

BYLAWS OF

158th STREET & RIVERSIDE DRIVE HOUSING CO., INC.

Organized Pursuant to the  
Limited Profit Housing Companies Law

NOTE: These Bylaws were amended via a vote of the stockholders effective November 18, 2022.

## TABLE OF CONTENTS

ARTICLE I – ORGANIZATION AND PURPOSES .....	-1-
ARTICLE II - STOCKHOLDERS MEETING .....	-1-
SECTION 1. Annual Meeting .....	-1-
SECTION 2. Special Meetings .....	-2-
SECTION 3. Notice to Department of Housing Preservation and Development ...	-2-
SECTION 4. Quorum .....	-2-
SECTION 5. Voting .....	-3-
SECTION 6. Record Date .....	-3-
SECTION 7. Order of Business .....	-3-
SECTION 8. Electronic Participation.....	-4-
ARTICLE III – DIRECTORS .....	-5-
SECTION 1. Number and Term of Office and Qualifications .....	-5-
SECTION 2. Election of Directors.....	-6-
SECTION 3. Vacancies .....	-7-
SECTION 4. Meetings .....	-7-
SECTION 5. Notice of Meetings and Waiver of Notice .....	-8-
SECTION 6. Quorum .....	-9-
SECTION 7. Committees .....	-9-
SECTION 8. Duties and Powers .....	-10-
SECTION 9. Order of Business .....	-10-
SECTION 10. Removal .....	-10-
ARTICLE IV - OFFICERS .....	-11-
SECTION 1. Election .....	-11-
SECTION 2. Term of Office .....	-11-
SECTION 3. President .....	-11-
SECTION 4. Vice President .....	-12-
SECTION 5. Secretary .....	-12-
SECTION 6. Treasurer .....	-12-
SECTION 7. Assistant Secretary and Assistant Treasurer .....	-12-
SECTION 8. Other Officers .....	-13-
SECTION 9. Limitation on Officers .....	-13-
ARTICLE V - OPERATION AS A COOPERATIVE .....	-13-
ARTICLE VI - SIGNATURE OF INSTRUMENTS .....	-13-
ARTICLE VII - CAPITAL STOCK .....	-14-
SECTION 1. Certificates .....	-14-
SECTION 2. Transfers .....	-14-

SECTION 3. Restrictions on Transfers .....	-14-
SECTION 4. .....	-14-
SECTION 5. .....	-15-
SECTION 6. .....	-15-
SECTION 7. Mitchell-Lama Rules .....	-15-
ARTICLE VIII – INTERESTED DIRECTORS .....	-15-
ARTICLE IX – INDEMNIFICATION .....	-16-
ARTICLE X – FINANCIAL STATEMENT .....	-16-
ARTICLE XI – AMENDMENTS .....	-17-
ARTICLE XII – SEAL .....	-17-
ARTICLE XIII – MORTGAGE AMORTIZATION AND RESALE PRICE OF SHARES .....	-17-
SECTION 1. .....	-17-
SECTION 2. .....	-18-

## ARTICLE I

### ORGANIZATION AND PURPOSES

This corporation is organized under and pursuant to the Limited-Profit Housing Companies Law of the State of New York and with the approval of the New York City Department of Housing Preservation and Development (HPD). The object of the corporation is to construct and operate adequate, safe and sanitary housing accommodations for persons of moderate income, in accordance with cooperative principles.

## ARTICLE II

### STOCKHOLDERS MEETING

**SECTION 1. Annual Meeting.** The annual meeting of the stockholders of the corporation for the election of Directors and for the transaction of other business of the corporation shall be held at the office of the corporation in the Borough of Manhattan, State of New York or such other place as may be designated in the notice of meeting, in October of each year. Written notice of the annual meeting stating the time and place of the meeting shall be placed under the apartment door of or mailed or emailed to each stockholder at such address as appears on the stock book or email address provided by the stockholder, not less than ten (10) nor more than forty (40) days prior to the date of the meeting; but any meeting at which all stockholders shall be present, or at which all stockholders not present have waived notice in writing, shall be deemed held on due notice. To the extent permitted by law, the Board of Directors may schedule and conduct an annual meeting of the stockholders utilizing audio-video technology. In such event, the notice of meeting shall include the log-in information necessary for stockholders to connect to and participate in the meeting by videoconference, teleconference or other

electronic means. For any meeting conducted using audio-visual technology, stockholders must be given the opportunity to participate by telephone.

