

BY-LAWS
OF
GRENADIER COURT CONDOMINIUM
TABLE OF CONTENTS

		<u>Page</u>
ARTICLE I	PLAN OF OWNERSHIP.....	1
Section 1.01	Name.....	1
Section 1.02	Applicability of By-Laws.....	1
Section 1.03	Personal Application.....	1
Section 1.04	Office.....	2
ARTICLE II	DEFINITIONS.....	3
Section 2.01	Definitions.....	3
Section 2.02	Other Terms.....	5
ARTICLE III	VOTING RIGHTS.....	6
Section 3.01	Voting.....	6
Section 3.02	Right to Vote.....	6
Section 3.03	Proxies.....	6
Section 3.04	Voting Regulations.....	6
Section 3.05	Corporate Members; Fiduciary Members.....	6
Section 3.06	Joint or Common Ownership.....	6
Section 3.07	Sponsor's Right to Assign its Vote.....	7
ARTICLE IV	MEETINGS OF UNIT OWNERS.....	8
Section 4.01	Annual Meetings.....	8
Section 4.02	Place of Meetings.....	8
Section 4.03	Special Meetings.....	8
Section 4.04	Notice of Meetings.....	8
Section 4.05	Waiver of Notice.....	9
Section 4.06	Waiver and Consent.....	9
Section 4.07	List of Unit Owners.....	9
Section 4.08	Quorum.....	10
Section 4.09	Majority Vote.....	10
Section 4.10	Inspectors of Election.....	10
Section 4.11	Order of Business at Meetings.....	11
ARTICLE V	BOARD OF MANAGERS.....	12
Section 5.01	Number and Qualification of Managers.....	12

	<u>Page</u>
Section 5.02	Nomination..... 13
Section 5.03	Election and Term of Office..... 13
Section 5.04	Removal of Members of the Board of Managers..... 14
Section 5.05	Resignation of Members of the Board of Managers..... 14
Section 5.06	Vacancies..... 14
Section 5.07	Meetings..... 14
Section 5.08	Waiver of Notice..... 15
Section 5.09	Quorum of Board of Managers..... 16
Section 5.10	No Compensation..... 16
Section 5.11	Powers and Duties..... 16
Section 5.12	Managing Agent and Manager..... 20
ARTICLE VI	OFFICERS..... 22
Section 6.01	Designation..... 22
Section 6.02	Election and Appointment of Officers..... 22
Section 6.03	Resignation and Removal..... 22
Section 6.04	President..... 22
Section 6.05	Vice President..... 22
Section 6.06	Secretary..... 23
Section 6.07	Treasurer..... 23
Section 6.08	Agreements, Contracts, Deeds, Checks, and Other Instruments... 23
Section 6.09	Compensation of Officers..... 24
ARTICLE VII	LIABILITY OF BOARD OF MANAGERS AND UNIT OWNERS; INDEMNIFICATION OF MANAGERS AND OFFICERS..... 25
Section 7.01	Liability of the Board of Managers and Unit Owners..... 25
Section 7.02	Right of Indemnification..... 25
Section 7.03	Other Rights of Indemnification..... 26
ARTICLE VIII	COMMITTEES..... 27
Section 8.01	Committees Acting on Behalf of the Board of Managers..... 27
Section 8.02	Committees of Members..... 27
Section 8.03	Rules..... 27

	<u>Page</u>
ARTICLE IX FINANCE.....	28
Section 9.01 Checks.....	28
Section 9.02 Fiscal Year.....	28
Section 9.03 Annual Reports.....	28
Section 9.04 Inspection of Records by Unit Owners.....	28
Section 9.05 Availability of Records..... and Legal Documents	29
Section 9.06 Operating Account.....	29
Section 9.07 Capital Reserve Account.....	29
Section 9.08 Other Accounts.....	29
ARTICLE X INSURANCE, CONDEMNATION AND RECONSTRUCTION.....	30
Section 10.01 Insurance to be Carried.....	30
Section 10.02 Insurance Trustee.....	37
Section 10.03 Repair or Reconstruction After Fire or Other Casualty....	37
Section 10.04 Actions Which May Increase Insurance Rates Prohibited.....	39
Section 10.05 Condemnation or Eminent Domain....	39
ARTICLE XI SELLING, MORTGAGING AND LEASING OF UNITS.....	43
Section 11.01 Selling Leasing and Mortgaging of Units.....	43
Section 11.02 Book of Mortgagees.....	45
Section 11.03 No Severance of Ownership.....	45
Section 11.04 Bequests.....	45
Section 11.05 Waiver of Right of Partition with Respect to Such Units as are Acquired by the Board of Managers, or its Designee, on Behalf of All Unit Owners as Tenants in Common.....	45
ARTICLE XII AMENDMENT.....	47
Section 12.01 Amendments to By-Laws.....	47
ARTICLE XIII RULES: COMPLIANCE AND ARBITRATION.....	49
Section 13.01 Compliance with Rules of Condominium set forth in the Declaration, the Rules and Regulations, and/or these By-laws.....	49

ARTICLE XIV	MISCELLANEOUS.....	52
Section 14.01	Notices.....	52
Section 14.02	Conflicts; Compliance with Article 9-B.....	52
Section 14.03	No Waiver for Failure to Enforce.....	52
Section 14.04	Gender; Plural.....	52
Section 14.05	Captions.....	52
Section 14.06	Severability.....	53
Section 14.07	Notices to Mortgagees.....	53

BY-LAWS
OF
GRENADIER COURT CONDOMINIUM

ARTICLE I

PLAN OF OWNERSHIP

Section 1.01 Name. The land described in Schedule A of the Declaration (as hereinafter defined) recorded or to be recorded in the Office of the Clerk of Saratoga County, New York, the Buildings (as hereinafter defined) and other improvements constructed on said land (including the Units and the Common Elements) and all easements, rights and appurtenances belonging thereto (hereinafter collectively called the "Property" or "Condominium Property"), have been, or prior to conveyance of the first Unit (as hereinafter defined) shall be, submitted by THE MICHAELS GROUP, INC. (hereinafter referred to as the "Sponsor") to the provisions of Article 9-B of the Real Property Law of the State of New York by the recording of the Declaration and these By-Laws in the Saratoga County Clerk's Office and shall be known as the "Grenadier Court Condominium" (hereinafter called the "Condominium").

Section 1.02 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.

Section 1.03 Personal Application. All present and future owners (hereinafter referred to as "Unit Owners" or "Owners"), mortgagees, lessees and occupants of Units and their employees, invitees and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations (as hereinafter defined).

The acceptance of a deed or conveyance, or the entering into of a lease, or the act of occupancy, of a Unit by any person, corporation, partnership, association, trust or other entity shall constitute an agreement by such person, corporation, partnership, association, trust or other entity that the provisions of these By-Laws, the Rules and Regulations and the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

Section 1.04 Office. The office of the Condominium and the Board of Managers shall be located at the address of the President of the Board of Managers, or, at the office of the Managing Agent, if there be one.

ARTICLE II
DEFINITIONS

Section 2.01 Definitions. The following words, phrases or terms when used in these By-Laws shall, unless the context otherwise prohibits, have the following meaning:

a. ASSOCIATION means CONCORD COURT RECREATION ASSOCIATION, INC. Halfmoon, New York.

b. BUILDING means a structure which is constructed on the Land in which are located eight (8) Units of the Condominium under a continuous roof. Collectively, the seven (7) buildings of the Condominium shall be referred to as the "Buildings". A description of the Buildings, including the number of stories and the materials used in the construction of the Buildings is contained in Schedule "B" of the Declaration.

c. BY-LAWS means these By-Laws of the Condominium, as amended from time to time.

d. COMMON CHARGES shall have the meaning ascribed to the term in Section 9.01 of the Declaration.

e. COMMON ELEMENTS means all of the Property comprising the Condominium, except the Units, including:

- (i) the Land described in Schedule A to the Declaration attached hereto and made a part hereof;
- (ii) the foundations, columns, joists, beams and supports of the Buildings;
- (iii) all roofs, exterior walls, perimeter walls and common walls between Units (but not the walls within the Units); and
- (iv) all other apparatus and installations on the Condominium Property (including three (3) bike sheds) for common use.

f. CONDOMINIUM means Grenadier Court Condominium, Halfmoon, New York.

g. CONDOMINIUM PROPERTY or PROPERTY means the Land, the Buildings and all other improvements existing and to be erected on the Land (including the Units and the Common Elements), 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.

h. DECLARATION means the Declaration establishing the Condominium, as it may from time to time be supplemented, extended or amended in the manner provided therein.

i. PERSON means an individual, a corporation, a partnership, a trust, an unincorporated organization or any other entity.

j. RECORD DATE means, with respect to a meeting of Unit Owners, the date which is seven (7) days next preceding such meeting.

k. RULES AND REGULATIONS means the Rules and Regulations promulgated by the Board of Managers of the Condominium pursuant to Section 5.11(n) hereof, as the same may be amended from time to time.

l. SPONSOR means THE MICHAELS GROUP, INC., a New York business corporation, having an office at 6 Century Hill Drive, Latham, New York 12110, its successors and assigns.

m. THRESHOLD NUMBER OF UNITS means twenty-eight (28) Units owned by the Sponsor, excluding, however, Units held by the Sponsor for investment or personal use.

n. UNIT means any space designated as a Unit in the Declaration, consisting, generally, of a specific Unit in one of the Buildings, and an appurtenant undivided interest in the Common Elements as set forth in Schedule "C" to the Declaration. All of such Units are collectively referred to as the "Units".

o. UNIT OWNER or OWNER means an Owner of a Unit in the Condominium. A Unit Owner may be one or more individuals, corporations, partnerships or trusts. All such Owners are collectively called "Unit Owners".

p. UNSOLD UNITS means any Unit owned by the Sponsor or its designee other than any Unit purchased by and for the use of any affiliate of the Sponsor or held by the Sponsor for personal use or investment.

Section 2.02 Other Terms. All capitalized words and terms not otherwise defined herein shall have the meaning given them in the Declaration.

ARTICLE II

VOTING RIGHTS

Section 3.01 Voting. Subject to Section 3.06 hereof, each Owner of a Unit, including the Board of Managers if it has acquired a Unit or Units, shall be entitled to cast one (1) vote at all meetings of Unit Owners for each Unit 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.

Section 3.02 Right to Vote. At any meeting of Unit Owners, every Unit Owner having the right to vote shall be entitled to vote in person or by proxy.

Section 3.03 Proxies. All proxies shall be in writing and shall be filed with the Secretary at least forty-eight (48) hours prior to the meeting at which the same are to be used. Such proxies shall only be valid for such meetings or subsequent adjourned meetings thereof. A notation of such proxies shall be made in the minutes of the meeting. The Board of Managers shall have the authority to circulate proxies to Unit Owners for use at a meeting of Unit Owners.

Section 3.04 Voting Regulations. The Board of Managers of the Condominium may make such regulations, consistent with the terms of the Declaration, these By-Laws, and the applicable laws of the State of New York, as it deems advisable for any meeting of the Unit Owners in regard to proof of ownership, evidence of right to vote, the appointment and duties of inspectors of election, registration of Owners for voting purposes, the establishment of representative voting procedures and such other matters concerning the conduct of meetings and voting as it shall deem appropriate.

