

440 Mamaroneck Avenue, Suite S 512
Harrison, NY 10528

T: 914.813.1900
F: 914.813.1919

www.stillmanmanagement.com



DEERFIELD HOA

DOCUMENTS AND REQUIREMENTS FOR LEASING YOUR UNIT

The following documents are to be submitted to Stillman Management, Inc. prior to closing:

1. Fully executed LEASE
2. Information Sheet for owner and renter (enclosed)
3. By-Laws Compliance (enclosed)

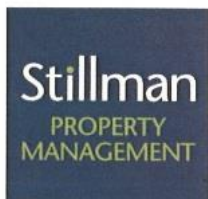
FEES

To Be Submitted Prior to moving in:

1. \$225 made payable to Stillman Management Inc. Processing Fee (should accompany the application or should be mailed to the above address attention Rita Pita, if mailing please reference the building and the transaction)
2. **All charges must be up to date include the charges due the month in which the closing takes place**

APPROVAL PROCESS (Obtaining a Waiver of Right of First Refusal):

1. If all information received is in order, the completed set of documents will be processed.



Rita Pita

TRANSFER AGENT

rpita@stillmanmanagement.com

440 Mamaroneck Avenue
Harrison, NY 10528

T : 914.813.1962
F : 914.813.1919

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CONFIDENTIAL
INFORMATION SHEET

Stillman Management, Inc.

440 Mamaroneck Avenue S-512

Harrison, New York 10528

Telephone 914-813-1900 • Fax 914-813-1960

Unit Number: _____

New Renter's Name(s): _____

Unit Address: _____

Telephone #: home: _____ E-mail address: _____

Name: _____ work: _____ cell: _____

Name: _____ work: _____ cell: _____

Person(s) with key to my unit for emergency contact: _____

Address _____ Phone #: _____

All the above information is complete and accurate.

New Renter Signature

Date

New Renter Signature

Date

***Please fill out and return it to Sales and Leasing Department, Stillman Management, Inc. at the above address
or by fax at 914-813-1960***

CONFIDENTIAL
INFORMATION SHEET

Stillman Management, Inc.

440 Mamaroneck Avenue S-512

Harrison, New York 10528

Telephone 914-813-1900 • Fax 914-813-1960

Forwarding Address and Contact Information of Current Owner(s):

Address: _____

Telephone #: home: _____

Name: _____ work: _____ cell: _____

Name: _____ work: _____ cell: _____

e-mail address: _____

All the above information is complete and accurate.

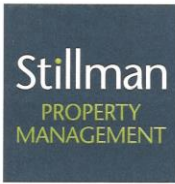
Current Owner Signature

Date

Current Owner Signature

Date

Please fill out and return it to Sales and Leasing Department, Stillman Management, Inc. at the above address or by fax at 914-813-1960



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I/We, the undersigned, have read and understand the House Rules for the Deerfield HOA, located in Ossining, NY 10562, and agree to abide by these By-Laws and any Amendments made to these By-Laws, while a resident in unit # _____ at Deerfield HOA.

TENANT ACKNOWLEDGEMENT:

Tenant Signature

Name (Please Print)

Date

Tenant Signature

Name (Please Print)

Date

SECTION 26.

SCHEDULE C

BY-LAWS

DEERFIELD CONDOMINIUM I

I. INTRODUCTION

1.1 Applicability. These are the BY-LAWS for Deerfield Condominium I, as established by the DECLARATION to which these BY-LAWS are annexed. These BY-LAWS shall be considered a part of the DECLARATION for all purposes, except that in case of conflict between a BY-LAW provision and a provision in the main body of the DECLARATION, the latter shall govern.

1.2 Definitions. Except as the context may specifically require otherwise, terms defined or used in the main body of the DECLARATION shall have the same meaning herein.

1.3 Office. The CONDOMINIUM shall have an office located at the CONDOMINIUM or at a location convenient to the CONDOMINIUM. Until otherwise determined by the BOARD, the CONDOMINIUM'S office shall be in care of the ASSOCIATION.