**SECTION 2. Special Meetings.** Special meetings of the stockholders for any purpose or purposes may be called at any time by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors or at the request in writing of twenty-five percent (25%) of the stockholders who shall require the Secretary or other officer of the corporation to give notice of such meetings. Written notice of such meeting, setting forth the time and place of the holding of such meeting and the object thereof, shall be placed under the apartment door of, mailed or emailed to each stockholder entitled to vote at such address as appears on the stock book or email address provided by the stockholder, not less than ten (10) nor more than forty (40) days prior to the date of the meeting; but any meeting at which all stockholders shall be present or at which all stockholders not present have waived notice in writing, shall be deemed held on due notice. The Board of Directors may schedule and conduct a special meeting of the stockholders utilizing audio-video technology. In such event, the notice of special meeting shall include the log-in information necessary for stockholders to connect to and participate in the meeting by videoconference, teleconference or other electronic means. For any meeting conducted using audio-visual technology, stockholders must be given the opportunity to participate by telephone.

**SECTION 3. Notice to Department of Housing Preservation and Development.** HPD shall be notified in writing of and shall have the right to attend all meetings of the stockholders of the company.

**SECTION 4. Quorum.** Presence in person or by absentee ballot of forty percent

(40%) of the holders of the outstanding stock entitled to vote shall be necessary to constitute a quorum at any meeting of the stockholders, but a lesser number may adjourn from time to time without notice other than an announcement at the meeting in which the requisite number of stockholders shall not be present. For meetings of the stockholders utilizing audio-visual technology, stockholders shall be deemed present in-person if they attend the meeting through videoconference, teleconference or other electronic means that (i) enables the Board of Directors to reasonably confirm the identity of the stockholders, (ii) allows the stockholders to hear all other participants recognized to speak at the meeting, and (iii) allows the stockholders to speak and be heard by all other participants when recognized to speak.

**SECTION 5. Voting.** At all meetings of the stockholders, all questions concerning the manner of deciding, which are not specifically regulated by statute or these Bylaws, shall be determined by a vote of the majority of the stockholders present at the meeting. Each stockholder shall be entitled to one vote per apartment for any and all purposes regardless of the number of shares held by such stockholder. All voting shall be by written ballot or absentee-ballot or on-site electronic voting that shall produce a paper or electronic record, except as may otherwise prescribed by statute.

**SECTION 6. Record Date.** The record date for all purposes shall be forty-five (45) days prior to the date of the meeting. Stockholders entered on the books of the Corporation as of the record date are eligible to vote at meetings of the Stockholders.

**SECTION 7. Order of Business.** At all annual meetings of the stockholders, the following order of business shall be observed so far as consistent with the purpose of the meeting:

1. Calling the meeting to order.
2. Reading and approval of the agenda, after any necessary corrections.
3. Reading and approval of the minutes of the prior meeting after any necessary corrections.
4. Reports, respectively, of President, Treasurer and Secretary.
5. Reports of Financial, Legal and Management firms, if any.
6. Reports of committees, if any.
7. Election of directors.
8. Any unfinished business.
9. Transaction of such other business as may properly come before the meeting.
10. Adjournment.

SECTION 8. Electronic Participation. The Board of Directors may, in its judgment, but is not required to, allow stockholders to attend annual and special meetings of the stockholders electronically through use of audio-video technology such as internet, videoconference and/or teleconference, to the fullest extent permitted by law. For any meeting conducted using audio-visual technology, stockholders must be given the opportunity to participate by telephone. If such electronic participation is permitted for a particular meeting, it must be set forth in the Notice of Meeting, along with the log-in and other information for stockholders to connect to the meeting. The audio-video technology utilized for the meeting must: (i) enable the Board of Directors to reasonably confirm the identity of each stockholder participating in the meeting; (ii) allow each participant to hear all other participants when they are recognized to speak at the meeting; and (iii) allow each participant to speak and be heard by all other participants when they are recognized to speak. The Board of Directors must provide stockholders participating electronically with all documents and other information provided to stockholders present in person at the physical location of the meeting (if any). Additionally, stockholders participating in a meeting electronically must be able to vote by written ballot, absentee-

ballot or on-site electronic voting on all matters put to a vote at the meeting, and such votes must be recorded and verified as having been cast by the stockholders.