Section 3.05 Corporate Members; Fiduciary Members. Any votes of a corporate member may be cast by an appropriate officer of such corporation. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity.

Section 3.06 Joint or Common Ownership. If a Unit is owned by more than one Person, as joint tenants, tenants by the entirety or as tenants in common, the Persons owning such Unit shall reach agreement as to the matter being voted upon and shall cast their one vote for their Unit.

Section 3.07 Sponsor's Right to Assign its Vote.
The Sponsor may assign its right to vote to any Person, and such assignee, and any future assignee, of such right to vote may make successive like assignments, upon compliance with applicable law.

ARTICLE IV

MEETINGS OF UNIT OWNERS

Section 4.01 Annual Meetings. Upon transfer of title to fifty percent (50%) of the Units or nine (9) months after the recording of the Declaration, whichever shall first occur, the Sponsor shall notify all Unit Owners that the first annual meeting of Unit Owners shall be held within thirty (30) days. Thereafter, annual meetings of the Unit Owners shall be held on the same date as the first annual meeting of the Unit Owners in each succeeding year, at a time to be determined by the Board of Managers (unless such date shall be a legal holiday, Saturday or Sunday, in which event the meeting shall be held on the next succeeding day which is not a legal holiday, Saturday or Sunday). At such meetings, the Board of Managers shall be elected by ballot of the Unit Owners in accordance with the provisions of Section 5.03 of these By-Laws. The Unit Owners may transact such other business at such meeting as may properly come before them.

Section 4.02 Place of Meetings. Meetings of the Board of Managers and the Unit Owners shall be held at a suitable place reasonably convenient to the majority of Unit Owners as may be designated by the Board of Managers.

Section 4.03 Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Managers or upon a petition presented to the Secretary, signed by not less than forty percent (40%) of the Unit Owners, in the aggregate. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. Except as otherwise provided in Section 4.06, hereof, no business shall be transacted at a special meeting except as stated in the notice. ✓

Section 4.04 Notice of Meetings. It shall be the duty of the Secretary to mail by first class, postage prepaid, a notice of each annual or special meeting of the Unit Owners at least ten (10) but not more than thirty (30) days prior to such 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 his Unit or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary, and to

MAIL 1ST
CLASS
STATE PURPOSE
TIME, PLACE
10 days
minimum 30 days

all mortgagees of a Unit who have requested the same. Notwithstanding the foregoing, if the purpose (in whole or in part) of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-Laws, the notice of meeting shall be mailed at least thirty (30) days but not more than fifty (50) days prior to such meeting. The mailing of a notice of meeting in the manner provided in these By-Laws shall be considered service of notice.

Section 4.05 Waiver of Notice. Whenever under any of the terms or provisions of these By-Laws, any agreement or instrument, or law, the Unit Owners or the Board of Managers or any committee thereof is authorized to take any action after notice to any Person or Persons or after the lapse of prescribed period of time, such action may be taken without notice and without the lapse of such period of time, if, at any time before or after such action is completed, the Person or Persons entitled to such notice or entitled to participate in the action to be taken or, in the case of a Unit Owner, by his duly authorized attorney-in-fact, submit a signed waiver of notice of such requirements. The attendance of any Unit Owner at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall also constitute a waiver of notice by him.

Section 4.06 Waiver and Consent. Whenever the vote of Unit Owners at a meeting is required or permitted by any provision of law, the Declaration or these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 4.07 List of Unit Owners. A list of Unit Owners as of the Record Date, certified by the officer responsible for its preparation, shall be produced at any meeting of Unit Owners upon the request thereat or prior thereto of any Unit Owner. If the right to vote at any meeting is challenged, the inspectors of election, or, if there be no inspectors of election, the person presiding thereat, shall require such list of Unit Owners to be produced as evidence of the right of the Person challenged to vote at such meeting, and all Persons who appear from such list to be Unit Owners entitled to vote thereat may vote at such meeting.

Section 4.08 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners having fifty-one percent (51%) of the total authorized votes of all the Unit Owners shall constitute a quorum at all meetings of the Unit Owners. If, however, such quorum shall not be present or represented at any meeting of Unit Owners, the Unit Owners entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4.09 Majority Vote. Members of the Board of Managers elected at any meeting of the Unit Owners shall, except as otherwise provided by law or these By-Laws, be elected by a plurality of votes cast. All other action shall be taken by vote of a majority of Unit Owners at a meeting at which a quorum shall be present except where in the Declaration or these By-Laws, or by law, a higher percentage vote, or other vote, is required. The term "majority of Unit Owners" shall mean Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners present in person or represented by proxy at any meeting of the Unit Owners at which a quorum is present, determined in accordance with the provisions of Section 4.08 of these By-Laws.

Section 4.10 Inspectors of Election.

(a) The Board of Managers, in advance of any meeting of Unit Owners, may appoint two (2) or more persons, who need not be Unit Owners, to act as inspectors of election at such meeting or any adjournment thereof. If inspectors of election are not so appointed prior to the meeting, the person presiding at such meeting may appoint two (2) or more inspectors of election. In case any person appointed fails to appear or act, the vacancy may be filled in advance of the meeting by the Board of Managers or at the meeting by the person presiding thereat.

(b) The inspectors of election shall (i) determine the Unit Owners entitled to vote at the meeting, (ii) determine the existence of a quorum and the validity and effect of proxies, (iii) receive ballots or determine

votes or consents, (iv) hear and determine any challenges or questions arising in connection with any Unit Owner's right to vote, (v) count and tabulate all votes, ballots or consents and determine the result thereof, and (vi) do such other acts as may be proper to conduct an election or vote with fairness to all Unit Owners.

Section 4.11 Order of Business at Meetings. The order of business at all meetings of the Unit Owners shall follow Roberts Rules of Order and be as follows:

- (a) Roll Call;
- (b) Proof of Notice of Meeting;
- (c) Reading of Minutes of Preceding Meeting;
- (d) Reports of Officers;
- (e) Reports of Board of Managers;
- (f) Reports of Committees;
- (g) Election of Inspectors of Election (when so required);
- (h) Election of Members of the Board of Managers (when so required);
- (i) Unfinished Business; and
- (j) New Business.

ARTICLE V

BOARD OF MANAGERS

Section 5.01 Number and Qualification of Managers.

(a) The business affairs of the Condominium shall be managed by a Board of Managers. The Board of Managers shall initially consist of three (3) individuals designated by the Sponsor. Within thirty (30) days after the initial transfer of title to twenty-five percent (25%) of the Units, or six (6) months after the recording of the Declaration, whichever first occurs, a fourth (4th) and fifth (5th) person shall be elected by the Unit Owners other than the Sponsor at a special meeting of Unit Owners. Thereafter, the Board shall consist of five Managers.

(b) Successors to these Managers shall be elected by the Unit Owners, including the Sponsor, at the first annual meeting of Unit Owners held pursuant to Section 4.01 of these By-Laws.

(c) All Managers shall be (i) Unit Owners, (ii) members of a Unit Owner's immediate family, (iii) Mortgagees of Units, (iv) partners or employees of a partnership Owner or Mortgagee, (v) officers, directors, shareholders, employees or agents of a corporate Owner or Mortgagee, (vi) fiduciaries or officers, agents or employees of such fiduciaries, or (vii) designees of the Sponsor.

(d) So long as the Sponsor shall continue to own at least the Threshold Number of Units, but in no event for a period in excess of two (2) years after the recording of the Declaration, the Sponsor shall have the right to appoint a majority of the Board of Managers.

(e) So long as the Sponsor shall continue to own Unsold Units having a ten percent (10%) or more interest in the Common Elements, the Sponsor shall have the right to appoint one (1) of the five (5) members of the Board of Managers but, if the Sponsor exercises its right to so appoint, the Sponsor may not cast its votes with respect to the Units which it owns for the other Members of the Board. When the Sponsor no longer owns Unsold Units having a ten percent (10%) or more interest in the Common Elements, it shall have no further right to appoint any members of the Board of Managers. Members of

the Board of Managers appointed by the Sponsor shall serve for a term of one (1) year or until their successors are appointed.

Section 5.02 Nomination.

Nominations for election to the Board of Managers shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Unit Owners. The Nominating Committee shall make as many nominations for election to the Board of Managers as it shall, in its sole discretion, determine, but not less than the number of vacancies as are to be filled as provided below.

Section 5.03 Election and Term of Office.

(a) At the first annual meeting of Unit Owners, held pursuant to Section 4.01 hereof, subject to the right of the Sponsor to appoint one or more members to the Board as provided in Section 5.01 hereof, a new Board of Managers shall be elected.

(b) At such meeting and any subsequent elections, the Sponsor shall not cast its votes to elect more than a simple majority of Managers and, at any election held after two (2) years from the date of recording of the Declaration, the Sponsor shall not cast its votes to elect a majority of Managers. At each annual meeting thereafter, the Unit Owners shall replace those Managers whose terms have expired and elect such successor Managers for a term of two (2) years. Voting shall be by secret written ballot which shall:

1. set forth the number of vacancies to be filled;
2. set forth the names of those nominated to fill such vacancies; and
3. contain spaces for a write-in for each vacancy.

(c) Other than persons appointed by the Sponsor and persons elected pursuant to Section 5.01(a) hereof, the term of office of the Managers shall be two (2) years or until their successors are elected, except that the term of office of three Managers elected at the first annual meeting of the Unit Owners shall be for one (1) year.

Section 5.04 Removal of Members of the Board of Managers. At any regular or special meeting of Unit Owners, any one or more of the members of the Board of Managers elected by the Unit Owners (other than the Sponsor) may be removed with or without cause by a majority of the Unit Owners other than the Sponsor and a successor may then and there or thereafter be elected by the Unit Owners to fill the vacancy thus created. Any member of the Board of Managers whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. Members of the Board of Managers appointed by the Sponsor may be removed only by the Sponsor and may be so removed at any time, with or without cause, and then and there or thereafter be replaced with or by the Sponsor.

Section 5.05 Resignation of Members of the Board of Managers. A member of the Board of Managers may resign at any time by giving written notice to the Board, or to the President or Secretary of the Condominium. Unless otherwise specified in the letter of resignation, the resignation shall take effect immediately upon receipt thereof by the Board, President or Secretary, as the case may be, and acceptance of the resignation shall not be necessary to make it effective.

Section 5.06 Vacancies. Vacancies in the Board of Managers caused by any reason other than the removal of a member thereof by a vote of the Unit Owners or by the Sponsor shall be filled by vote of a majority of the remaining members at a special meeting of the Board of Managers 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. Each person so elected shall be a full member of the Board of Managers until the next annual meeting of the Unit Owners or until a successor is elected by the Owners at a special meeting of Unit Owners. Notwithstanding the above, if the vacancy occurs with respect to any member of the Board of Managers not designated by the Sponsor, the successor shall be a Unit Owner independent of the Sponsor, and, further, if the vacancy occurs with respect to any member of the Board of Managers designated by the Sponsor, the Sponsor shall have the sole right to choose the successor to fill the unexpired portion of the term of such Manager.

