

BY-LAWS

of

BAYRIDGE AIR RIGHTS, INC.

Organized Pursuant to the Limited-Profit
Housing Companies Law.

ARTICLE I

DECLARATION OF PURPOSES

SECTION 1. 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 Commissioner of Housing and Community Renewal.

The object of the Corporation is to construct and operate adequate, safe and sanitary housing accommodations for persons of low income, in accordance with cooperative principles, subject to the provisions and limitations of the Limited-Profit Housing Companies Law and the Rules and Regulations promulgated by the Commissioner of Housing and Community Renewal.

ARTICLE II

SHAREHOLDERS MEETINGS

SECTION 1. The first meeting at which the shareholders of Class B Common shares shall be entitled to vote shall not be held until the expiration of thirty days after the Commissioner of Housing and Community Renewal, or his successor, shall have issued a Certificate of Acceptability

to the Company, as provided in the Certificate of Incorporation. Written notice of such meeting shall be given as provided in Article II, Section 2 hereof.

SECTION 2. Annual Meetings. The annual meeting of the shareholders of the Corporation, after the first meeting of Class B shareholders, 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 Kings, City and State of New York, or at such other place in the City of New York as may be designated in the notice of meeting, at 8:00 P.M. on the 1st day of March, if not a legal holiday; and if a legal holiday, then on the next secular day following. Written notice of the annual meetings shall be mailed to each shareholder entitled to vote at such address as appears on the share book not less than 10 nor more than 50 days prior to the date of the meeting; but any meeting at which all shareholders shall be present, or at which all shareholders not present have waived notice in writing, notice as above specified shall not be required.

SECTION 3. The Commissioner of Housing and Community Renewal or his duly authorized representative shall be notified in writing of and shall have the right to attend all meetings of the shareholders of the Company.

SECTION 4. Special Meetings. Special meetings of the shareholders for any purpose or purposes may be called at any time by the President or the Commissioner of Housing and Community Renewal or his duly authorized representative, 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 25% of the shareholders 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 indicating that it is being issued by or at the direction of the person or persons calling the meeting, and the purpose or purposes thereof, shall be mailed to each shareholder entitled to vote at such address as appears on the share book not less than 10 nor more than 50 days prior to the date of the meeting, but any meeting at which all shareholders shall be present, or at which all shareholders not present have waived notice in writing, notice as above specified shall not be required.

SECTION 5. Quorum. Presence in person or by proxy of a majority of the holders of the outstanding shares entitled to vote shall be necessary to constitute a quorum, 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 shareholders shall not be present.

SECTION 6. Voting. At any meetings of the shareholders, all questions not specifically regulated by statute or by these By-Laws shall be determined by a vote of the majority of the shareholders present at the meeting. Each shareholder shall be entitled to one vote for any purpose regardless of the number of shares held by such holder. Voting, other than for directors, shall be vive voce, unless an objection is voiced by a qualified voter.

SECTION 7. Order of Business. At all meetings of the shareholders the following order of business shall be observed so far as consistent with the purposes of the meeting:

1. Calling the roll of persons entitled to vote.
2. Proof of notice of meeting.
3. Reports, respectively, of President, Treasurer and Secretary.
4. Reports of committees, if any.
5. Election of directors.

6. Transaction of such other business as may properly come before the meeting.

ARTICLE III

DIRECTORS

SECTION 1. The original incorporators-directors shall continue to serve until the project has been completed and fully accepted as evidenced by a Certificate of Acceptability issued by the Commissioner of Housing and Community Renewal to the Company. Thereafter, the first meeting of all of the shareholders shall be held as provided in Article II, Section 2, at which time a new Board of Directors will be elected to serve as provided in Article III, Section 2. In the event of the death, resignation or incapacity of any of the original incorporators-directors, prior to such first meeting of all of the shareholders his or their successors must be approved by the Commissioner of Housing and Community Renewal.