## ARTICLE III

### DIRECTORS

#### SECTION 1. Number and Term of Office and Qualifications.

A. The number of directors shall be nine (9) and shall be divided into classes of three. To qualify for election as a Director, a candidate must be either a stockholder or another resident who is listed on an Occupancy Agreement and/or an Affidavit of Income. The directors shall be elected at a meeting of the stockholders in each year as follows: at the first annual meeting, three directors shall be elected to serve for a term of one year, three directors shall be elected to serve a term of two years, and three directors shall be elected to serve a term of three years. Then, upon the expiration of the term of each class of directors, the new directors shall be elected for a full three-year term. Directors shall serve for the term for which elected and until their successors are duly elected and shall qualify. In the event of a tie vote that prevents the election from being determined, a runoff election shall be held within thirty (30) days after the inconclusive election, with the names of the candidates who tied listed on the ballot. B.

No person shall be eligible to seek office as a director unless that person shall:

1. Be at least 18 years of age;
2. Be a stockholder, or, if not a stockholder, be a Spouse or Family

Member of a stockholder who has been listed on the income affidavit submitted for the two consecutive years prior to the election. The term "Family Member" is as defined in §3-02(p)(2)(ii)(A) of the Mitchell-Lama Rules.

3. Not be in arrears on the Corporation's records in payment of an amount greater than the equivalent of two months' monthly maintenance owed to the corporation at the time of nomination and time of election; and

C. No more than one member of a household may serve as a director at any one time.

D. Any stockholder who has served as a director for two consecutive three-year terms shall not be eligible for re-election to a third consecutive term during the year following their sixth year of service, except that such person may continue to serve until their successor is duly elected or appointed and shall be eligible for appointment to fill any vacancy on the Board of Directors for one year following their sixth consecutive year of service, after which the stockholder shall not be eligible for re-election or appointment during the following year.

## SECTION 2. Election of Directors.

A. The Board of Directors shall: (i) select and retain an independent election company to supervise the election, subject to approval of HPD; and (ii) choose from among its members not seeking reelection in the upcoming election of directors, two members to serve as Board liaisons to the Election Committee (the "Committee").

B. Elections shall be held at a Stockholders' Meeting within one to two weeks following Candidates' Night. Elections will be by written ballot, absentee-ballot or on-site electronic voting, which may include in-person voting, ballot box or voting electronically at the meeting. Candidates will be listed on the ballot in alphabetical order. Each stockholder may vote for up to the number of vacancies to be filled only.

C. Election procedures are subject to HPD approval pursuant to the Mitchell-Lama Rules.

**SECTION 3. Vacancies.** Any vacancy occurring in the Board of Directors by reason of death, resignation, removal or any other cause shall be filled by a majority vote of the remaining Directors, the appointed person to serve until the next annual meeting at which any remaining portion of the unexpired term or terms shall be filled by a stockholders' election. However, in the event that vacancies reduce the number of Directors to fewer than a majority of the constituted number, a special meeting of stockholders shall be called to elect the number of Directors necessary to reconstitute the full membership of the Board such that the staggered terms shall be recreated by appointing the candidates with the highest votes for the longest period and the candidates with the next highest votes to the next longest term until all vacancies are filled. Notwithstanding the foregoing, any stockholder who has served as a director for two consecutive three-year terms shall not be eligible for re-election to a third consecutive term during the year following his or her consecutive sixth year of service, except that such stockholder shall be eligible for appointment by the Board of Directors to fill a vacancy for one additional year, after which the stockholder shall not be eligible for re-election or appointment during the following year.

**SECTION 4. Meetings.** Meetings of the Board of Directors may be held at any time upon call of the President, the Vice President or Treasurer of the corporation or upon written request of any two members of the Board. Such meetings shall be held at the office of the corporation except as otherwise determined and fixed from time to time by the Board of Directors.

Regular meetings of the Board of Directors shall generally be held at least eight (8) times per year and may be held without notice at such times and places as the Board of Directors may determine. Any meeting of the Board of Directors at which all members shall

be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. At all meetings of the Board of Directors, each director shall be entitled to one vote. The vote of a majority of the Board of Directors present at the time of a vote of a duly constituted meeting shall be the act of the Board of Directors.