Section 5.07 Meetings.

Organizational, regular and special meetings of the

Board of Managers shall be held as follows:

- (a) Organizational Meetings. The first meeting of each Board newly elected by the Unit Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter at such date, time and place as may be practicable.
- (b) Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Managers, but at least one (1) such meeting shall be held each quarter during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each member of the Board of Managers personally, by mail or by telegram at least two (2) days prior to the day set for such meeting.
- (c) Special Meetings. Special meetings of the Board may be called by the President on five (5) days notice to each member either personally or by mail or telegram, which notice shall state the time, place and purpose of the meeting. Special meetings shall be called by the Secretary in like manner and on like notice on the written request of at least two (2) members of the Board of Managers. The President or the two members of the Board, as the case may be, shall fix any time and place reasonably convenient to the Managers as the time and place for holding a special meeting. Except as otherwise provided in Section 5.08 hereof, no business shall be transacted at a special meeting except as stated in the notice.

Section 5.08 Waiver of Notice. Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board without protesting prior to the conclusion of the meeting the lack of notice shall also constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of

Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 5.09 Quorum of Board of Managers. At all meetings of the Board of Managers, a majority of the members thereof shall constitute a quorum for the transaction of business, and, except as may be otherwise specifically provided by statute or by the Declaration or by these By-Laws, the vote of a majority of the members of the Board of Managers present at a meeting at which a quorum is present shall constitute a decision of the Board of Managers. If at any meeting of the Board of Managers there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time, without notice other than announcement at a meeting, until a quorum shall be present. 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 5.10 No Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such. Any member may be reimbursed for his actual reasonable expenses incurred in the performance of his duties; provided however, if the member reasonably expects to incur such an expense in excess of \$50.00, he shall not be entitled to reimbursement unless he shall have obtained the approval of the Board prior to incurring such an expense. A member who serves the Board in any other capacity, however, may receive compensation therefor if otherwise entitled thereto by resolution of the Board.

Section 5.11 Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things necessary for such administration except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers by the Unit Owners. Such powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

- (a) Determining and levying of annual assessments to cover the cost of Common Expenses required for the operation of the affairs of the Condominium, including, without limitation the

operation and maintenance of the Property as provided in the Declaration.

- (b) Establishing and maintaining such bank accounts as may be required for the operation of the Condominium.
- (c) Collecting and expending the assessments to operate, maintain, repair, replace and preserve the Buildings and the Common Elements as provided in the Declaration.
- (d) Operating, preserving, repairing, replacing and maintaining the Common Elements.
- (e) Making repairs, additions and improvements to, or alterations and replacements of, the Property, in accordance with the other provisions of these By-Laws after damage thereto or destruction thereof by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or as a result of the Board of Managers determining that such repairs, additions, improvements, alterations or replacements are reasonably necessary.
- (f) Entering into and upon the Units when necessary and with as little inconvenience to the Unit Owner as possible in connection with the operation, maintenance, care, replacement, repair and preservation of the Property.
- (g) Purchasing or leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale (whether on account of foreclosure or otherwise) or leased or surrendered by their Owners to the Board of Managers.
- (h) Obtaining and maintaining insurance for the Property, including the Units, pursuant to the provisions of Article X of these By-Laws.
- (i) Selling, leasing, mortgaging, repairing, maintaining, casting the votes appurtenant to (other than for the election of members of the Board of Managers), and otherwise dealing with Units acquired by the Board of Managers or its

designee, corporate or otherwise, on behalf of all Unit Owners.

- (j) Organizing corporations to act as designees of the Board of Managers in acquiring title to or leasing of Units on behalf of all Unit Owners.
- (k) Leasing portions of the Common Elements and granting of licenses for equipment or services, including vending machines.
- (l) Bringing and defending actions by or against more than one Unit Owner which are pertinent to the operation, care, maintenance, repair or replacement of the Condominium and its Property and bringing actions on behalf of Unit Owners as provided for in Section 339-dd of the Real Property Law or in the Declaration.
- (m) Borrowing money on behalf of the Condominium when required in connection with the operation, care, repair, replacement, upkeep and maintenance of the Common Elements, provided, however, that (i) the consent of at least sixty-seven percent (67%) in number and in Common Interest 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 ten percent (10%) of the amount of the current annual budget of the Condominium and (ii) 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 consent of the Unit Owner. All documents evidencing the loan shall provide that if any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this subsection (m) is not repaid by the Board, a Unit Owner who pays to the creditor such proportion thereof as his interest in the Common Elements bears to his interest of all the Unit Owners in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit Owner's Unit.

- (n) Adopting and amending, at a duly called meeting, reasonable Rules and Regulations covering the details of operation and use of the Property. Such Rules and Regulations and amendments shall be binding upon the Unit Owners when the Board has adopted them. A copy of such rules and all amendments thereto shall be delivered to each Unit.
- (o) Collecting delinquent assessments by suit or otherwise, abating nuisances and enjoining and/or seeking damages from the Unit Owners for violations of the Rules and Regulations, the Declaration or these By-Laws.
- (p) Employing and terminating the employment of employees and independent contractors, purchasing supplies and equipment, entering into contracts and generally having the powers of manager in connection with the matters hereinabove set forth. Any contracts entered into by the Board shall be terminable by it upon not more than ninety (90) days notice without penalty.
- (q) Establishing reserves for the operation, maintenance, care, upkeep, repair and replacement of the Common Elements. The amount of such reserves shall be as the Board of Managers deems to be appropriate and shall be sufficient to meet the reasonable requirements of existing or proposed lenders, holders and insurers of first mortgages on the Units.
- (r) Approving leases to Units in the Condominium.
- (s) Complying with any change in New York Law as it may affect the Condominium.
- (t) Reassigning, or assigning if not originally assigned by Sponsor, in its discretion, the use of parking spaces.
- (u) Granting, with or without consideration, easements, rights of way or licenses for utilities or other similar services over, under, across or through the Common Elements.

- (v) To the extent permitted by law, entering into contracts with other condominium or homeowners' associations or similar associations to provide maintenance and other services which are the duty of the Board of Managers to provide.

Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor shall continue to own more than ten percent (10%) of the Unsold Units, but in no event later than two (2) years from the date of the recording of the Declaration, the Board of Managers may not, without the Sponsor's prior written consent, which consent shall not be unreasonably withheld, (i) except for repairs, alterations, additions, or improvements required by law or regulation, or government agency or Board of Fire Underwriters, make any addition, alteration or improvement to the Common Elements or to any Unit owned by the Condominium, or (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of an amount equal to the proportion to the then existing budget which the amount of reserves in the initial budget of estimated expenses bears to the total amount of such initial budget of estimated expenses, or (iii) hire any employee in addition to the employees, if any, provided for in the initial budget of the Condominium, except as may be necessary to maintain the quantity or quality of maintenance or services of the Property or (iv) enter into any maintenance or service contract for work not provided for in the initial budget of estimated expenses, or (v) borrow money on behalf of the Condominium or (vi) reduce the quantity or quality of services or maintenance of the Property.

Section 5.12 Managing Agent and Manager. The Board of Managers may employ for the Condominium a managing agent and/or a manager (including the Sponsor or a corporation or other entity in which the Sponsor or shareholders of the Sponsor own stock or have an ownership interest) at a compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize, other than the powers set forth in subsections (a), (b), (g), (h), (i), [except with respect to repairing and maintaining the Units], (k), (l), (m), (n), (o), (q), (r), (s), (t) and (u) of Section 5.11 of these By-Laws. Any contract entered into with a Managing Agent shall provide (1) that such Agent carry its own liability insurance in such amounts as the Board shall deem adequate and shall

include the Condominium, as a named insured, (2) that the Managing Agent shall provide fidelity bonding for itself and its employees and (3) that such contract may be terminated by the Board without penalty upon not more than ninety (90) days notice, if without cause, and, if with cause, upon not more than thirty (30) days notice. No such management agreement shall be for an initial term of more than two (2) years nor shall it be renewable without the prior consent of both parties.

ARTICLE VI

OFFICERS

Section 6.01 Designation. The principal officers of the Condominium shall be President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint an assistant treasurer, an assistant secretary and such other officers as, in its judgment, may be necessary. Any two or more offices, except the offices of President and Secretary, may be held simultaneously by the same person.

Section 6.02 Election and Appointment of Officers. The elective officers of the Condominium shall be elected annually by the Board of Managers at the organizational meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers. Appointive officers shall be appointed at such time and shall hold their office for such terms as the Board of Managers shall determine from time to time.

Section 6.03 Resignation and Removal. Any officer may be removed by the Board of Managers, with or without cause, whenever, in the judgment of the Board, the best interests of the Condominium will be served thereby. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice by the Board, the President or the Secretary, as the case may be, or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.04 President. The President shall be the chief executive officer of the Condominium and must be a member of the Board of Managers. He shall preside at all meetings of the Unit Owners and of the Board of Managers. He shall have all of the general powers and duties which are incident to the office of President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6.05 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. The Vice President shall also perform such

other duties as shall from time to time be imposed upon such officer by the Board of Managers or by the President.

Section 6.06 Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; shall record all votes and the minutes of all proceedings in a book to be kept for that purpose; shall have charge of such books and papers as the Board of Managers may direct; shall give, or cause to be given, notice of all meetings of Unit Owners and all special meetings of the Board of Managers; and shall, in general, perform all the duties incident to the office of Secretary of a stock corporation under the Business Corporation Law of the State of New York or as are properly required of him by the Board of Managers.

Section 6.07 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 showing all receipts and disbursements, and for the preparation of all required financial data. The Treasurer shall be responsible for depositing all monies and other valuable effects of the Condominium in the name of the Board of Managers, or the managing agent, in such depositories as may from time to time be designated by the Board of Managers, shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements, shall render to the President and the Board of Managers, at the regular meeting of the Board, or whenever either may require it, an accounting of all his transactions as Treasurer and of the financial condition of the Condominium, shall maintain separate accounts for each Unit which, among other things, shall contain the amount of each assessment of common charges against such Unit, the date when due, the amounts paid thereon and the balance remaining unpaid and shall, in general, perform all the duties incident to the office of Treasurer of a stock corporation organized under the Business Corporation Law of the State of New York or as are properly required of him by the Board of Managers.

Section 6.08 Agreements, Contracts, Deeds, Checks, and Other Instruments.

(a) All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two (2) officers of the Condominium or (except as otherwise provided in Section 9.01 herein) by

such other person or persons as may be designated by the Board of Managers.

(b) All contracts and other agreements entered into on behalf of the Condominium shall contain, among other things, the provisions set forth in Section 7.01(b) hereof.

Section 6.09 Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such. However, any officer may be reimbursed for his actual reasonable expenses incurred in the performance of his duties as an officer; provided, however, if the officer reasonably expects to incur such an expense in excess of \$50.00, he shall not be entitled to reimbursement unless he shall have obtained the approval of the Board of Managers prior to incurring such an expense. An officer who serves the Condominium in any other capacity, however, may receive compensation therefor if otherwise entitled thereto by resolution of the Board.