SECTION 2. Number and Term of Office and Qualifications. The number of directors shall be nine plus one additional director who may be designated by the Commissioner of the New York State Division of Housing and Community Renewal. Each director, except the appointee of the Commissioner of Housing and Community Renewal must be a shareholder of the Corporation. The total number of directors, exclusive of the appointee of the Commissioner of Housing and Community Renewal shall be divided into three classes. At the first annual meeting of shareholders, after the issuance of the Certificate of Acceptability by the Commissioner of Housing and Community Renewal, the three classes of directors shall be elected for terms respectively of one, two and three years. At each subsequent annual meeting of shareholders, directors shall be elected for terms of three years to replace the directors whose terms are expiring in that year. Each director, except the appointee of the Commissioner of Housing and Community Renewal, shall

serve as such director, until his successor has been elected and has qualified. The director who is appointed by the Commissioner of Housing and Community Renewal shall serve as such director until his successor shall have been appointed by said Commissioner, and shall have qualified.

SECTION 3. Vacancies. Any vacancy occurring in the Board of Directors by reason of death, resignation, removal, or otherwise of any director or by reason of any increase in the number of members constituting the full Board of Directors, may be filled by a vote of a majority of the directors then in office and shall serve until the next meeting of shareholders at which the election of directors is in the regular order of business, and until his or her successor has been elected and qualified. Notwithstanding the foregoing, in the event the directors then in office are not sufficient to constitute a quorum, a special meeting of shareholders shall be called and such number of directors shall be elected as may be necessary to constitute the full membership of the Board. In the event such vacancies are filled by a vote of the shareholders, the directors so elected shall serve until the expiration of the respective terms of the vacating directors and until his or her successor has been elected and qualified. Any director who shall have: (a) missed and/or arrived more than one hour late for three (3) or more consecutive meetings of the Board of Directors duly held in accordance with these By-Laws without having notified this Corporation's President, Vice-President or management prior to such meeting; or (b) missed and/or arrived more than one hour late for six (6) or more meetings of the Board of Directors duly held in accordance with these By-Laws within any twelve (12) month period, shall be deemed to have displayed conduct constituting cause for such director's removal from the Board of Directors and may be so removed by a vote of the Board of Directors in accordance with the provisions of the Business Corporation Law. In determining whether to remove such director, the Board may, but shall not be obligated to take into

consideration any extenuating or special circumstances. If such director is removed in accordance with this section, and such director is also an officer, such director shall be deemed to have simultaneously resigned such officer position. The resulting director vacancy (and officer vacancy, if any) shall be filled in accordance with these By-Laws.

SECTION 4. Meetings. Meetings of the Board of Directors may be held at any time upon call of the President, or any two members of the Board, or the Commissioner of Housing and Community Renewal or his duly authorized representatives. 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.

SECTION 5. Notice of Meetings and Waiver of Notice. Notice of each meeting of the Board, stating the time, place and purposes thereof shall be given by mailing at least forty-eight hours before such meeting, or by telegraphing at least twenty-four hours before such meeting, a copy of such notice addressed to each director at his last known post office address. Notice may be waived in writing by any director. Any meeting at which all of the directors are present, or of which those directors who are absent have waived notice in writing, may be validly held without notice. The Commissioner of Housing and Community Renewal or his duly authorized representative shall be notified in writing of and shall have the right to attend all meetings of the Directors of the Company.

SECTION 6. Quorum. Fifty (50%) percent of the Board of Directors 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. Directors may attend meetings of the Board of Directors in person only and not by telephone, video conferencing or any other means.

SECTION 7. Committees. The Board of Directors may, from time to time, appoint from its members Committees with such powers and duties as it shall determine. The director designated by the Commissioner of Housing and Community Renewal shall be considered a member ex officio of all committees. Notice of all meetings shall be given to the Commissioner of Housing and Community Renewal and to the Director designated by him.

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 rules and regulations for the conduct of its meetings and management of the Corporation as it may deem proper, not inconsistent with law or these By-Laws. 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 may deem necessary, proper or appropriate to the effective prosecution of the Corporation's business.

