Unit Owners in proportion to their respective interests, at a meeting of Unit Owners duly held for such purpose.

For as long as Sponsor remains the owner of one or more Units, these By-Laws may not be amended so as to adversely affect Sponsor, without Sponsor's written consent.

SCHEDULE A ANNEXED TO THE

BY-LAWS

OF

TIMBERLINE AT KINGSGATE

RULES AND REGULATIONS FOR CONDOMINIUM

1. No Unit shall be used for purposes other than a residence for a single family, its servants and guests, except that a professional living within a Unit may, under local zoning ordinances, use said Unit for professional purposes; provided, however, no Unit shall be used for professional purposes without (a) compliance with governmental regulations and (b) the prior written consent of the Board.

2. No article (excluding, but not limited to, garbage cans, bottles or mats) shall be placed in any of the Common Elements nor shall the Common Elements be obstructed in any way.

3. Each Unit Owner shall be obligated to maintain and keep in good order and repair his Unit and shall not sweep or throw away or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance.

4. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance of any of the buildings, or contents thereof, applicable for residential use (or permitted professional purposes), without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on any of the buildings, or contents thereof, or which would be in violation of any law. No waste shall be committed in the Common Elements.

5. Unit Owners shall not cause nor permit anything to be hung or displayed on the outside of windows nor placed on the outside walls or doors of a building and no sign, awning, canopy, shutter, skylight or radio or television antenna shall be affixed to or placed upon the exterior walls or doors, roof or on any part thereof without the prior written consent of the Board. Notwithstanding the above Sponsor shall have the right, at any time, without obtaining the consent of the Board of Managers to place a radio and/or a television antenna and/or skylight on any building.

6. No bird, animal or reptile shall be raised, bred or kept in any Unit or in the Common Elements, without the

consent in writing of the Board and under such restrictions as the Board may impose. In no event shall any dog be permitted in any portion of the Common Elements, under any circumstances, unless carried or on a leash. Unit Owners shall remain fully responsible for their dogs and shall clean up after them.

7. No noxious or offensive activity shall be carried on in any Unit, or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other owners or occupants.

8. Nothing shall be done in any Unit or in, on or to the Common Elements which will impair the structural integrity of any buildings or which would structurally change any of the buildings.

9. No clothes, sheets, blankets, laundry or any kind of other articles shall be hung out of a Unit or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

10. Except in areas as may be designated by the Board, there shall be no playing, lounging or parking of baby carriages, or playpens, bicycles, wagons, toys, vehicles, benches or chairs on any part of the Common Elements. Storage by owners in areas designated by the Board shall be at the owner's risk.

11. Except to the extent permitted by law, or by these regulations, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, whether elymosynary or for profit, or otherwise, shall be conducted, maintained or permitted on any part of the premises, nor shall any "For Sale", "For Rent", or "For Lease" signs or other window displays or advertising be maintained or permitted on any part of the premises or in any Unit therein, nor shall any Unit be used or rented for transient hotel or motel purposes. The right is reserved by the Sponsor and the Board, or its agents, to place "For Sale", "For Rent", or "For Lease" signs on any unsold or unoccupied Units, and the right is hereby given to any mortgagee who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee, but in no event shall any sign be larger than one (1') foot by two (2') feet.

12. Nothing shall be altered on, constructed upon or removed from the Common Elements, except upon the written consent of the Board.

13. All radio, television or other electrical equipment of any kind or nature installed or used in each

Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the Unit Owners alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit.

14. The agents of the Board or the managing agent, and any contractor or workmen authorized by the Board or the managing agent may enter any room or Unit in the buildings at any reasonable hour of the day, on at least one day's prior notice to the Unit Owner (except in case of emergency) for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

15. Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board.

16. No garbage cans shall be placed in exterior doorways, entranceways, patios or balconies.

17. No Owner shall make or permit any noises that will disturb or annoy the occupants of any of the Units or do or permit anything to be done which will interfere with the rights, comfort or convenience of other owners.

18. No balcony shall be decorated, enclosed or covered by an awning or otherwise without the consent in writing of the Board.

19. No Unit Owner nor occupants or any of his agents, servants, employees, licensees or visitors shall, at any time, bring into or keep in his Unit any flammable, combustible or explosive fluid, material, chemical or substance.

20. If any key or keys are entrusted by a Unit Owner or occupant or by any member of his family or by his agent, servant, employee, licensee or visitor to an employee of the Board whether for such Unit Owner's Unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner or occupant, and the Board shall not be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or in connection therewith.

21. Draperies, blinds or curtains must be installed by each Unit Owner on all windows of his Unit and must be maintained on said windows at all times.

22. No commercial vehicles, boats and/or trailers may be parked on condominium property overnight or, at any time, in any roadway. No parking shall be permitted by any vehicle on the driveway or apron in front of any Unit.

23. Parents shall be held responsible for the actions of their children and their guests.

24. The swimming pool and recreational areas are solely for the use of the Condominium residents and their invited guests. Swimming and the use of Condominium facilities shall be at the risk of those involved and not in any event the risk of the Association or its Manager.

25. The regulations governing the use of the swimming pool, pool area and recreational facilities, permitted hours, guests rules, safety and sanitary provisions, and all other pertinent matters shall be in accordance with regulations adopted from time to time by the Association and posted in the swimming pool area and recreational areas. The Board of Managers may restrict use of the swimming pool to Condominium Owners.

26. The Board of Managers reserves the right to refuse use of the recreational facilities and Condominium property to any guests, whose behavior, conduct, or deportment, such committee finds in their judgement to be annoying, embarrassing or detrimental to the peaceful and quiet enjoyment of the recreational facilities.

27. It is suggested that you advise the office in advance when guests are expected to occupy your apartment in your absence. If not they may have difficulty in gaining admission, and will not be allowed the use of the recreational areas.