ARTICLE VII

LIABILITY OF BOARD OF MANAGERS AND UNIT OWNERS;
INDEMNIFICATION OF MANAGERS AND OFFICERSSection 7.01 Liability of the Board of Managers and Unit Owners.

(a) The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. Further, the members of the Board of Managers shall have no personal liability (except as Unit Owners) with respect to any contract made by them on behalf of the Condominium within the scope of their authority.

(b) Each and every contract, agreement or commitment made by the Board of Managers or by the managing agent, on behalf of the Condominium, shall provide that the members of the Board of Managers or the managing agent, as the case may be, are acting only as agents 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 or her interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

Section 7.02 Right of Indemnification.

(a) Except for claims actions or proceedings arising out of his willful misconduct or bad faith, and subject to subsection (b) of this Section, each member of the Board of Managers and each officer of the Condominium, whether or not then in office, and any person whose testator or intestate was such a Manager or officer, shall be defended and indemnified by the Condominium for the defense of, or in connection with, any claims, or civil or criminal actions or proceedings, or appeals therein, in accordance with and to the fullest extent permitted by law.

(b) The liability of any Unit Owner arising out of any contract made by the Board of Managers or out of the aforesaid indemnity in favor of the members of the Board of Managers shall be limited to such proportion of the total liability thereunder as his interest in the Common

Elements bears to the interests of all the Unit Owners in the Common Elements.

Section 7.03 Other Rights of Indemnification. The right of indemnification herein provided shall not be deemed exclusive of any other rights to which any such member, manager, officer or other person may now or hereafter be otherwise entitled and specifically, without limiting the generality of the foregoing, shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any such member, manager, officer or other person in any such action or proceeding to have assessed or allowed in his favor, against the Condominium or otherwise, his costs and expenses incurred therein or in connection therewith or any part thereof.

ARTICLE VIII

COMMITTEES

Section 8.01 Committees Acting on Behalf of the Board of Managers. Except as limited by this Section 8.01 or by Section 8.02 hereof, the Board of Managers may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of which shall consist of at least three (3) Unit Owners, who, to the extent provided in said resolution or resolutions, shall have, and may exercise, the powers of the Board of Managers in the management of the business and affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolution or resolutions shall specifically so provide. However, no such committee shall have or be given the power to (i) determine the Common Charges and expenses required for the affairs of the Condominium, (ii) determine the Common Charges payable by the Unit Owners to meet the Common Charges and expenses of the Condominium, or (iii) adopt or amend the Rules and Regulations covering the details of the operation and use of the Property. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 8.02 Committees of Members. The committees of the Condominium shall be the Nominating Committee, the Rules and Regulations Committee and such other committees as the Board of Managers shall deem desirable. Each committee shall consist of a chairman and two (2) or more members; while the Sponsor is entitled to appoint a member of the Board pursuant to Section 5.01 hereof, at least one of the members of each committee shall be designated by the Sponsor.

Section 8.03 Rules. Each committee may adopt rules of its own government not inconsistent with the terms of the resolution of the Board of Managers designating the committee or with rules adopted by the Board of Managers.

ARTICLE IX

FINANCE

Section 9.01 Checks. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness issued in the name of the Condominium shall be signed by two (2) officers of the Condominium.

Section 9.02 Fiscal Year. The fiscal year of the Condominium shall be the twelve (12) calendar months ending at such time as may be deemed appropriate by the Board of Managers; provided that the first fiscal year may be of such longer or shorter duration as the Board may determine.

Section 9.03 Annual Reports.

(a) An annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be rendered by the Board of Managers to all Unit Owners, and to all mortgagees of Units who have requested the same, and, if required by law, or regulation, to the Department of Law of the State of New York, within four (4) months from the end of each fiscal year. In the event that any substantial irregularities or any defalcation shall be uncovered by such accountant in the course of any such review, such matters shall be promptly reported to each member of the Board of Managers, and to the Unit Owners by such accountant. In addition, when called for by a vote of the Unit Owners at any special or regular meeting of the Unit Owners, the Board of Managers shall furnish, to the Unit Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement, reviewed by an independent certified public accountant and a statement regarding any taxable income attributable to the Unit Owners.

(b) The cost of the annual report and other services required by this Section 9.03 and these By-Laws shall be levied by the Board of Managers as a Common Expense.

Section 9.04 Inspection of Records By Unit Owners. Every Unit Owner, his representative and his mortgagee, shall be entitled to examine the books and records of

the Condominium during regular business hours upon reasonable notice to the Board of Managers, but not more often than once a month.

Section 9.05 Availability of Records and Legal Documents. The Board of Managers shall make available for inspection upon reasonable notice and during normal business hours, to existing and prospective purchasers, tenants, and mortgagees, mortgage insurers and mortgage guarantors, current copies (including amendments) of the Condominium's Declaration, By-Laws, Rules and Regulations, budget, schedule of assessments and any other books, records and financial statements of the Condominium. The Board may furnish copies of such documents to such parties and may charge such parties a reasonable fee to cover the cost of furnishing such copies.

Section 9.06 Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited the operating portion of all monthly Common Charges and special assessments as fixed and determined for all Units. Disbursements from said account shall be for the general needs of the operation of the Property, including, but not limited to, wages, repairs, replacements, maintenance and other operating expenses of the Common Elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Units.

Section 9.07 Capital Reserve Account. Any funds collected or designated by the Board of Managers as reserves for the replacement of capital items shall be segregated from all other funds of the Condominium in one or more separate accounts. Nothing contained herein shall be deemed to preclude the Board of Managers from segregating other portions of the Condominium funds in separate accounts for specific purpose (e.g. reserves for non-capital items) or otherwise.

Section 9.08 Other Accounts. The Board shall establish and maintain such other accounts as it shall deem necessary or desirable to carry out its purposes.

ARTICLE X

INSURANCE, CONDEMNATION AND RECONSTRUCTION

Section 10.01 Insurance to be Carried. To the extent reasonably obtainable, and to the extent obtainable at a reasonable cost, and in such amounts as the Board of Managers shall determine to be appropriate, unless otherwise required herein, the Board of Managers shall obtain and maintain (i) fire and casualty insurance, (ii) umbrella catastrophe insurance, (iii) liability insurance, (iv) Directors' and Officers' liability insurance, (v) fidelity bond, (vi) worker's compensation insurance, and (vii) loss of Common Charge insurance.

The Board of Managers may also obtain such other insurance as it shall deem necessary or desirable from time to time.

To the extent determined by the Board of Managers, in its sole discretion to be reasonably obtainable, appropriate and relevant, the coverage shall be as follows:

(a) Fire and Casualty.

(i) The policies shall cover the interests of the Condominium, the Board of Managers and all Unit Owners and Mortgagees as their interests may appear. Coverage shall be for the full agreed amount replacement value of the Units and other improvements (without deduction for depreciation) excluding the land and foundations, with a maximum deductible of \$1,000, under the "single entity" concept, i.e. covering the Units as initially sold and including the carpeting, vinyl floor coverings, lighting fixtures, bathroom fixtures, kitchen appliances, wall coverings (including paint), and all machinery servicing the Units and Common Elements, excluding the land, foundations, and personal property of Unit Owners and occupants, and any improvements or alterations (including the upgrading of appliances, kitchen cabinets, carpeting or lighting fixtures, built-ins and wall or floor coverings) made by the present or prior Unit Owners or occupants.

(ii) Coverage shall be for the full replacement value of the structure and all of the Buildings and the other Common Elements in which the Unit Owners have an undivided interest which shall include, but not be limited to, roofs, exterior walls, and all equipment outside of the Units used for operations and maintenance of the Property.

(iii) The policy shall have the following provisions, endorsements and coverages: (i) extended coverage, including debris removal, (ii) contingent liability from building laws endorsement, increased cost of construction, vandalism, malicious mischief, windstorm and water damage, (iii) inflation guard, (iv) minimum of \$100,000 coverage for loss of Common Charges from Unit Owners forced to vacate because of fire or other insured-against casualty, (v) waiver of any right to claim by way of subrogation against individual Unit Owners and the members of their households and families, tenants, the officers of the Condominium and individual members of the Board of Managers, (vi) an exclusion from the "no other insurance" clause of individual Unit Owners' policies so that the insurance purchased by the Board of Managers shall be deemed primary coverage and any policies obtained by individual Unit Owners or Mortgagees shall be deemed excess coverage and that the insurance obtained by the Board of Managers shall in no event be brought into "contribution" with insurance purchased by individual Unit Owners or mortgagees, (vii) a provision that the policy cannot be cancelled, invalidated or suspended because of the act or neglect of someone over whom the insured has no control, (viii) cross-liability giving the Unit Owners the right to sue the Board of Managers and vice versa with the insuring company agreeing to defend the defendant, (ix) a provision that the policy may not be cancelled (including a cancellation for the non-payment of premium), substantially modified, invalidated or suspended, without at least thirty (30) days prior written notice to all of the insureds, including all Mortgagees of Units reported to the insurance carrier or its agent, (x) a provision that adjustment of loss shall be made with the consent of the

Board of Managers or if an Insurance Trustee has been appointed, with its written consent, (xi) a provision that any right of the insurer to elect to repair damage in lieu of each cash settlement may not be exercised without the consent of the Board of Managers, or if an Insurance Trustee has been appointed, with its consent, and (xii) a New York standard mortgagee clause in favor of each Mortgagee of a Unit which shall provide that any loss shall be payable to the Mortgagee as its interest shall appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustees set forth in paragraph (v) of this Section 10.01(a).

(iv) Prior to obtaining any new fire and casualty insurance policy, the Board of Managers shall obtain an appraisal from an insurance company or from such other source as the Board of Managers shall determine to be appropriate as to the full replacement value (without deduction for depreciation) of the improvements on the Property (exclusive of land, foundations and improvements by made present or prior Unit Owners or occupants) for the purpose of determining the amount of fire and casualty insurance to be effected pursuant to this Section. The Board of Managers shall review all insurance coverages at least once a year with the agent of record.

(v) The proceeds of all policies of physical damage insurance shall be payable to the Board of Managers, if they are \$50,000.00 or less, and, if in excess of \$50,000.00 to the Insurance Trustee (as defined in Section 10.02 hereof) selected by the Board of Managers to be applied for the purpose of repairing, restoring or rebuilding, unless otherwise determined by the Unit Owners as hereinafter set forth. (This \$50,000.00 limit shall automatically be increased each calendar year by eight percent (8%) over the limit of the previous year.)

(vi) The amount of fire insurance to be maintained until the first annual meeting of the Board of Managers following the first annual

meeting of the Unit Owners shall be in at least the sum of \$2,883,440.

Each Unit Owner and such Unit Owner's Mortgagee, if any and if known to the Board, shall be a named insured on the policy and shall receive, at the time of purchase and at the time a new policy is obtained or an existing policy renewed, a certificate evidencing proof of insurance coverage. Duplicate originals of the policy and of all renewals of the policy shall be furnished to all Mortgagees of Units of which the Board has knowledge.