SECTION 9. Substitution of Directors by the Commissioner. In the event of a violation by the Corporation of any provision of the Certificate of Incorporation or of law or of the loan or mortgage contract or any order of the Commissioner or of any rules and regulations duly

promulgated pursuant to the provisions of the Limited-Profit Housing Companies Law the Commissioner may remove any or all of the existing directors of the Company and appoint such person or persons whom the Commissioner deems advisable, including officers and employees of the Division of Housing and Community Renewal, as new directors to serve in the places of those removed. Directors so appointed by the Commissioner who are officers or employees of the Division of Housing and Community Renewal shall serve in such capacity without compensation. Any directors so appointed by the Commissioner shall serve only for a period coexistent with the duration of such violation or until the Commissioner is assured in a manner satisfactory to him against violations of a similar nature.

SECTION 10. Indemnification. A. The Corporation shall to the fullest extent permitted by applicable law as the same exists or may hereafter be in effect, indemnify any person who is or was or has agreed to become a director or officer of the Corporation and who is or was made or threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation to procure a judgment in its favor and an action by or in the right or any other corporation of any type or kind, domestic or foreign, or any partnership joint venture, trust, employee benefit plan or other enterprise, which such person is serving, has served or has agreed to serve in any capacity at the request of the Corporation, by reason of the fact that he or she is or was or has agreed to become a director or officer of the corporation, or is or was serving or has agreed to serve such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid or to be paid in settlement, taxes or penalties, and costs, charges and expenses, including attorneys' fees, incurred in connection with

such action or proceeding or any appeal therein; provided, however, that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director or officer establishes that (i) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, where material to the cause of action so adjudicated, or (ii) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. The benefits of this paragraph A shall extend to the heirs and legal representatives of any person entitled to indemnification under this paragraph.

B. The Corporation may, to the extent authorized from time to time by the Board of Directors, or by a committee comprised of members of the Board, provide indemnification to employees or agents of the Corporation who are not officers or directors of the Corporation with such scope and effect as determined by the Board, or such committee.

C. The corporation may indemnify and person to whom the Corporation is permitted by applicable law to provide indemnification or the advancement of expenses, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law or other rights created by (i) a resolution of shareholders, (ii) a resolution of directors, or (iii) an agreement providing for such indemnification, it being expressly intended that these By-Laws authorize the creation of other rights in any such manner.

D. The right to indemnification conferred by paragraph A shall, and any indemnification extended under paragraph B or paragraph C may be retroactive to events occurring prior to the adoption of this Section 10, to the fullest extent permitted by applicable law.

E. The right to be indemnified and to the reimbursement or advancement of expenses incurred in defending a proceeding in advance of its final disposition authorized by this Section 10 shall not be exclusive of nor limit any other right which any person may have or hereafter acquire under any

statute, provision of the Certificate of Incorporation, By-Laws, agreement, vote of shareholders or disinterested directors or otherwise.

F. This Section 10 may be amended, modified or repealed in accordance with the provisions of Article VIII of these By-Laws.

ARTICLE IV

OFFICERS

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

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 chairman at and call to order, all meetings of the shareholders. 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 his 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 him from time to time.

SECTION 5. Secretary. The Secretary shall keep the minutes of the meetings of the directors and shareholders; shall attend to the serving of notices of the meetings of the directors and shareholders; 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 share certificate book and of such other books and papers as the Board of Directors may direct; shall attend to such correspondence as may be assigned to him, and shall perform all the other duties incidental to his 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 and shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks as the directors may designate subject to the approval of the Division of Housing and Community Renewal. He may be required by the Board of Directors to give such bonds as it shall determine for the faithful performance of his duties.

SECTION 7. Assistant Secretary and Assistant Treasurer. The Assistant Secretary and the Assistant Treasurer shall, respectively in the absence, disability or incapacity of the officer to whom he is 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. They may be required by the Board of Directors to give such bonds as it shall determine, for the faithful

performance of their duties.

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. The Treasurer may at the same time hold the office of Secretary or Assistant Secretary but no other office in the Corporation.