Stockholders shall have the right to attend any and all meetings of the Board, except that non-Board members may be excluded from any portion of a meeting when the Board acts in executive sessions open only to directors for the sole purpose of discussing confidential personnel issues, legal advice and counsel from an attorney representing the Cooperative, confidential issues affecting individual stockholders or residents, or contract negotiation. Stockholders may ask questions and make comments during a portion of each meeting allocated by the chairperson, and the remainder of the meeting shall be reserved for board discussion unless shareholders are invited to comment.

Any one or more or all directors may participate in a meeting of such Board of Directors by means of videoconference or teleconference or similar communications equipment by means of which all persons participating in the meeting can hear each other and participate in discussions. Participation in meetings by such means shall constitute presence in person at those meetings.

Minutes of Board meetings including how each director voted on any resolution shall be posted on a website accessible to the stockholders, and shall also be made available as a paper copy at the request of a stockholder.

**SECTION 5. Notice of Meetings and Waiver of Notice.** Notice of any special meeting of the Board, stating the time, place and objects thereof shall be given by mailing a

copy of such notice at least forty-eight hours before such meeting, or by personal delivery, delivery under the apartment door, or email of such notice at least twenty-four hours before such meeting, to each director at their respective mailing address, apartment in the corporation's building, or email address of record. Notice may be waived in writing by any director. Any meeting at which every director is present, or of which those directors who are absent have waived notice, may be validly held without notice.

HPD shall be notified in writing of and shall have the right to attend all meetings of the Board of Directors.

**SECTION 6. Quorum.** A majority of the Board of Directors whether by attendance in person or by audio-visual technology, such as videoconference or teleconference, shall constitute a quorum, and a majority of the members in attendance at any meeting of the Board shall, in the presence of a quorum, decide its action; a minority of the Board present at any meeting may, in the absence of a quorum, adjourn to a later date but may not transact any other business.

**SECTION 7. Committees.** The Board of Directors may, from time to time, establish committees with such powers and duties, as it shall determine. Committee determinations shall be advisory to the Board and not binding. There are two (2) standing committees of the Board, namely the Finance Committee and Floor Captains Committee. Standing Committees shall meet at least eight (8) times per year and shall submit the minutes of their meetings to the Board at its next regular meeting. Ad hoc committees may also be appointed by the Board. Any committee provided for hereby may be dissolved by the Board of Directors at any meeting. Any member of such committee may be removed by the Board of Directors whenever in its judgment the best

interest of the corporation will be served thereby. Any vacancy on a committee may be filled by the Board of Directors at any meeting.

**SECTION 8. Duties and Powers.** The Board of Directors shall have entire charge of the property, interests, business and transactions of the corporation, and may adopt such policies, rules and regulations for the conduct of its meetings and management of the corporation, including House Rules, as it may deem proper, not inconsistent with law or these Bylaws. The Board of Directors may delegate to the officers of the corporation such powers and authority and assign to them such duties as the Board of Directors may deem necessary, proper or appropriate to the effective prosecution of the corporation's business.

**SECTION 9. Order of Business.** At all meetings of the Board of Directors the following order of business shall be observed, so far as consistent with the purpose of the meeting.

1. Calling the meeting to order.
2. Reading and adopting minutes of previous meeting.
3. Communications.
4. Reports of Officers and the Managing Agent.
5. Unfinished business.
6. New business.
7. Adjournment.

**SECTION 10. Removal.**

A. At any regular or special meeting called for that purpose, the Board of Directors may remove a Director for cause. Any Director whose removal is to be discussed shall be given twenty (20) days prior notice of the fact that such Director's removal from the Board is to be discussed at such meeting, notwithstanding the notice requirements for Board meetings otherwise set forth herein. At such meeting, the Director shall have a reasonable

opportunity to address the Board.

B. For the purposes of this Article, "cause" shall include, but not be limited to (i) unexcused absence from three (3) consecutive Board meetings, whether regular, special or a combination thereof; (ii) unexcused absence from any four (4) regular or special Board meetings in any twelve (12) month period; or (iii) if the stockholder is shown on the corporation's books or management accounts to be delinquent in the payment of an amount greater than two (2) month's maintenance and is not a party to an agreement with the Corporation for the payment of such arrears.

## ARTICLE IV

### OFFICERS

SECTION 1. Election. The Board of Directors at its first meeting after election of directors in each year shall elect from its number a President, Vice President, Secretary and Treasurer. It may elect an Assistant Secretary and an Assistant Treasurer, and such other officers at its discretion as the needs of the corporation may from time to time require. The Election Committee shall conduct the election of all officers at this meeting.

SECTION 2. Term of Office. All officers of the corporation shall be appointed to hold their respective offices during the pleasure of the Board of Directors, and any vacancy occurring in the office of the President, Vice President, Treasurer or Secretary, or any other office, shall be filled by the Board of Directors.

SECTION 3. President. The President shall preside at all meetings of the Board of Directors, and shall act as chairperson at and call to order all meetings of the stockholders. Subject to the supervision and direction of the Board of Directors, the President shall have the

general management of the affairs of the corporation and perform all the duties incidental to the President's office.

SECTION 4. Vice President. The Vice President shall, in the absence, disability or incapacity of the President, have the powers and perform the duties of the President, and those, which the Board of Directors may assign to the Vice President from time to time.

SECTION 5. Secretary. The Secretary shall keep the minutes of the meetings of the directors and stockholders; shall attend to the serving of notices of the meetings of the directors and stockholders; shall affix the seal of the corporation to such certificates, documents and papers as may require it, except that from time to time the Board of Directors may direct such seal to be affixed by any other officer or officers; shall have charge of the stock certificate book and of such correspondence as may be assigned to the Secretary, and shall perform all the other duties incidental to the Secretary's office and those which the Board of Directors may from time to time designate.

SECTION 6. Treasurer. The Treasurer shall be the chief financial officer of the corporation, shall have the care and custody of all the funds and securities of the corporation, shall deposit or cause to be deposited the same in the name of the corporation in such bank or banks as the Directors may designate, shall report to the Board monthly, and provide a summary financial report quarterly to the Board. The Board of Directors may secure such bonds as it shall determine for the faithful performance of the Treasurer's duties. The premium of such bond shall be paid by the corporation.

SECTION 7. Assistant Secretary and Assistant Treasurer. The Assistant Secretary and Assistant Treasurer shall, respectively, in the absence, disability or incapacity of the officer to whom they are an assistant, have the powers and perform the duties of such officer, and shall

perform such other duties as may be assigned to them from time to time by the Board of Directors. The Board of Directors may secure such bonds as it shall determine, for the faithful performance of their duties. The premium of such bond shall be paid by the corporation.

SECTION 8. Other Officers. Other officers shall perform such duties and have such powers as may be assigned to them from time to time by the Board of Directors.

SECTION 9. Limitation on Officers. No person may hold more than one office in the corporation.

## ARTICLE V

### OPERATION AS A COOPERATIVE

Subject to the provisions of statute, the corporation will operate as a cooperative and, in accordance therewith, may pay, as and when determined by the Board of Directors, the obligations of the corporation. The monthly maintenance paid by the stockholders shall be deemed to be payment on account of their annual maintenance obligation, which shall be finally determined by the Board of Directors in the light of each year's operating experience, subject, however, in all respects, to the approval of HPD.

## ARTICLE VI

### SIGNATURE OF INSTRUMENTS

Checks, notes, drafts and orders for the payment of money and obligations of the corporation, and all contracts, mortgages, deeds and other instruments, except as otherwise in these Bylaws provided, shall be signed by such officer, officers, individual or individuals as the Board may from time to time designate.

## ARTICLE VII

### CAPITAL STOCK

**SECTION 1. Certificates.** Certificates of stock shall be numbered and issued in consecutive order, shall be signed by the President or the Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the corporation; and in appropriate books of record shall be entered the name of the person owning the shares represented by each certificate, the number of such shares and the date of issue. All certificates exchanged and returned to the corporation shall be marked "Cancelled," with the date of cancellation by the President, a Vice President, the Secretary or the Treasurer, and shall be filed among the corporate records of the corporation.

**SECTION 2. Transfers.** Shares represented by any certificate shall be transferable only as an entirety on the books of the corporation by the holder in person or by attorney, upon surrender of the certificate for such shares. No shares in the corporation shall be sold, assigned, hypothecated, alienated or transferred in any respect whatsoever by any stockholder unless stockholder at the same time transfers as a unit all shares owned or held by stockholder at that time.