(vii) Flood Insurance. If any portion of the Property is located in an area identified by the Federal Secretary of Housing and Urban Development as having special flood hazards, the Board of Managers shall obtain, if available, a policy of flood insurance covering the Units and other insurable improvements on the Property or portion thereof located entirely or partially in the flood hazard area. Such coverage shall be the maximum coverage available under the National Flood Insurance Program, or 100% of the current replacement cost of all such Units and other insurable property, whichever is less.

(b) Liability.

(i) The liability insurance shall cover the Board of Managers, the officers of the Condominium, the managing agent, if any, and all Unit Owners, but not the liability of Unit Owners arising from occurrences within such Unit Owner's Unit or within or on any Limited Common Elements restricted in use to such Unit Owner. The policy shall include the following endorsements: (i) comprehensive general liability, including libel, slander, false arrest, and invasion of privacy; (ii) personal injury; (iii) medical payments; (iv) cross-liability under which the rights of a named insured under the policy shall not be prejudiced with respect to such insured's action against another named insured; (v) "severability of interest" precluding the insurer from denying coverage to a Unit Owner

because of negligent acts of the Condominium Board of Managers or any other Unit Owner; (vi) contractual liability insurance; (vii) water damage liability; (viii) hired and non-owned vehicle coverage; (ix) liability for the property of others; (x) host liquor liability coverage with respect to events sponsored by the Condominium; (xi) deletion of the normal products exclusion with respect to events sponsored by the Condominium; (xii) a provision that the policy may not be cancelled (including a cancellation for the non-payment of premium), substantially modified, invalidated, or suspended without at least thirty (30) days prior written notice to all of the insureds, including all Mortgagees of Units reported to the insurance carrier or its agent; and (xiii) a provision that adjustment of loss shall be made with the Board of Managers.

(ii) Until the first annual meeting of the Board of Managers elected by the Unit Owners, this public liability insurance shall be in a combined single limit of \$1,000,000.00 covering all claims for bodily injury and \$200,000 for property damage arising out of a single occurrence.

(c) Directors' and Officers' Liability.

(i) The Directors' and Officers' Liability Insurance shall cover the "wrongful" acts of a member of the Board of Managers or officer of the Condominium. The policy shall be on a "claims made" basis so as to cover all prior officers and members of the Board of Managers, and any deductible provisions shall apply only to each occurrence rather than to each item of damage. The policy shall provide for "participation" by the Condominium or by the members of the Board of Managers or officers of the Condominium only to the minimum extent permitted by law or applicable governmental regulation.

(ii) Until the first annual meeting of the Board of Managers elected by the Unit Owners, the Directors' and Officers' liability coverage shall be in the amount of \$1,000,000.00.

(d) Fidelity Bond

(i) The fidelity bond shall cover all members of the Board of Managers, officers and any and all employees of the Condominium (including but not limited to a professional property manager hired as an employee). The bond shall be an amount of not less than twenty-five percent (25%) of the Condominium's annual budget, in the custody of the Condominium or managing agent at any given time, but in no event less than a sum equal to three (3) months' aggregate Common Charges of all Units, plus reserves. It shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression shall name the Condominium as obligee and shall provide that the bond shall not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Board of Managers and all Mortgagees of Units who have requested such notice as listed on the books and records of the Condominium. In the event a professional property manager is retained by the Condominium as an independent contractor, and not as an employee, such property manager shall maintain a fidelity bond with at least the same limits as the bond carried by the Condominium, naming the Condominium as the obligee and shall provide a copy of such bond to the Board of Managers.

(ii) Until the first annual meeting of the Board of Managers elected by the Unit Owners, the coverage shall be at least \$50,000.00 for dishonest acts and \$50,000.00 for forgery.

(e) Workers' Compensation. Workers' compensation insurance shall be obtained covering the employees of the Condominium as well as any other person performing work on behalf of the Condominium, including the elected and appointed members of the Board of Managers.

(f) Umbrella (Excess) Liability. The Board of Managers shall obtain, to the extent obtain-

able, a policy with a minimum of \$1,000,000.00 Excess Liability. This policy should include, if available, excess Directors' and Officers' Liability and provide \$10,000 Retained Limit.

- (g) Other. The Board of Managers may also obtain such other insurance, including, but not limited to, "umbrella" catastrophe insurance, as it from time to time may deem reasonable or necessary.
- (h) No Liability for Failure to Obtain Above Coverages. The Board of Managers shall not be liable for failure to obtain any of the coverages required by this Section or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at a cost which, in the Board's sole judgment, is unreasonable.
- (i) Deductible Amounts. The deductible amount, if any, on any insurance policy purchased by the Board of Managers shall be a Common Expense; provided, however, that the Board of Managers may assess any deductible amount necessitated by the gross negligence or intentional act of a Unit Owner against such Unit Owner. The Condominium may pay the deductible portion for which a Unit Owner is responsible, and the amount so paid, together with interest and costs of collection (including reasonable attorneys' fees) shall be a charge and continuing lien upon the Unit involved, shall constitute a personal obligation of the Unit Owner, and shall be collectible in the same manner as Common Charges and assessments under the Declaration and these By-Laws.
- (j) Unit Owners' Insurance. 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 of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Section 10.02 Insurance Trustee. If the proceeds of a fire or casualty insurance policy are required to be paid to an Insurance Trustee pursuant to Section 10.1(a) hereof, the Board will appoint such a trustee. The Insurance Trustee shall be any bank, trust company, savings and loan association or law firm located in the State of New York, designated by the Board of Managers. All reasonable fees and reasonable disbursements of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a Common Expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank, trust company, savings and loan association or law firm located in the State of New York.

Section 10.03 Repair or Reconstruction After Fire or Other Casualty.

(a) Subject to subsection (c) of this Section 10.03, in the event of damage to or destruction of the Buildings or other Common Elements as a result of fire or other casualty, the insurance proceeds, if any, shall be payable to the Board of Managers or the Insurance Trustee as provided in Section 10.01(a)(v) hereof. The

Board of Managers shall arrange for the prompt repair and restoration of the Buildings and other Common Elements (including any damaged Units, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, but excluding any wall, ceiling or floor coverings, decorations or other furniture, furnishings, fixtures, appliances or equipment installed by Unit Owners in the Units) and shall notify all mortgagees of such Units as indicated on the records of the Condominium of the date of commencement of the repair and restoration. The Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers shall assess all the Unit Owners for such deficit and for a completion bond for such deficit as part of the Common Charges.

(b) If there shall have been a repair or restoration pursuant to subsection (a) of this Section, and the amount of the insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess

shall be paid by the Board of Managers or the Insurance Trustee, as the case may be, to all the Unit Owners, subject to the rights of holders of mortgages encumbering such Units, in proportion to their respective Common Interests after first paying out of the share due each Unit Owner such amounts as may be required to pay or reduce unpaid liens on such Unit in order of priority of such liens.

(c) If seventy-five percent (75%) or more of the Buildings are destroyed or substantially damaged as determined by the Board of Managers and seventy-five percent (75%) or more of the Unit Owners in number and in Common Interest do not duly and promptly resolve to proceed with repair and restoration thereof, so much of the Property as shall remain shall be subject to an action for partition upon the suit of any Unit Owner or lienor, as if owned in common pursuant to Article 9-B of the Real Property Law of the State of New York or any successor provisions as then in effect. In such event, the net proceeds of the sale, together with the net proceeds of insurance policies, shall be paid by the Board of Managers or the Insurance Trustee, as the case may be, to all the Unit Owners in proportion to their respective Common Interests, after first applying the share to the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens of his Unit, in the order of the priority of such liens.

(d) For purposes of this Article, the term "promptly repair" shall mean that repairs are to begin, weather permitting, not more than sixty (60) days from the date the Insurance Trustee notifies the Board of Managers and the Unit Owners that it holds proceeds of insurance sufficient to pay the estimated costs of such work; or not more than ninety (90) days after the Insurance Trustee notifies the Board of Managers and the Unit Owners that such funds are insufficient to pay said estimated costs and advises it of the amount of the required completion bond, if necessary; or in the event there is no Insurance Trustee, not more than sixty (60) days from the date of receipt by the Board of Managers of insurance funds on account of such damage or destruction; and the term "promptly resolve" shall mean the decision is to be made within sixty (60) days of the receipt of the insurance funds.

(e) Any repair or restoration as hereinabove described shall be in substantial accordance with the

plans and specifications of the damaged improvements as originally built. Any proposed substantial deviation therefrom shall require a written consent of first Mortgagees holding mortgages on Units which have at least fifty-one percent (51%) of the votes of all Units affected which are subject to first mortgages as indicated on the records of the Condominium.

Section 10.04 Actions Which May Increase Insurance Rates Prohibited. Under no circumstances shall a Unit Owner permit or suffer anything to be done or left in such Unit Owner's Unit or storage area which will increase insurance rates on such Unit or on any other Unit or on the Common Elements.

Section 10.05 Condemnation or Eminent Domain. Notwithstanding Section 5.02 of the Declaration, if a Unit or Units, or the Common Elements, or any portion of any of the foregoing is taken by condemnation or eminent domain, the following shall apply:

- (a) Action to Contest Condemnation. The Board of Managers shall have the exclusive right to contest any condemnation or eminent domain proceeding which is directed at taking any portion of the Common Elements or which touches upon, concerns or affects the use of the Common Elements. No Unit Owner or tenant of a Unit shall impair or prejudice the action of the Board of Managers in contesting such condemnation. Nothing in the immediately preceding sentence shall preclude a Unit Owner or tenant of a Unit Owner from contesting the taking in such condemnation or eminent domain proceeding of the Unit owned or rented by such Unit Owner or tenant. In any action contesting a taking by condemnation or eminent domain proceeding, the Board of Managers shall request the court to set forth the allocation of the condemnation award among the Unit Owners affected, taking into account the respective percentage interests in the Common Elements, the effect of the taking on each Unit affected thereby and any other relevant factor.
- (b) Partition Action in Lieu of Continuation of Condominium After Partial Taking by Condemnation. If any condemnation or eminent domain proceeding results in a partial taking of the Property, then the Property or so much thereof

as shall remain shall be subject to an action for partition as provided for by Section 339-t of the Real Property Law, as said Section (or any successor section) may be amended from time to time. In which event, the net proceeds of sale, together with the net proceeds of the award from the condemnation or eminent domain proceeding, shall be considered one fund and shall be paid to all the Unit Owners in proportion to their respective Common Interests; provided, however, that no payment shall be made to a Unit Owner until there has first been satisfied out of such Owner's share all liens on such Owner's Unit known to the Board of Managers, in order of their priority.

- (c) Distribution of Condemnation Awards for Taking of Common Elements. Except as provided in paragraph (b) above, in the event all or part of the Common Elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee (as defined in Section 10.02 hereof) if the award is more than \$50,000.00 and to the Board of Managers if the award is \$50,000.00 or less. (This \$50,000.00 limit shall automatically increase each calendar year by eight percent (8%) over the limit of the previous year.) The Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair, restoration or replacement of such Common Elements to the extent reasonably possible, and shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments.

If there shall be a surplus of such proceeds or if the Board of Managers or Insurance Trustee cannot reasonably repair, restore or replace the Common Elements taken, the proceeds shall be paid to the Unit Owners in proportion to their respective Common Interests and the percentage interests in the Common Elements of the Condominium shall be reallocated among the remaining Units as the court shall have directed, or as provided in paragraph (d) below, if there was no direction by the court. Any Unit Owner or tenant who wishes to contest

such payment or reallocation may do so by submitting the matter to the American Arbitration Association for the determination of a fair and proper payment, or reallocation of percentage interests in the Common Elements, as the case may be, which determination shall be binding on the Board of Managers and on all Unit Owners and tenants. The cost of such arbitration shall be borne solely by the Unit Owner or tenant submitting the matter for arbitration.

- (d) Partial or Total Taking of Units--Reallocation of Common Interests. Subject to the direction of any court as described in (c) above, if an entire Unit is condemned, or if part of a Unit is taken such that the remaining portion may not be practically or lawfully used for any purpose permitted by this Declaration, that Unit's entire interest in the Common Elements shall be automatically reallocated to the remaining Units in proportion to the respective Common Interests of those Units before the taking. The Board of Managers shall prepare, execute and record an amendment hereto reflecting the reallocation. If part of a Unit is so taken, such that the remaining portion may be practically and lawfully used for the purpose permitted by this Declaration, the interest in the Common Elements of such Unit shall be reduced in proportion to the reduction in size of the Unit in a manner consistent to the reduction in size of the Unit; the portion of the interest in the Common Elements so divested shall be automatically reallocated to all the remaining Units in proportion to the respective Common Element interests of those Units before the taking, with the partially-taken Unit participating in the reallocation on the basis of its reduced interest in the Common Elements.
- (e) After any determination for reallocation of percentage interests in the Common Elements, the Board of Managers shall promptly prepare, execute and record an amendment to these By-Laws in the Office of the Saratoga County Clerk reflecting such reallocation, which amendment need only be executed by Unit Owners

affected and by a majority of the Board of Managers.

- (f) Upon completion of the fifty-six (56) Units, the Sponsor shall amend the Declaration by amending Schedule C thereof to set forth the approximate square footage of each Unit "as built". If there is a substantial difference from one Unit to another from the square footages as originally set forth in Schedule C thereto, then, for purposes of determining allocation of condemnation awards or insurance awards, a ratio shall be calculated of each Unit's square footage to the total square footage of all Units comprising the Condominium and such percent-of-interest shall be used. Such difference shall not affect each Unit's equal share in the allocation of Common Charges or special assessments as set forth in Section 9.01 of the Declaration.

ARTICLE XI

SELLING, MORTGAGING AND LEASING OF UNITS

Section 11.01 Selling, Leasing and Mortgaging of Units. Any Unit Owner may convey, lease or mortgage his Unit free of any restriction subject only to the following:

- (a) No Unit Owner shall convey, sell, mortgage, pledge, hypothecate or lease his Unit unless and until all due and unpaid Common Charges and special assessments against his Unit and all due and unpaid assessments of Concord Court Association, Inc. (the "Association") shall have been paid to the Board of Managers or the Board of Directors of the Association, as the case may be. However, such unpaid Common Charges may be paid out of the proceeds of the sale of a Unit or by the Grantee. Further, a Unit Owner may convey his Unit and Common Interest appurtenant thereto, to the Board of Managers on behalf of all Unit Owners free of any cost to the Board or the Unit Owners and upon such conveyance such Unit Owner shall not be liable for any Common Charges or Assessments thereafter accruing against such Unit.
- (b) The Unit Owner shall give the Board of Managers thirty (30) days prior written notice of any conveyance, sale, pledge or mortgage of his Unit, and shall comply with the following requirements:
 - (i) Supply the transferee, pledgee or mortgagee with a copy of the Declaration, By-Laws, Rules and Regulations, together with all amendments thereto, current budget, last audited financial statement and a current balance sheet;
 - (ii) Supply the transferee, pledgee or mortgagee with certificates signed by a member of the Board of Managers or its designee to the effect that:

- (aa) the Unit is in compliance with the architectural control standards of the Condominium;
 - (bb) all Common Charges and special assessments and Association Assessments have been paid to date; and
 - (cc) the surveys of the Condominium Property and the Association Property have not materially changed, or, if there have been changes, certification as to such changes;
- (iii) Cause the transferee(s) to execute, acknowledge and deliver to the Board of Managers a Power of Attorney in the form appearing in the Offering Plan for the Condominium as amended, or such other form as the Board shall approve;
 - (iv) Comply with all statutes, ordinances and governmental rules and regulations in effect at the time of the conveyance, sale, pledge or mortgage; and
 - (v) In the case of mortgaging a Unit, furnish the Board, in writing, with the name and address of the mortgagee.
- (c) No portion of a Unit (other than the entire Unit) may be rented or leased, and no transient tenants may be accommodated therein. A Unit may be rented or leased only with the prior written consent of the Board of Managers and then only for a period of not less than six (6) months. All leases must be in writing and must provide that the terms thereof are subject to the Declaration, these By-Laws and the Rules and Regulations.

Any purported sale, lease, conveyance, mortgage, pledge or hypothecation of any Unit in violation of this Section, the Declaration or the Rules and Regulations shall be voidable at the election of the Board of Managers. If the Board of Managers shall so elect, the selling or leasing Owner shall be deemed to have authorized and empowered the Board of Managers to institute legal proceedings to eject the purported purchaser (in the event of an unauthorized sale), or to evict the purported tenant (in the event of an unauthorized leasing), in the name of the said Owner, as the owner or landlord, as the case may be. The said Owner shall reimburse the

Board of Managers for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, reasonable attorneys' fees, disbursements and court costs.

The provisions of this Section shall not apply to the acquisition, sale or lease of a Unit by a mortgagee, mortgage insurer, mortgage guarantor or similar institution, who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. Such provisions shall apply, however, to any purchaser from such mortgagee, mortgage insurer, mortgage guarantor or similar institution.

Section 11.02 Book of Mortgagees. A Unit Owner who mortgages his Unit shall notify the Board of Managers in writing of the name and address of the mortgagee. The Board of Managers shall maintain a book entitled "Mortgagees of Units" in which shall be listed the name and address of mortgagee as supplied by the Unit Owner.

Section 11.03 No Severance of Ownership. No Unit Owner shall execute any deed, mortgage or other instrument conveying or encumbering title to such Owner's Unit without including the appurtenant common interests, it being the intention hereof to prevent severance of the Common Interest from the Unit. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described. No part of the appurtenant Common 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 Common Interests of all Units.

Section 11.04 Bequests. Any Unit Owner shall be free to devise his Unit by will, or to pass the same by intestacy, without restriction; provided that each subsequent Owner shall be bound by, and his Unit shall be subject to, the provisions of the Declaration, the Rules and Regulations and these By-Laws.

Section 11.05 Waiver of Right of Partition with Respect to Such Units as are Acquired by the Board of Managers, 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 of Managers, or its designee, on behalf of all Unit Owners as tenants in common, all such Owners shall be deemed to have waived all rights of partition with respect to such Unit and if the Board should so elect, the Unit Owner shall be deemed to have authorized and empowered the Board of Managers, to institute legal proceedings to evict the purported tenant in the name of said Unit Owner, as the purported landlord.

ARTICLE XII

AMENDMENT

Section 12.01 Amendments to By-Laws.

- (a) Except as hereinafter provided to the contrary, these By-Laws may be modified, altered, amended or supplemented at any duly called meeting of Unit Owners provided that:
- (i) A notice of the meeting containing a full statement of the proposed modification, alteration, amendment or supplement has been sent to all Unit Owners as listed on the books and records of the Condominium and to all mortgagees of Units no sooner than thirty (30) days nor later than fifty (50) days prior to date of meeting.
 - (ii) At least sixty-seven percent (67%) of all Unit Owners and at least fifty-one percent (51%) of the holders of first mortgages on any of the Units, if any, approve the modification, alteration, amendment or supplement; except that no modification, alteration, amendment or supplement may be made as to ownership of the Common Elements or the percentage of Common Interest without the unanimous consent of all Unit Owners affected.
 - (iii) An instrument evidencing the change is duly recorded in the Office of the Saratoga County Clerk. Such instrument need not contain the written consent of the required number of Unit Owners, but shall contain a certification by the Board of Managers of the Condominium that the consents required by this section for such change have been received and filed with the Board of Managers.
- (b) For purposes of subsection (a) of this Section 12.01, a holder of a first mortgage on a Unit shall be deemed to have approved of an immaterial (as hereinafter defined) modification, alteration, amendment or supplement hereto unless such mortgagee shall notify the

Board of Managers of its opposition to such modification, alteration, amendment or supplement within thirty (30) days of its being notified of the proposed modification, alteration, amendment or supplement. For purposes of this subsection a modification, alteration, amendment or supplement is "immaterial" unless it affects:

- (i) Voting rights;
- (ii) The method of allocating assessments or the priority of assessments;
- (iii) Responsibility for repairs and maintenance;
- (iv) Reallocation of the Unit Owners' interest in the Common Elements;
- (v) The size of a Unit;
- (vi) The expansion or contraction of the size of the condominium;
- (vii) The insurance required by Article X hereof;
- (viii) A Unit Owner's ability to sell, mortgage, pledge or lease his Unit;
- (ix) Any of the provisions of Article X hereof; and
- (x) Any provisions which expressly benefits mortgage holders, insurers or guarantors.

Notwithstanding anything herein to the contrary, Sections 3.01, 3.02, 3.03, 3.04, 3.05, 3.07, 5.01, 5.03, 5.04, 5.11, 5.12, 7.01 and 12.01 hereof may not be modified, altered, amended or supplemented without the prior written consent of the Sponsor so long as the Sponsor shall be the owner of ten percent (10%) or more of the Units or until two (2) years after the Declaration is recorded, whichever first occurs.

ARTICLE XIII

RULES: COMPLIANCE AND ARBITRATION

Section 13.01 Compliance with Rules of Condominium set forth in the Declaration, the Rules and Regulations and/or these By-Laws. Should any Unit Owners, members of their families, their employees, guests, lessees or other invitees fail to comply with any of the provisions of these By-Laws, the Declaration, or the Rules and Regulations, the following procedures may be followed to obtain compliance.

- (a) A Committee of three (3) people, consisting of a member of the Board of Managers (excepting the President, who is the liason on the Board of Managers to the Rules and Regulations Committee) shall be appointed by the Board of Managers and be designated the Compliance Committee to serve at the pleasure of the Board of Managers.
- (b) The Compliance Committee shall first undertake to obtain compliance with these By-Laws, the Declaration, or the Rules and Regulations, informally, by discussing violations of the same with the persons violating them, and seeking to obtain future compliance, or correction of the on-going violations.
- (c) Should this informal procedure prove unsatisfactory or not secure future compliance, the Compliance Committee shall then send a written notice to the person violating a rule or regulation, notifying him of the claimed violation, and requesting, as the case may require, either a correction of the violation, or an assurance that similar violations will not occur in the future. Such notice shall establish a date for compliance.
- (d) Should such notice obtain the requested compliance, that will terminate the matter, unless the same or a similar violation of these By-Laws, the Declaration, or the Rules and Regulations thereafter re-occurs.
- (e) Should such notice not obtain the requested compliance within the time requested, the Com-

pliance Committee shall then be authorized, at its discretion, to propose a monetary and/or non-monetary penalty, the amount and/or severity of which shall be reasonably related to the violation and to the aim of deterring similar violations in the future by the same or any other person. If approved by the Board of Managers, such proposed fine shall become a binding personal obligation of the violator, if an Owner or the Owner responsible for such violator. Failure to correct the condition or situation which leads to the first fine, for a period of twenty (20) days after the initial fine becomes finally due and payable, shall constitute a second offense. Notice of the imposition of such fine or fines shall be mailed to the violator and the Unit Owner responsible for such violator, and shall be paid by the violator to the Condominium within ten (10) days thereafter, unless the violator if Unit Owner or the Owner responsible for such violator, requests the right to arbitrate the matter within ten (10) days, as hereafter set forth, before the Arbitration Committee. Should he not timely pay the fine, or request the right to arbitrate it, and if the violator is a Unit Owner, or a family member, tenant, guest, employee or other invitee of said Unit Owner, the amount of the fine shall be added to the violator's Common Charges on the first of the month following the termination of the ten (10) day period above set forth, and shall be a lien upon the Unit Owner's Unit.

- (f) The Arbitration Committee shall consist of the President of the Board of Managers, as Chairperson of the Committee and two (2) other members. The two (2) additional members who will sit on the Arbitration Committee shall be appointed by the Board of Managers to serve at the pleasure of the Board of Managers.
- (g) Should the violator or the Unit Owner responsible for such violator request the right to arbitrate the imposition or extent of a fine, as above set forth, he shall do so in writing, directed to the Board of Managers, within ten (10) days of his receipt of notice of the imposition of said fine. The Board of Managers shall promptly forward the same to the Arbi-

tration Committee, which shall meet within twenty (20) days thereafter, on notice to the alleged violator, to hear and dispose of the matter. At such hearing, the alleged violator, the Owner responsible for such violator and one or more members of the Compliance Committee may be present and be heard. A decision on the matter shall be made by the Arbitration Committee, by a majority vote, within ten (10) days following said hearing, and shall be promptly communicated to the alleged violator and the Owner responsible for such violator. If the Arbitration Committee's decision is to uphold the determination of the Compliance Committee, the provisions relating to the payment and enforcement thereof, set forth in subparagraph (e) above shall apply. If the decision is in favor of the alleged violator, no fine will be imposed. The decision of the Arbitration Committee shall to the extent permitted by law be final and binding upon all parties.

- (h) In the event the violator is a Person other than a Unit Owner or a member of such Unit Owner's immediate family, copies of all notices required to be given to violators under this Section shall also be given to the Owner of the Unit occupied by such violator.

ARTICLE XIV

MISCELLANEOUS

Section 14.01 Notices. Except as otherwise provided herein, all notices hereunder shall be in writing and sent by mail, by depositing same in a post office or letter box, in a postpaid sealed wrapper, addressed, if to go to the Board of Managers to the office of the Board of Managers and if to go to a Unit Owner or Unit Mortgagee, to the address of such Unit Owner or Mortgagee at such address as appears on the books of the Condominium. All notices shall be deemed to have been given when mailed, except notices of change of address, which shall be deemed to have been given when received. Whenever any notice is required to be given under the provisions of the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 14.02 Conflicts; Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said Statute or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.

Section 14.03 No Waiver for Failure to Enforce. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 14.04 Gender; Plural. The use of the masculine gender in these By-laws shall be deemed to include the masculine, feminine and neuter and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 14.05 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provisions thereof.

Section 14.06 Severability. Should any part of these By-Laws be deemed void or become unenforceable at law or in equity, the validity, enforceability or effect of the balance of these By-Laws shall not be impaired or affected in any manner.

Section 14.07 Notices to Mortgagees. In addition to any other benefits to which a Mortgage holder, guarantor or insurer shall be entitled to hereunder or under the Declaration, such holder, guarantor or insurer, who shall have requested same, in writing, shall be entitled to timely written notice of the occurrence of any of the following:

- (a) Any condemnation or casualty loss affecting either a material portion of the Common Elements or the Unit securing its mortgage;
- (b) Any failure in the payment of Assessments owed by the Owner of the encumbered Unit which lasts for a period of sixty (60) days;
- (c) Any lapse, cancellation or material modification of any of the insurance required to be maintained pursuant to Article X hereof; and
- (d) Any proposed action hereunder or under the Declaration that requires the consent of a specified number of mortgagees.

ADMINISTRATIVE RULES AND REGULATIONS
OF
GRENADIER COURT CONDOMINIUM

The following Rules and Regulations are in addition to such rules and regulations as may be found in the Declaration of Grenadier Court Condominium (the "Declaration") and the By-Laws of Grenadier Court Condominium (the "By-Laws"), and are issued pursuant to Section 5.11(n) of the By-Laws empowering the Board of Managers to adopt and amend, from time to time, such additional Rules and Regulations concerning the use of the Units and the Condominium Property as it deems necessary for the safety and protection of the Buildings and their occupants, to enhance the Property and to assure the convenience of all residents.

These Rules and Regulations, together with such additional Rules and Regulations as may hereafter be adopted by the Board of Managers, shall govern the use of the Condominium Property and the conduct of all residents, guests, employees, tenants and other invitees of Unit Owners.

All capitalized words and terms not otherwise defined herein shall have the meanings given to such words or terms in the Declaration and/or the By-Laws.

1. USE OF UNITS

- (a) RESIDENTIAL PURPOSES ONLY. Except as otherwise provided in the Declaration and By-Laws, the Condominium Property shall be used only for residential purposes and purposes incidental and accessory thereto; provided, however, that prior to transfer of title by Sponsor to all of the Property, the Sponsor may use one or more Units or other portions of the Property for model Units, a sales office and/or a construction office.
- (b) TELEVISION AND RADIO ANTENNAS. No outside television antenna, shortwave radio antenna or antenna for any other transmission or receiving purposes, shall be erected upon any Unit or other portion of the Condominium Property without the prior written consent of the Board of Managers.

- (c) UNIT AND OCCUPANT IDENTIFICATION. Unit Owners and/or tenants shall not be allowed to put their names or Unit numbers in any area except in an area so designated by the Board of Managers.
- (d) MECHANICAL INSTALLATIONS. No machinery, refrigeration or heating devices, other than those originally provided with the Unit, or similar replacements of same, or lighting fixture or light other than standard electric lights shall be installed or operated in or about any Unit without the prior written permission of the Board of Managers in each and every instance.
- (e) SIGNS.
 - (i) No signs of any kind shall be placed in windows, on doors or other interior or exterior surfaces or in or on any Common Elements without the prior written approval of the Board of Managers.
 - (ii) Notwithstanding the immediately preceding paragraph, no "for sale" or "for rent" signs shall be displayed in or on any Unit window, door, the exterior of any Unit or Building or anywhere else on the Property.
- (f) BALCONIES (DECKS). No storage lockers, enclosures, awnings, or other structures may be constructed on the balconies without the prior written consent of the Board of Managers.

2. PETS

Except for pets owned by the initial Purchaser of a Unit at the time such initial Purchaser entered into a contract for the purchase of a Unit (as set forth in such contract), no pets (including replacement, after the demise or disposition of any pet owned by a Unit Owner at the time of entering into a contract for purchase of a Unit) shall be kept or maintained in any Unit or other portion of the Condo-

minium Property except with the prior written consent of the Board of Managers.

The Board of Managers may prohibit certain types of pets entirely. The Board of Managers shall have the right to require any Unit Owner (or any tenant or family member or guest of any Unit Owner or tenant) to dispose of any pet or remove the pet from the Unit, the Condominium Property and the District, if, in the opinion of the Board of Managers, acting in its sole discretion, such pet is creating a nuisance because, e.g., the owner of the pet does not clean up after the animal, the animal is noisy or the animal is not properly controlled, e.g., in the case of a dog or cat, kept leashed.

3. PARKING

- (a) LICENSED VEHICLES. Licensed vehicles shall park in areas designated for such purposes by the Board of Managers.
- (b) UNLICENSED VEHICLES. No unlicensed vehicles may be operated or parked within the District.
- (c) RECREATIONAL VEHICLES. No motor bikes, motorcycles, minibikes, all terrain vehicles, snowmobiles, boat trailers, campers or other similar vehicles shall be permitted on the Property at any time for any reason except with the prior written consent of the Board of Managers. If such permission is granted, such vehicle shall be parked or stored only in such area as designated by the Board of Managers.
- (d) OVERSIZED AND/OR COMMERCIAL VEHICLES. Unless used in connection with the construction or sale of Units by the Sponsor, or maintenance of the Condominium Property, no oversized or commercial vehicles shall be permitted to remain on

the Condominium Property overnight without prior written consent of the Board of Managers.

- (e) UNAUTHORIZED PARKING. Vehicles parked in unauthorized areas or in any manner impeding or preventing ready access to the Condominium Property or to a Unit Owner's assigned parking space, may be towed from the premises at the expense of the respective owner of such vehicle so parked. The Board of Managers, managing agent or authorized employee of either, may order such removal on behalf of the Board of Managers after giving reasonable notice to the owner of the vehicle to remove such unauthorized parked vehicle, and shall not be liable for any costs, loss or damage of any nature whatsoever, directly or indirectly, resulting therefrom or connected therewith.
- (f) GUEST PARKING. Any additional vehicles belonging to guests of the Owners will be parked in such areas as designed for such purpose by the Board of Managers.

4. USE OF THE PROPERTY

- (a) PROTECTIVE SCREENING AND FENCES. Any screen planting, fence enclosure or walls initially planted, installed or erected, on the Condominium Property shall not be removed or replaced by any Unit Owner (other than the Sponsor) except with the prior written permission of the Board of Managers.

Except for the foregoing, no fence, wall or screen planting of any kind shall be planted, installed or erected upon any portion of the Property without the prior written permission of the Board of Managers. Notwithstanding the foregoing, no fence, wall or screen planting shall be maintained so as to obstruct sight lines for vehicular traffic.

- (b) USE AND MAINTENANCE OF SLOPE CONTROL AREAS. Within any slope control area shown on any filed map or plat, no improvements, planting or other materials

shall be placed or permitted to remain, nor shall any activity be undertaken, which may damage or interfere with the established slope rations, create erosion or sliding problems, or change the direction of flow drainage channels. The slope control areas of any Unit or other portion of the Property and all improvements thereon shall be maintained by the Condominium, except in those cases where a governmental agency or other public entity or utility company is responsible for such maintenance.

- (c) TREES AND OTHER NATURAL FENCES. No trees shall be removed by a Unit Owner (other than the Sponsor) from any portion of the Property except with the prior written consent of the Board of Managers.
- (d) OUTDOOR STORAGE. No storage of personal property shall be permitted outside the Unit on the deck, balcony, (if any) or elsewhere on the Condominium Property except in such area as may be provided by the Board of Managers. A Unit Owner shall not place, or cause to be placed in or on the Common Elements, other than the areas designated as storage areas (if any), any furniture, packages or objects of any kind, except as provided herein. The walkways and parking areas shall be used for no purpose other than for normal transit through them unless otherwise provided for herein. The Common Elements and facilities shall be used only for those purposes for which they are reasonably suited.
- (e) OUTDOOR REPAIR WORK. No extensive work on any motor vehicles, boats, trailers or other equipment of any kind shall be permitted on the Condominium Property.
- (f) REFUSE DISPOSAL. Except for building materials being used during the course of construction or repair of any approved improvements, no lumber, metals, bulk materials, refuse, or other waste material (all of which are referred to hereinafter as "Refuse") shall be kept, stored or allowed to accumulate on any portion of

the Condominium Property. All refuse shall be placed in containers provided by the Board of Managers.

- (g) CLOTHESLINES. No outdoor drying or airing of any clothing, bedding or other articles of any kind shall be permitted on the Condominium Property. No clotheslines of any type shall be permitted on any Unit or other portion of the Condominium Property.
- (h) FLAMMABLE SUBSTANCES. No flammable substances or articles deemed hazardous to life, limb or property shall be stored or permitted to be stored anywhere on the Condominium Property or in any Unit except in an area so designated for such storage by the Board of Managers.
- (i) OIL AND MINING OPERATIONS. No portion of the Condominium Property shall be used for the purpose of boring, drilling, refining, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth (except soil borings in connection with the improvement of the Property) and no derrick or other structure designed for use in boring for oil or natural gas or any other mineral shall be erected, maintained or , except with the prior written consent of the Board of Managers.
- (j) NOXIOUS OR OFFENSIVE ACTIVITIES. No noxious or offensive activity shall be carried out upon any portion of the Condominium Property, nor shall anything be done thereon that may be, or become, a nuisance or annoyance to the residents or Unit Owners thereof. The emission of smoke, soot, fly ash, dust, fumes, herbicides, insecticides, or other types of air pollutants or radioactive emissions or electro-magnetic radiation disturbances, shall be controlled so as not to (i) be detrimental to, or endanger the public health, safety, comfort or welfare, (ii) be injurious to property, vegetation or animals, (iii) adversely affect property values or otherwise produce a public nuisance or hazard or (iv) violate any

applicable zoning laws, codes, ordinances, regulations or other governmental law, code, regulation, or ordinance.

- (k) NO ABOVE SURFACE UTILITIES. No facilities, including without limitation, poles and wires for the transmission of electricity or telephone messages, and water, gas, sanitary and storm sewer drainage pipes and conduits shall be placed or maintained above the surface of the ground on any portion of the Condominium Property without the prior written approval of the Board of Managers.

5. GENERAL

INTERACTION WITH BOARD OF MANAGERS, MANAGING AGENT AND/OR EMPLOYEES OF THE ASSOCIATION.

- (a) If a Unit Owner, Unit Owner's family, guest, employee or tenant, gives a key to the individual's Unit, automobile or any other item of property to an employee or agent of the Condominium (including the Manager or Managing Agent), he does so at his own risk, and neither the Board of Managers nor the managing agent nor any other agent nor any employee or any of them shall be liable for injury, loss or damage directly or indirectly, resulting therefrom or connected therewith.
- (b) No employee of the Condominium, if any, or the managing agent shall be asked to perform any personal services for any Unit Owner or occupant or guest, except in an emergency, during the hours such employee is employed by the Condominium or managing agent on behalf of the Condominium.

THE BOARD OF MANAGERS MAY PROMULGATE SUCH OTHER RULES AND REGULATIONS, FROM TIME TO TIME, AS MAY BE NECESSARY TO PRESERVE AND ENHANCE THE PROPERTY OF GRENADIER COURT CONDOMINIUM.

CORPORATION RECEIPT INFORMATION OF THE STATE OF NEW YORK

CORPORATION NAME

BURKE CAVALIER LYMAN & SHANLEY, INC.

DATE FILED

07/16/84

REGISTRATION NUMBER

0

SARA

FILE NUMBER

0122137-d

CASH NUMBER

379140

NUMBER AND KIND OF SHARES

LOCATION OF PRINCIPAL OFFICE

HALFMOON

COMMENTS

TYPE: S. RES 06/18/84 0113021-1

ADDRESS FOR PROCESS

S/S BURKE CAVALIER LYMAN & SHANLEY
10 THURLOW TERRACE
ALBANY NY 12203

REGISTERED AGENT

FEES AND/OR TAX PAID AS FOLLOWS

AMOUNT OF CHECK \$ 00050.00

AMOUNT OF MONEY ORDER \$

AMOUNT OF CASH \$

\$ 5.00 DOLLAR FEE TO COUNTY

\$ 050.00 FILING

\$ TAX

\$ CERTIFIED COPY

\$ CERTIFICATE

FILER NAME AND ADDRESS

BURKE CAVALIER LYMAN & SHANLEY
THE CASTLE AT TEN
THURLOW TERRACE
ALBANY NY 12203

TOTAL PAYMENT \$ 000050.00

REFUND OF \$

TO FOLLOW

CERTIFICATE OF INCORPORATION

-of-

CONCORD COURT ASSOCIATION, INC.Under Section 402 of the
Not-For-Profit Corporation Law

The undersigned, being the sole incorporator, for the purpose of forming a corporation under Section 402 of the Not-For-Profit Corporation Law of the State of New York, does hereby certify:

1. The name of the corporation shall be: CONCORD COURT ASSOCIATION, INC.

2. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law.

3. The purposes for which this Corporation is to be formed are as follows:

- (a) To provide for the maintenance, preservation and architectural control of the recreational common areas of the residential community known as Knox Woods, and to insure the enjoyment of rights, privileges and easements with respect thereto, for the benefit of the people owning or residing in dwelling units located within Knox Woods located in the Town of Halfmoon, County of Saratoga, New York, described and defined in one or more applicable Declarations of Protective Covenants, Conditions, Restrictions, Easements, Charges and Liens (hereinafter

referred to as the "Declaration") to be recorded in the Saratoga County Clerk's Office prior to passing of title to the first dwelling unit in said community, and such additions thereto as may be thereafter be brought within any amendments or the jurisdiction of the Corporation by virtue of the recording of Supplemental or Amending Declarations, all of which property being hereinafter referred to as the "Property";

- (b) To purchase, lease, hire, receive donations of, or otherwise acquire, hold, own, develop, improve, maintain and operate and aid and subscribe toward the acquisition, development or improvement of, real and personal property, and rights and privileges therein, suitable or convenient for any of the purposes of the Corporation;
- (c) To purchase, lease, hire, receive donations of, or otherwise acquire, hold, own, construct, erect, improve, manage, maintain and operate, and aid and subscribe toward the acquisition, development, construction or improvement of systems utilities, buildings, machinery, equipment and facilities, and any other property or appliances which may appertain to, or be useful in the accomplishment of any of the purposes of the Corporation;
- (d) To make contracts, incur liabilities and borrow money, and issue bonds, notes, and other obligations and secure the same by (i) mortgage of all or any part of the

Property, franchises and income of the Corporation, and/or (ii) the charges imposed on the property of others and the liens on such Property created by, and under, the Declaration, and guarantee the obligation of others in which it may be interested in furtherance of the purposes of the Corporation;

- (e) To lease, sell or donate to the State of New York, the County of Saratoga, or the Town of Halfmoon, or any agency, subdivision, authority or instrumentality of said State, County or Town, or any Association (as to be defined in the Declaration) or to any civic or other non-profit organization, any of the Property or the facilities acquired or constructed by the Corporation when, in the opinion of the Board of Directors, such leasing, sale or donation is desirable for, and beneficial to, the social welfare of the members of the Corporation upon such terms and conditions as the Board of Directors may deem acceptable;
 - (f) To fix, levy, collect and enforce payment by any lawful means of all charges or assessments fixed pursuant to the Declaration for the use of the facilities, or for the services rendered by the Corporation, not for profit, but for the purpose of providing for the payment of the expenses of the Corporation, the cost of the construction, improvement, repair, equipping, furnishing, maintenance and operation of its facilities, the cost of
-

its services and the principal and interest on its obligations:

- (g) To enforce any protective covenant or restriction, and any other covenant or obligation providing for the payment of any charges, assessments or fees, which are a part of the Declaration, or created by any contract, deed or other instrument executed pursuant to the provisions of said Declaration, not for profit, but for the purpose of providing the payment of expenses of the Corporation, the cost of the construction, improvement, repair, equipping, furnishing, maintenance and operation of its facilities, the cost of its service, and the principal and interest on its obligations and create any facilities, boards or associations deemed to be convenient by the Board of Directors for such enforcement;
- (h) To have and exercise, to the extent necessary or desirable, for the accomplishment of the aforesaid purposes and to the extent they are not inconsistent with the purpose of this Corporation, any and all powers conferred upon corporations of a similar character by the Laws of the State of New York; and
- (i) To do any other act or thing incidental to or in connection with the foregoing purposes or in the advancement thereof, but not for profit or financial gain of the Corporation's members, directors, or officers, except as

permitted under Article 5 of the Not-for-Profit Corporation Law.

4. The Corporation shall be a Type A Not-For-Profit Corporation under Section 201 of the Not-For-Profit Corporation Law.

5. The Corporation shall have the power to dispose of its real properties only as authorized under the Declaration applicable to said properties.

6. This certificate may be amended from time to time in accordance with the provisions of the Not-For-Profit Corporation Law.

7. Any one or more members of the Board of Directors of the Corporation may participate in a meeting of such board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

8. The office of the Corporation shall be located in the Town of Halfmoon, County of Saratoga and State of New York.

9. The territory in which the Corporation's activities are principally to be conducted is in the Town of Halfmoon, County of Saratoga and State of New York.

10. The Secretary of State of the State of New York is designated as the agent of the Corporation upon whom process against the Corporation may be served. The post office address to which the Secretary of State shall mail a copy of any process against

the Corporation served upon him is: c/o Burke, Cavalier, Lyman & Shanley, 10 Thurlow Terrace, Albany, New York 12203.

11. No approvals or consents are required to be attached hereto.

12. The subscriber is over the age of eighteen years.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed this Certificate and affirmed it as true under the penalties of perjury of this 27th day of June, 1984.

Barbara J. Corlew
Barbara J. Corlew, Incorporator
10 Thurlow Terrace
Albany, New York 12203

STATE OF NEW YORK)
COUNTY OF ALBANY)ss.:

On this 27th day of June, 1984, before me personally appeared Barbara J. Corlew, to me known and to me to be the person described in and who executed the foregoing Certificate of Incorporation and she duly acknowledged to me that she executed the same.

Alan M. Jezierski
Notary Public

ALAN M. JEZIERSKI
Notary Public, State of New York
Qualified in Albany County
No. 4723324
Commission Expires March 30, 1984