ARTICLE V

OPERATION OF THE PROJECT AS A COOPERATIVE

Subject to the provisions of statute, the Corporation will operate the project which it will develop in the Borough of Manhattan, City and State of New York, as a cooperative and, in accordance therewith, shall pay, or allow, as and when determined by the Board of Directors, and approved by the Commissioner of Housing and Community Renewal after the payment of obligations, expenses, taxes and assessments, and the establishment of suitable reserves, a rebate or rebates of carrying charges to each shareholder in proportion to the carrying charge payments made by him during the period in respect of which such carrying charge rebate or rebates are allowed or paid. The monthly carrying charges paid by the shareholders shall be deemed to be payment on account of their annual carrying charge 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 the Commissioner of Housing and Community Renewal. The right to determined the method of management of the Cooperative shall be subject to the approval of the Commissioner of Housing and Community Renewal.

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 By-Laws provided, shall be signed by such officer, officers, individual or individuals as the Board of Directors may from time to time designate.

ARTICLE VII

CAPITAL SHARES

SECTION 1. Certificates. Capital shares 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 owing the shares represented by each certificate, the number of 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. Transfer. 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.

SECTION 3. Restriction on Transfers.

A. No share or shares of the capital stock shall be sold, pledged, alienated or otherwise disposed of unless such share or shares are first offered for sale to the Corporation or its

designee for the aggregate sum which the retiring shareholder paid for such share or shares, plus: (a) any capital assessments and voluntary capital contributions approved by the Commissioner or supervisory agency and paid by the retiring shareholder to the Corporation, to the extent not already included in the consideration paid for such shares; (b) a proportionate share of the actual aggregate amortization paid on all existing and prior outstanding principal indebtedness from the date of such mortgage or mortgages, to the extent not already included in the consideration paid for such shares; and (c) reasonable administrative charges as approved by DHCR.

The aggregate amount to be paid to the retiring shareholder with respect to the sale of the retiring shareholder's shares shall be equal to the above, but not including the reasonable administrative charges. To the extent that a retiring shareholder may be entitled to an amount less than the resale price of his shares, the difference shall be retained by the Corporation. A retiring shareholder who had occupied more than one dwelling unit shall be entitled to receive the proportionate share of the actual aggregate amortization paid on all existing and prior mortgages on the project for the period of occupancy in each dwelling unit.

The "proportionate share of actual aggregate amortization paid on all existing and prior mortgages on the project", as referred to herein, shall be in the same ratio to such actual aggregate amortization as the number of shares held by the retiring shareholder at the time of the sale bears to the total number of shares of issued and outstanding capital stock of the Corporation during such period.

B. Such offer shall be made in writing, signed by such shareholder, and sent by certified mail to the Corporation in a postpaid wrapper to the post office address of the Corporation, at its principal place of business, and such offer shall remain good for acceptance by the Corporation or a person designated by the Corporation for a period of ninety days from the date of

mailing such notice. Such offer shall constitute the Corporation as agent for the sale of the shares to the Corporation or to such person as may be designated by the Corporation.

C. If the Corporation, or person designated by it, within the said ninety day period shall indicate that it, or the person designated by it, desires to purchase said shares and shall give notice thereof in writing to the retiring shareholder, the latter shall be bound, within thirty days thereafter to transfer such shares and surrender his occupancy agreement to the Corporation or the person designated by the Corporation, upon payment and receipt of the price herein provided.

D. In the event that the Corporation or the person designated by the Corporation shall not purchase said share or shares of the Corporation within said ninety day period, then and in such event only, the shareholder shall have the right or power to pledge, sell, alienate or dispose of said share or shares of the Corporation to any person acceptable to the Corporation and to the Commissioner of the Housing and Community Renewal, provided such person shall, upon the transfer of said shares, enter into an occupancy agreement with the Corporation for the premises formerly occupied by the retiring shareholder for a term and upon the same terms and conditions contained in the occupancy agreement between the shareholder and the Corporation; the Corporation will not, however, unreasonably withhold its acceptance of any person to whom the shareholder proposes to sell such shares as aforesaid.