II. BOARD OF MANAGERS

2.1 Number and Composition. The BOARD shall consist of three MANAGERS. Initially, all three MANAGERS shall be elected by SPONSOR. At such time as SPONSOR ceases to own all of the UNITS, one of the MANAGERS elected by SPONSOR shall resign in favor of a MANAGER elected by the UNIT OWNERS other than SPONSOR: thenceforth, such MANAGER shall be elected by the UNIT OWNERS from time to time other than SPONSOR. At such time as SPONSOR ceases to own a majority of the UNITS, but not later than two years after the recording of the DECLARATION, another MANAGER theretofore elected by SPONSOR shall resign in favor of a MANAGER elected by the UNIT OWNERS other than SPONSOR; such second MANAGER shall thereafter be elected by the UNIT OWNERS from time to time other than SPONSOR. The third MANAGER elected by SPONSOR shall resign, in favor of a MANAGER elected by the UNIT OWNERS, when SPONSOR ceases to own any UNITS. So long as SPONSOR owns any UNITS, at least one of the three MANAGERS shall be elected by SPONSOR.

2.2 Qualifications of Managers. MANAGERS shall be at least 18 years old. MANAGERS shall be (a) individuals who own UNITS, alone or in conjunction with others, (b) spouses of such individuals, (c) officers, directors, employees or partners of corporations, partnerships or other entities

which own UNITS, alone or in conjunction with others, or (d) fiduciaries, or employees thereof, who own UNITS, alone or in conjunction with others. Any MANAGER who ceases to be so qualified shall thereupon be deemed to have resigned.

2.3 Tenure, Vacancies and Removal. MANAGERS shall serve until the following Annual Meeting of UNIT OWNERS, and until their respective successors take office. At each Annual Meeting of UNIT OWNERS, any MANAGER or MANAGERS which SPONSOR is entitled to elect shall be elected by SPONSOR, and any remaining MANAGER or MANAGERS shall be elected by the UNIT OWNERS other than SPONSOR. Interim vacancies created by resignation or otherwise shall be filled by vote of SPONSOR or the other UNIT OWNERS, as the case may be, according to whichever would then have the right to elect the successor to such MANAGER if the Annual Meeting of UNIT OWNERS were held. MANAGERS may similarly be removed at any time by vote of the UNIT OWNERS or of SPONSOR, as the case may be, whichever would then have the right to elect the successor to such MANAGER.

2.4 Meetings. The first meeting of the BOARD shall be held within 60 days after SPONSOR'S conveyance of the first UNIT. At such first meeting, and immediately following each meeting of UNIT OWNERS at which MANAGERS are elected, the newly-elected BOARD shall meet to establish a schedule for regular meetings. Special meetings of the BOARD may be convened by the President, or by the President or Secretary at the request of any two MANAGERS, on two business days' prior notice to all MANAGERS. Attendance at any meeting, other than for the sole purpose of protesting the lack of proper notice thereof, shall constitute a waiver of any objection to insufficiency of such notice. The BOARD shall meet at least semi-annually. Meetings shall be held at the CONDOMINIUM or at another place accessible thereto.

2.5 Quorum and Voting. Two MANAGERS shall constitute a quorum of the BOARD for the transaction of all business, except as otherwise provided herein. At any duly-called meeting, a MANAGER in attendance may adjourn the meeting from time to time until a quorum exists, or may reconvene the meeting to a time (specified on at least three (3) business days' notice to the absent MANAGERS) when no quorum requirement shall apply. Actions of the BOARD shall be taken upon affirmative vote of a majority of the MANAGERS present and voting at a meeting at which a quorum either exists or is not required.

2.6 Powers and Duties. Subject to the provisions of the HOMEOWNERS DECLARATION, the BOARD shall have the powers and duties necessary or appropriate to conduct the CONDOMINIUM'S affairs, and may take any action authorized by

law and any other lawful action for such purpose which is not reserved to the UNIT OWNERS to the exclusion of the BOARD. The BOARD'S powers and duties shall include but shall not be limited to

- (a) PROPER MAINTENANCE and operation of the PROPERTY.
- (b) Procuring insurance as required hereunder.
- (c) Determination of CONDOMINIUM EXPENSES and levy and collection of COMMON CHARGES and UNIT CHARGES as hereinafter provided.
- (d) Engagement or employment of such employees, contractors, accountants, attorneys and other professionals as the BOARD deems appropriate.
- (e) Adoption of reasonable rules and regulations governing the use of the PROPERTY to the extent that the subjects thereof are not reserved to the exclusive control of the ASSOCIATION. Unless the context clearly requires otherwise, reference to these BY-LAWS reference shall include reference to then-effective rules and regulations.
- (f) Imposition of fines (after affording the UNIT OWNER at least five business days' notice of the opportunity to address a member of the BOARD on such subject) against any UNIT OWNER in an amount not exceeding \$50.00 for each violation of the DECLARATION or these BY-LAWS. Such fine may be collected by the levy of a UNIT CHARGE against such UNIT OWNER'S UNIT. The BOARD may adjust such maximum fine from time to time to reflect inflation according to any recognized inflation index.
- (g) Opening and closing bank accounts and similar accounts, and designating signatories thereof.
- (h) Acquiring title or leases to UNITS on behalf of all UNIT OWNERS, in the name of the BOARD or such corporate or other nominee as it may establish or designate pursuant to exercise of a right of first refusal as hereinafter described, at a foreclosure or other judicial sale, or by conveyance from the UNIT OWNERS as hereinafter described. UNITS thus acquired shall be considered COMMON ELEMENTS while owned by the BOARD, except that they shall be used only as the BOARD directs, and only for such purposes as other UNITS may be used. Upon acquiring title to his UNIT, each purchaser shall execute and record a power of attorney in favor of the BOARD, authorizing it to deal with any UNITS thus acquired, and generally to fulfill its responsibilities under the DECLARATION and these BY-LAWS.

Condominium By-Laws

(i) Selling, leasing or sub-leasing UNITS thus acquired by it.

(j) Repairing, altering, improving and adding to the COMMON ELEMENTS as the BOARD deems appropriate. The BOARD shall repair and reconstruct the BUILDINGS and the COMMON ELEMENTS, after damage by fire or other casualty, or resulting from condemnation, except as provided in the DECLARATION and except to the extent that the ASSOCIATION is responsible therefor under the HOMEOWNERS DECLARATION.

(k) Enforcing the DECLARATION and these BY-LAWS by all means afforded at law or in equity.

(l) Distributing to the UNIT OWNERS an annual financial statement for the CONDOMINIUM prepared by an independent public accountant or certified public accountant.

2.7 Managing Agent. The BOARD may engage a managing agent, for such compensation as the BOARD may authorize, to perform or assist in performance of such of the BOARD'S duties as it deems appropriate. The BOARD may delegate to the managing agent any or all of its powers, other than those described in subparagraphs 2.6(c), (e), (f), (g), (h) and (i).

2.8 Compensation. Neither MANAGERS nor officers shall receive compensation from the CONDOMINIUM for service as such.

* 2.9 Liability. Neither MANAGERS nor officers shall be liable to UNIT OWNERS for errors of judgment, negligence or otherwise in connection with their service as such, except for willful misconduct or bad faith. Any contract or commitment made on behalf of the CONDOMINIUM shall provide that the BOARD or the managing agent, as the case may be, making the contract is acting only as agent for the UNIT OWNERS, that no officer, MANAGER or managing agent will have any personal liability on account of such contract or commitment (except where applicable as a UNIT OWNER), and that the liability of any UNIT OWNER on such account will be limited to such proportion of the total liability as corresponds to the proportion of the total of all UNITS' COMMON INTERESTS represented by his UNIT'S COMMON INTEREST.

2.10 Indemnification. Except in cases of willful misconduct or bad faith by a MANAGER or officer, the UNIT OWNERS (in proportion to their respective COMMON INTERESTS) shall severally indemnify the MANAGERS and officers against liability and expense arising out of their service as such. SPONSOR shall indemnify and defend the BOARD and the UNIT

OWNERS against any suits, proceedings, liability and expense arising out of SPONSOR'S acts or omissions.

III. UNIT OWNERS

3.1 Designation of Representative and of Resident Family. Any UNIT OWNER which is not a single individual shall, upon acquiring a UNIT, deliver to the BOARD an instrument (in recordable form reasonably satisfactory to the BOARD, executed by or on behalf of each person and/or entity having any interest of record in fee title to the UNIT), designating one or more adult individuals to act on behalf of the UNIT OWNER in all matters (including but not limited to receipt of notices) affecting the UNIT or the CONDOMINIUM. If more than one individual is thus designated, such instrument shall state their order of precedence in the event that they purport to take conflicting actions. Such instrument, which may be amended at any time by delivery to the BOARD of a similar instrument, shall also (a) state the address to which notices affecting the UNIT shall be delivered, and (b) in the case of a UNIT OWNER which is not one or more members of a family which will reside in the UNIT, designate the persons which will reside in the UNIT. If the identity of such persons changes, by reason of the lease of the UNIT or otherwise, the UNIT OWNER shall give notice of such fact to the BOARD. If a similar designation is required by the ASSOCIATION under the HOMEOWNERS DECLARATION, it shall be deemed also to have been given for purposes of this CONDOMINIUM.

3.2 Meetings. Meetings of UNIT OWNERS shall be held at the CONDOMINIUM, or at another place accessible thereto. The Annual Meeting of UNIT OWNERS shall be held during each January, starting at least six months after SPONSOR ceases to own all UNITS, at a time and place designated by the BOARD on at least ten days' notice to each UNIT OWNER. Special meetings of UNIT OWNERS may be convened as directed by the BOARD, or by any MANAGER at the request of the owners of 16 or more UNITS, on five business days' prior notice to each UNIT OWNER. Attendance at any meeting, other than for the sole purpose of protesting the lack of proper notice of the meeting, shall constitute waiver of any objection to the insufficiency of such notice.

3.3 Quorum. At Annual Meetings of UNIT OWNERS, presence of five UNIT OWNERS shall constitute a quorum for the transaction of all business. At special meetings of UNIT OWNERS, presence of owners of at least 10 UNITS shall constitute a quorum for the transaction of all business. Any number of UNIT OWNERS may adjourn a duly-called meeting from time to time until a quorum exists, or may reconvene the

meeting at a time (specified on at least two business days' notice to the absent UNIT OWNERS) when no quorum requirement shall apply. Actions of the UNIT OWNERS shall be taken upon affirmative vote of a majority in COMMON INTEREST of the UNIT OWNERS present and voting at a meeting at which a quorum either exists or is not required, except as specifically provided herein or in the Condominium Act. Existence of a quorum shall not supersede any requirement that an action be approved by a percentage of UNIT OWNERS greater than that required to achieve the quorum.

3.4 Presence at Meetings. A UNIT OWNER shall be considered "present" at a meeting of UNIT OWNERS if he, or (if such UNIT OWNER is not a single individual) a representative designated by him under Section 3.1 of these BY-LAWS, either is present in person or has designated a proxy who is present in person. Designations of proxy shall be written, shall be filed with the Secretary of the CONDOMINIUM when first used, shall be noted in the minutes of any meeting at which used, and shall remain effective until revoked in writing. A proxy shall not act in the presence of the person who designated him.

3.5 Voting. In all matters for which a vote of UNIT OWNERS must be taken, each UNIT OWNER may cast a number of votes equal to his COMMON INTEREST expressed as a percentage, except that SPONSOR shall vote on the election of MANAGERS only as described in Article II of these BY-LAWS. Each UNIT'S votes shall be cast as a block. UNITS owned by the BOARD shall not cast votes. A requirement that a specific percentage of UNIT OWNERS approve an action shall require approval by UNIT OWNERS entitled to cast the requisite percentage of votes.

IV. OFFICERS

4.1 Officers. The officers of the CONDOMINIUM shall be a President, a Secretary and a Treasurer. Officers shall be elected at the first meeting of each newly-elected BOARD, and shall serve until their respective successors take office. The President shall be a MANAGER. The Secretary and the Treasurer need not be MANAGERS, but shall be qualified to be MANAGERS. The BOARD may designate such similarly-qualified other officers as it deems appropriate.

4.2 Removal. Officers may be removed at any time by the BOARD.

4.3 Duties. The President shall preside over meetings of the BOARD and of the UNIT OWNERS. The Secretary shall keep a record of such meetings, and shall assume the President's

duties in his absence. The Treasurer shall keep the CONDOMINIUM'S financial records and books of account. Officers shall have such further duties as the BOARD may direct.

4.4 Contracts. Contracts, deeds, leases, agreements, checks and other instruments shall be executed on behalf of the CONDOMINIUM or the BOARD by any two of the President, Secretary and Treasurer, or by such other person or persons as the BOARD may designate.

V. CONDOMINIUM EXPENSES AND CHARGES

5.1 Condominium Expenses. CONDOMINIUM EXPENSES shall comprise all expenses incurred by the BOARD in fulfilling the responsibilities and exercising the powers conferred on it hereunder, including but not limited to (a) insurance premiums, (b) utilities supplied to the COMMON ELEMENTS, and to the UNITS where not separately metered, (c) cost of management, maintenance and security employees or contractors, (d) fees of bookkeepers, accountants, attorneys and other professionals, (e) labor and materials for the operation, maintenance and repair of the PROPERTY, (f) payment of interest on borrowed funds, (g) creation, maintenance and replenishment of reserves, (h) allowance for uncollected COMMON CHARGES, and (i) other operating expenses and expenses incurred in enforcing the DECLARATION. CONDOMINIUM EXPENSES are either COMMON EXPENSES (which are recoverable from all UNITS by the levy of COMMON CHARGES), or are recoverable solely from particular UNITS by the levy of UNIT CHARGES.

5.2 Budget Notice. Not less than sixty (60) days before the beginning of each fiscal year (which shall run from January 1 to December 31), the BOARD shall give notice (the "budget notice") to the UNIT OWNERS setting forth the CONDOMINIUM'S proposed budget for the forthcoming fiscal year. The budget shall be adopted by the BOARD, with such amendments as it deems appropriate, at a meeting held at a time specified in the budget notice, not more than forty-five (45) nor less than thirty (30) days before the beginning of the fiscal year. The foregoing requirements with respect to the giving of a budget notice, and the timetable for adoption of a budget, shall not apply to budgets for the period (which may cover all or parts or more than one fiscal year) ending on December 31 preceding the first Annual Meeting of UNIT OWNERS.

5.3 Budget. The budget shall include:

Condominium By-Laws

(a) Estimated CONDOMINIUM EXPENSES for the forthcoming fiscal year.

(b) A description of each "capital" project (meaning thereby a repair, a replacement, new construction, or an acquisition of real or personal property, not customarily considered a part of periodic maintenance, having a useful life of five (5) years or more, and costing more than \$5,000) proposed to be undertaken or continued during the forthcoming fiscal year, together with a description of how the BOARD proposes to pay for it.

(c) A division of estimated expenditures into "capital" and "non-capital" expenditures. Capital expenditures shall include all sums payable with respect to newly- or previously-funded or authorized capital projects, including interest payments on funds borrowed to pay for them, and contributions to reserve funds established to pay for them. Non-capital expenditures shall include all other expenditures, including but not limited to creation and maintenance of other reserves. Capital projects and expenditures may be undertaken only with the prior approval of the UNIT OWNERS. However, no approval shall be required, except as provided in Section 339-cc of the CONDOMINIUM ACT, for repairs, replacements and construction necessary (i) to restore the PROPERTY substantially to its condition before casualty or other damage, (ii) to maintain the structural integrity of BUILDINGS and other improvements on the PROPERTY, or (iii) to comply with governmental and insurers requirements.

(d) The total COMMON CHARGES proposed to be levied against the UNITS on account of such fiscal year, which shall equal the estimated COMMON EXPENSES for such fiscal year, after allowance for borrowing permitted hereunder. COMMON CHARGES shall be allocated among the UNITS in proportion to their respective COMMON INTERESTS.

5.4 Borrowing. The BOARD shall not borrow money for repayment in a subsequent fiscal year except to pay for capital projects. Extension of credit by a supplier until a reasonable time after completion of work or delivery of materials shall not constitute borrowing.

5.5 Notice of Levy. COMMON CHARGES shall be levied by notice of such levy given by the BOARD to each UNIT OWNER, not less than fifteen (15) days before any installment thereof is payable except that no such notice shall be required with respect to COMMON CHARGES levied on account of the period ending on December 31 preceding the first Annual Meeting of UNIT OWNERS. Such notice shall include a copy of the adopted budget (if different from the proposed budget),

state the amount of the COMMON CHARGES levied against each UNIT, and the date or dates on which installments thereof will become payable. UNIT CHARGES shall be levied by notice of such levy given by the BOARD to the affected UNIT OWNER, and shall be payable five (5) days after such notice is given, except as may otherwise be agreed by the BOARD.

5.6 Special Assessments. The BOARD may revise the budget during the fiscal year to provide for unforeseen COMMON EXPENSES, at a meeting held on not less than five (5) business days' prior notice to the UNIT OWNERS. The BOARD shall levy SPECIAL ASSESSMENTS to cover increases in the budget by giving written notice to each UNIT OWNER not less than thirty (30) days before any part of such SPECIAL ASSESSMENT is payable, which notice shall include a copy of the budget as thus revised. The total of any such SPECIAL ASSESSMENT shall be allocated among the UNITS in proportion to their respective COMMON INTERESTS. SPECIAL ASSESSMENTS shall otherwise be treated in the same manner as regular COMMON CHARGES, and shall be considered COMMON CHARGES for all other purposes.

5.7 Delinquent Payments. COMMON CHARGES not paid when due shall bear interest from the due date at a rate established by the BOARD from time to time (or at the maximum legal rate for "civil" usury purposes if no such rate has been established), which interest, together with costs of collection (including but not limited to reasonable attorney's fees), shall be added to such COMMON CHARGES. The minimum charge for interest and collection costs for an installment of COMMON CHARGES not paid within ten days after it is due shall be \$50.

5.8 Lien for Common Charges. The BOARD shall have a lien on each UNIT for unpaid COMMON CHARGES (including thereby SPECIAL ASSESSMENTS and UNIT CHARGES) as described in Section 339-z of the CONDOMINIUM ACT, enforceable as described in Section 339-aa of the CONDOMINIUM ACT. In any foreclosure of such lien, the UNIT OWNER shall be required to pay a reasonable rental for the UNIT for any period prior to sale pursuant to judgment of foreclosure and sale, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same.

5.9 Termination of Obligation to Pay Common Charges. A UNIT OWNER'S personal obligation to pay further COMMON CHARGES shall terminate when he sells or conveys his UNIT, provided that such sale or conveyance complies with any applicable rights of first refusal in the Board (or, if so provided in the HOMEOWNERS DECLARATION, in the ASSOCIATION), and provided that any unpaid COMMON CHARGES accrued through the time of conveyance are paid at the time of conveyance. A

UNIT OWNER may exempt himself from COMMON CHARGES thereafter accruing, pursuant to Section 339-x of the CONDOMINIUM ACT, by conveying his UNIT and its COMMON INTEREST to the BOARD, subject only to encumbrances affecting his UNIT when he acquired it and the lien of any first mortgage of record, and by paying all unpaid COMMON CHARGES accrued to the time of conveyance.

5.10 Statement. On ten days' prior written request from the owner or mortgagee of any UNIT, the BOARD shall issue a statement as to the amount of COMMON CHARGES then assessed against such UNIT and unpaid, which statement shall bind the BOARD.

5.11 Payment Upon Sale or Mortgage. No UNIT shall be sold or mortgaged, other than by SPONSOR, unless all COMMON CHARGES levied against such UNIT theretofore payable have been paid, or are paid out of the proceeds of such sale or mortgage. Any sale or mortgage made in contravention of the preceding sentence shall be voidable at the BOARD'S election.

5.12 Continuation of Budget and Assessments. If the BOARD fails to adopt a budget and/or levy COMMON CHARGES in regular and timely fashion for any fiscal year, the budget for the preceding fiscal year shall be deemed the budget for the current fiscal year, and COMMON CHARGES shall be payable as if the preceding fiscal year's notice of levy had been timely given for the current fiscal year.

5.13 Reserve Fund. The BOARD shall maintain a reserve fund consisting of (a) contributions by the first purchaser of each UNIT, if and to the extent that SPONSOR so requires, and (b) such additions thereto from COMMON CHARGES as the BOARD deems appropriate. The reserve fund may be applied to COMMON EXPENSES as and when the BOARD deems appropriate. The reserve fund may also be used as a revolving, working capital fund to provide funds for payment of expenses (such as insurance premiums, or the cost of maintenance equipment) which come due before sufficient COMMON CHARGES have been collected to pay for them. As COMMON CHARGES are collected, that portion thereof allocable to the expenses paid from the reserve fund shall be used to replenish the reserve fund, except as the BOARD may direct otherwise (but SPONSOR shall not use its control of the BOARD to make any such direction).

5.14 Income Taxes. The BOARD shall make any elections required to minimize federal or state income taxes payable by the CONDOMINIUM as an entity.

5.15 Levy by Automatic Draft. The BOARD may require the UNIT OWNERS to participate in an "automatic draft" or similar system, whereunder the BOARD is authorized to draw and submit

drafts on a bank account maintained by each UNIT OWNER other than SPONSOR (without the necessity of direct signature thereof by the UNIT OWNERS) to collect COMMON CHARGES as they become due. The foregoing shall not eliminate requirements hereunder for notices of levy.

5.16 Control by Association. Anything in the DECLARATION or these BY-LAWS to the contrary notwithstanding, so long as the PROPERTY is subject to the provisions of the HOMEOWNERS DECLARATION, the BOARD shall have no budget, shall conduct no financial operations and shall levy no COMMON CHARGES, except insofar as COMMON CHARGES are levied on account of ASSOCIATION ASSESSMENTS and, upon collection, are remitted to the ASSOCIATION.

VI. INSURANCE

6.1 Casualty Insurance Coverage. If the ASSOCIATION is not required to do so under the HOMEOWNERS DECLARATION, the BOARD shall arrange, as a COMMON EXPENSE, insurance covering the PROPERTY including the UNITS (to the extent of its obligation to repair and reconstruct them after casualty), covering loss from fire and such other casualties as the BOARD deems appropriate, but in any event containing coverage afforded by "extended coverage" and "vandalism and malicious mischief", endorsements, in an amount estimated or agreed to be the replacement value of the destructible portions of the covered improvements. Such coverage shall name the CONDOMINIUM, the BOARD, the UNIT OWNERS and those mortgagees of which the BOARD has noticed as insureds, as their interest may appear, but proceeds shall be payable to the BOARD, or to an insurance trustee acting on behalf of the BOARD, if proceeds exceed \$15,000, and shall be applied first to the cost of repairing damage. The BOARD'S insurance shall contain (a) a waiver of subrogation against any other insured, (b) a waiver of any reduction of liability by reason of other insurance carried by any party, or by reason of acts of any insured, and (c) a requirement that all named insureds be given ten days' prior written notice of any cancellation or substantial modification of the policies.

6.2 Liability Insurance Coverage. If the ASSOCIATION is not required to do so under the HOMEOWNERS DECLARATION, the BOARD shall arrange, as a COMMON EXPENSE, public liability insurance covering the BOARD and the UNIT OWNERS against claims for bodily injury and property damage arising out of occurrences on the COMMON ELEMENTS, including the LIMITED COMMON ELEMENTS, and covering the managing agent against claims arising out of its service as such. The limit of such coverage shall be at least \$1,000,000 for each occurrence, which limit shall be subject to annual review by

the BOARD. Such insurance shall cover claims by one insured against another, but shall not cover occurrences within UNITS. A UNIT OWNER may carry his own liability insurance covering occurrences on the COMMON ELEMENTS, as a supplement to the BOARD'S insurance, provided that such insurance (a) contains a waiver of subrogation against insureds under the BOARD'S insurance, and (b) does not affect the BOARD'S insurance.

6.3 Other Insurance Coverage. To the extent reasonably obtainable, and if the ASSOCIATION is not required to do so under the HOMEOWNERS DECLARATION, the BOARD shall maintain, as a COMMON EXPENSE, (a) fidelity insurance covering any employees, MANAGERS and officers who handle the CONDOMINIUM'S funds, and (b) worker's compensation insurance if the CONDOMINIUM has employees.

6.4 Additional Insurance Costs. No UNIT OWNER shall conduct or permit within his UNIT or its LIMITED COMMON ELEMENTS any activity which would increase the amount which the BOARD would otherwise have to pay for insurance, which could cause cancellation of any insurance carried by the BOARD, or which would cause any extraordinary fire hazard. Without limiting the foregoing, any UNIT OWNER who does cause such an increase shall pay the amount thereof to the BOARD as a UNIT CHARGE.

VII. MISCELLANEOUS

7.1 Right of First Refusal. The BOARD shall have a right of first refusal with respect to the sale of any UNIT and with respect to the lease of any UNIT. Such right of first refusal shall not apply to sales or leases by SPONSOR, or by a UNIT OWNER to any one or more of his spouse, his parents, siblings and descendants, or to transfers after a UNIT OWNER'S death under his will or by distribution in intestacy. The BOARD shall notify a UNIT OWNER of its intention to exercise such right of first refusal within 30 days after receiving the UNIT OWNER'S notice of his intended sale or lease. The BOARD'S purchase shall close, or the term of the lease shall commence, as the case may be, within 30 days after the BOARD gives notice of its intentions, unless the proposed sale or lease was to take effect at a later time specified in the UNIT OWNER'S notice to the BOARD. The BOARD may act in purchasing or leasing a UNIT in its own name on behalf of all UNIT OWNERS, or through a corporate or other nominee established or designated by it. Funds for such purchase or lease, and the subsequent maintenance of the UNIT, shall be a COMMON EXPENSE, and expenditures for such purchase or lease shall be considered a capital expenditure. A UNIT thus acquired shall be used only for the purposes for

which any other UNIT may be used, and may be sold or leased as the BOARD deems appropriate. UNITS leased by the BOARD shall be leased pursuant to the then - current standard lease form published by the Real Estate Board of Westchester County. This Section shall not apply so long as the ASSOCIATION is afforded any right of first refusal under the HOMEOWNERS DECLARATION.

7.2 Sponsor's Veto Powers. Until the WITHDRAWAL DATE, the BOARD shall not take any of the following actions without SPONSOR'S consent: (a) materially increasing or decreasing the services provided and tasks undertaken by the BOARD, except insofar as the COMMON ELEMENTS are augmented by SPONSOR'S completion of further improvements thereon; (b) undertaking any capital project other than a reconstruction (substantially in accordance with the original) of COMMON ELEMENTS after damage by casualty or otherwise; (c) establishing, augmenting or replenishing any reserve or similar fund, beyond the dollar amount, if any, of the annual contributions specified in the projected first-year's budget set forth in any applicable public offering plan; (d) borrowing money; or (e) awarding compensation to any MANAGER or officer. However, SPONSOR shall not use either its control of the BOARD or this veto power to reduce the level of services described in applicable public offering plans, to prevent capital repairs, or to prevent expenditures required for compliance with applicable laws and regulations.

7.3 Amendment. These BY-LAWS may be amended by a vote of at least sixty-six and two thirds (66-2/3%) percent in COMMON INTEREST of all of the UNIT OWNERS, cast in person or by proxy at a meeting duly held in accordance with the provisions of these BY-LAWS, except that (a) no amendment may be adopted before the WITHDRAWAL DATE without SPONSOR'S CONSENT, and (b) from and after the date on which SPONSOR ceases to own a majority of UNITS, and so long as the PROPERTY is subject to the provisions of the HOMEOWNERS DECLARATION, no amendment may be adopted without the consent of the ASSOCIATION'S board of directors. No amendment shall become effective until it has been recorded on the land records; the instrument to be recorded reflecting each amendment shall be executed by a member of the BOARD.

7.4 Notices. Notices permitted or required hereunder shall be given as provided in the DECLARATION, except that notices of special meetings of the BOARD or of UNIT OWNERS may be given by telegram, and shall be deemed given when sent.

7.5 Condemnation. If any portion of the COMMON ELEMENTS is taken in condemnation, or is conveyed in lieu thereof, then the BOARD shall repair or reconstruct such COMMON

ELEMENTS to the extent reasonably practicable and shall apply the proceeds of such taking to such repair or reconstruction. Any such proceeds not so applied shall be distributed to the UNIT OWNERS in proportion to their respective COMMON INTERESTS.

7.6 Mortgages. Any UNIT OWNER who mortgages his UNIT shall advise the BOARD of the name and address of his mortgagee and the amount of his mortgage, and shall provide it with a copy of his note and mortgage. If so requested by any such mortgagee, the BOARD shall give him (a) a certificate noting the existence of any arrearages in COMMON CHARGES assessed against the mortgaged UNIT, or of any other default affecting such UNIT and (b) copies of notices of default sent to the UNIT OWNER. Mortgagees shall be entitled to examine the CONDOMINIUM'S books and records to the same extent as UNIT OWNERS.

7.7 Withdrawal from Condominium Act. If the HOMEOWNERS DECLARATION by its terms requires approval of the ASSOCIATION before the PROPERTY may be withdrawn from the provisions of the CONDOMINIUM ACT, under Section 339-t thereof or otherwise, then (a) the PROPERTY shall not thus be withdrawn without such consent, and (b) if such requirement is determined to be unenforceable as a matter of law (but would otherwise be applicable), the PROPERTY shall not thus be withdrawn except with the consent of all UNIT OWNERS. In any event, such withdrawal before the WITHDRAWAL DATE shall require the consent of all UNIT OWNERS.

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