**SECTION 3. Restrictions on Transfers.**

No shares of the capital stock shall be sold, pledged, encumbered or otherwise disposed of contrary to the Mitchell-Lama Rules or other applicable laws or regulations.

**SECTION 4.** The corporation shall be entitled to treat the holder of record of any share or shares of the corporation as the holder in fact thereof, and shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any person whether or not it shall have express or other notice thereof, except as expressly provided by

the Laws of the State of New York.

SECTION 5. The corporation shall have a lien upon the shares of stock of any stockholder for any and all debts owed to the corporation by such stockholder. The directors may refuse to approve a transfer of any shares upon which the corporation has such a lien.

SECTION 6. As used in this Article, the words "shares of stock" shall include any interest in the corporation, and the word "stockholders" shall include the owner or holder of any such interest.

SECTION 7. Mitchell-Lama Rules. Notwithstanding anything to the contrary contained in these Bylaws, a retiring stockholder shall sell their shares for such price and upon such terms as established by the Board of Directors in compliance with the Mitchell-Lama Rules.

## ARTICLE VIII

### INTERESTED DIRECTORS

No member of the Board of Directors who has a conflict of interest shall be entitled to vote on any Board matter in which a conflict exists.

A conflict of interest exists when a Board Member is directly or indirectly connected with any person, firm or corporation which may submit any bid, or to whom any contract or transaction is proposed or awarded.

Any such connection must be disclosed to the Board of Directors prior to its vote to enter into any contract or transaction. The disclosure must include a statement setting forth the nature and extent of the director's conflict.

This disclosure shall be made part of the minutes of the Board meeting when such contract or transaction is considered or approved by a majority of the Board of Directors

who are conflict-free.

All Board members shall timely and fully complete conflict of interest disclosures as required by applicable law.

## ARTICLE IX

### INDEMNIFICATION

The corporation shall indemnify any person made, or threatened to be made, a party to an action or proceeding (other than one by or in the right of the corporation to procure a judgment in its favor), whether civil or criminal, including an action by or in the right of any other corporation, by reason of the fact that such director or officer, or such director's or officer's testator or intestate, was a director or officer of the corporation, in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which such director or officer reasonably believed to be in the best interests of the corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that such director's or officer's conduct was unlawful. The corporation's indemnification pursuant to this Article shall be to the maximum extent permitted under the New York State Business Corporation Law.

## ARTICLE X

### FINANCIAL STATEMENT.

The corporation's fiscal year shall be July 1st to June 30th. The corporation shall deliver to each stockholder an audited financial statement at a reasonable time after the end of each fiscal year.

## ARTICLE XI

### AMENDMENTS

These Bylaws may be amended, repealed or altered, in whole or in part, by vote of a majority of the stockholders of the corporation in attendance (whether in person, by absentee-ballot or by audio-visual technology) at any duly called annual or special meeting of the stockholders, subject to approval thereof by HPD. The Board of Directors shall not alter or repeal any Bylaws adopted by the stockholders of the corporation, but may adopt additional Bylaws, in harmony therewith, which may be amended or altered by the stockholders at any annual meeting or at a special meeting of the stockholders called for that purpose, subject to approval of HPD.

## ARTICLE XII

### SEAL

The seal of the corporation shall be circular in form and shall bear the name of the corporation, the words "Corporate Seal," the year of incorporation and the words "New York."

## ARTICLE XIII

### MORTGAGE AMORTIZATION AND RESALE PRICE OF SHARES

SECTION 1. Part of the amount which a stockholder may pay as and for maintenance pursuant to the stockholder's Occupancy Agreement used by the corporation for mortgage amortization payments shall not be deemed income to the corporation, but shall be credited by the corporation upon its books as paid in surplus or contribution to capital as hereinafter defined. This article shall be deemed incorporated in said Occupancy Agreements by reference regardless whether expressly incorporated therein.

SECTION 2. The resale price of a stockholder's shares may exceed the consideration stockholder paid for such shares by said stockholder's proportionate share of the actual aggregate amortization of the first mortgage from the date of stockholder's purchase of the subject shares to the date of its resale; provided that such proportion shall be the same ratio to such aggregate amortization as the number of shares held by the stockholder bears to the total number of shares of issued and outstanding capital stock of the company.