In the event that the shareholder does not sell his shares to any person within six months after his right to do so has accrued, then and in such event he must again notify the Corporation of his intent to transfer his shares and he shall again be bound by the provisions of Paragraphs A, B, C and D of this Article VII, Section 3.

E. If in any case the retiring shareholder, after becoming bound to sell, convey or transfer his shares to the Corporation or such other person as may be designated by the

Corporation defaults in transferring said shares, the Corporation or such other person as may be designated by the Corporation shall, after notice to and approval by the Commissioner of Housing and Community Renewal, hold the purchase money in trust for the retiring shareholder, or his executors, administrators or assigns and shall substitute the name of the purchaser upon the books of the company in place of the name of the retiring shareholder. After the name of the purchaser has been entered on the books of the Corporation in the exercise of the aforesaid powers, the validity of the proceedings shall not be questioned by any person and the Corporation or such other person as may be designated by the Corporation shall be deemed and taken to be the owner of such shares.

F. In the event that the shareholder shall have defaulted in the payment of any obligation arising under his occupancy agreement with the Corporation or shall, apart from said occupancy agreement, become indebted to the Corporation, or in the event of the termination of the occupancy agreement or the recovery of possession of the apartment by the shareholder under any of the provisions of the occupancy agreement, or in the event of the violation by the shareholder of any provisions of Article VII, Section 3 of these By-Laws, the shareholder shall forthwith surrender to the Corporation the certificate representing the shares of capital of the Corporation owned by the shareholder and upon the failure or refusal of the shareholder so to surrender said shares, the same shall, after notice to and approval by the Commissioner of Housing and Community Renewal, be automatically cancelled and rendered null and void and the Corporation may issued a new certificate or certificates in their place and stead and such new certificate or certificates shall represent the same shares as were represented by the original certificate or certificates. The shares represented by the certificate or certificates so surrendered or by such new certificate or certificates may be sold by the Corporation at public or private sale, without notice, and the proceeds applied toward all indebtedness of the shareholder, and the Corporation shall remit any balance after

payment of the expenses of sale to the shareholder, who shall remain liable for any deficiency.

G. No shareholder shall have the right or power to pledge or otherwise encumber any share or shares of the Corporation which may have been issued by the Corporation.

H. The provisions of this Article VII shall be binding upon any executor, administrator or other legal representative and successors and assigns of every shareholder. Any person, other than a surviving spouse, acquiring through will or descent, or by conveyance to take effect at death, any share or shares of the capital of the Corporation shall be bound to offer the same for sale and transfer to the Corporation upon the terms hereinabove set forth in this Article VII, Section 3 of the By-Laws.

I. The certificates shall bear a legend to the effect that the right to pledge, encumber, sell, alienate or otherwise dispose of the share or shares represented by such certificate is restricted as provided in this Article VII, Sections 2 and 3.

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 other person whether or not it shall have express or other notice hereof, 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 any shareholder and upon all moneys due and owing by the Corporation to any shareholder for any and all debts owed to the Corporation by such shareholder. The Board of 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 "share", "capital shares" and "certificates" shall include any interest in the Corporation, and the word "shareholders" shall include the owner or holder of any such interest.

ARTICLE VIII

AMENDMENTS

These By-Laws may be amended, repealed or altered, in whole or in part, by vote of a majority of the shareholders of the Corporation at any duly called annual or special meeting of the shareholders, provided the proposed amendment is set forth in the notice of the meeting. The Board of Directors shall not alter or repeal any By-Laws adopted by the shareholders of the Corporation, but may adopt additional By-Laws, in harmony therewith, which may be amended or altered by the shareholders at the next annual meeting or at a special meeting of the shareholder called for this purpose. Any and all amendments or changes of these By-Laws shall be effective only if and when approved by the Commissioner of Housing and Community Renewal.

ARTICLE IX

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" as follows:

I, _____, Secretary of Bayridge Air Rights, Inc. do hereby certify that the annexed is a true copy of the By-Laws of Bayridge Air Rights, Inc. and that the same are in full force and effect and have not been modified or rescinded.

, Secretary

Dated: