



Department of  
Housing Preservation  
& Development

nyc.gov/hpd

Office of Asset & Property  
Management  
Division of Housing  
Supervision  
100 Gold Street  
New York, N.Y. 10038

MATHEW M. WAMBUA  
Commissioner

DOUGLAS APPLE  
First Deputy Commissioner

A. A. HENDRICKSON  
Deputy Commissioner

JULIE WALPERT  
Assistant Commissioner

November 23, 2011

Jack E. Lepper  
Kagan Lubic Lepper Lewis Gold  
& Colbert, LLC  
200 Madison Avenue, 24<sup>th</sup> Floor  
New York, New York 10016-4001


Re: Village East Towers  
Amended By-Laws

Dear Mr. Lepper:

HPD has reviewed and approves the amended by-laws, which were approved by a majority of the shareholders on October 28, 2011.

If you have any questions, please call me at (212) 863-6501.

Sincerely,

  
Gary Sloman  
Director of Operations

cc: Julie Walpert  
June Felix  
Siri Raghonath  
David Baron  
Lia Menendez



BY-LAWS  
OF  
VILLAGE EAST TOWERS, INC.  
(Revised: 2010)

(Organized Pursuant to the Limited-Profit Housing Companies Law)

ARTICLE I.

ORGANIZATION AND 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 Department of Housing Preservation and Development of the City of New York. The purpose of the Corporation is to own, maintain and operate adequate, safe and sanitary housing accommodations for persons of moderate income, in accordance with cooperative principles.

ARTICLE II.

STOCKHOLDERS MEETINGS.

SECTION 1. Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held at the office of the Corporation in the City of New York, State of New York, or such other places as may be designated in the Notice of Meeting. Written notice of the annual meeting, stating the time and place of the meeting, shall be placed under the apartment door of each stockholder, at such address as appears on the stock book, 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 shareholders not present have waived notice in writing, shall be deemed held on due notice.

SECTION 2. Special Meetings. The special meeting of the stockholders of the Corporation for the election of Directors of the Corporation shall be held at the office of the Corporation in the City of New York, State of New York, or such other places as may be designated in the Notice of Meeting, in March of each year. 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 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 hand delivered to each stockholder entitled to vote, at such address as appears on the stock book, not less than the ten (10) days nor more than forty (40) days prior to the date of the meeting, but any meeting at which all the stockholders shall be present, or at which all stockholders not present have waived notice in writing, shall be deemed held on due notice.

No business other than that stated in the notice shall be transacted at any special meeting unless all stockholders of record of all outstanding stock are present in person or by proxy.

SECTION 3. Additional Notice. The Department of Housing Preservation and Development of the City of New York shall be notified in writing of and shall have the right to designate a representative to attend all meetings of the stockholders of the Corporation.

SECTION 4. Quorum. Presence in person, or by proxy, of forty percent (40%) of the holders of the outstanding stock 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 at which the requisite number of stockholders shall not be present.

SECTION 5. Voting. At all meetings of the stockholders, all questions, the manner of deciding which is not specifically regulated by statute or by these By-Laws, 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 holder. All voting shall be by written ballot, including proxy and absentee ballots, except as otherwise prescribed by statute or by these By-Laws. Proxies shall be in writing duly signed by the stockholder but need not be acknowledged or witnessed, and the person named as proxy by any stockholder need not be a shareholder of the Corporation. A facsimile of such signed proxy shall be binding as the original.

SECTION 6. Record Date. The record date for all purposes shall be the day forty-five (45) days prior to the date of the meeting. The date when a stockholder is entered on the books of the Corporation in order to vote is the record date.

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 purposes 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, if any.
5. Reports of Financial, Legal and Management firms, if any.
6. Reports of committees, if any.
7. Any unfinished business.
8. Transaction of such other business as may properly come before the meeting.
9. Adjournment.

### ARTICLE III.

#### DIRECTORS.

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

A. The number of Directors shall be nine (9) and each shall serve for a term of three years. The election and the terms of the directors shall be so arranged that one-third of the Board of Directors is elected each year at the special meeting of stockholders. Once elected, the directors shall serve until their successors shall be elected and qualify.

Notwithstanding the foregoing, at the first annual stockholders meeting after the adoption of these restated By-Laws (and only at that meeting), the three candidates receiving the highest votes shall serve for three (3) years, the three candidates receiving the next highest votes shall serve for two (2) years, and the three candidates receiving the next highest votes shall serve for

one (1) year. After that first meeting, directors shall be elected in a manner, and for a 3-year term, as set forth above.

B. No person shall be eligible to seek office as a Director unless he or she 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 "Spouse" shall be deemed to include a person who, with the Stockholder, has filed an Affidavit of Domestic Partnership with, and been issued a Certificate of Domestic Partnership by, the Clerk of the City of New York, which registration shall not have been terminated by the filing of a Domestic Partnership Termination form. The term "Family Member" is as defined in §3-02(p)(2)(ii)(A) of the Title 28, Chapter 3 of the Rules of the City of New York, known as the "Mitchell-Lama Rules", namely a husband, wife, son, daughter, stepson, stepdaughter, including any adopted children, father, mother, stepfather, stepmother, brother, sister, nephew, niece, uncle, aunt, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, or daughter-in-law of the stockholder;
3. Not be in arrears in the payment of maintenance/carrying charges, assessments, parking fees, air conditioner fees, dishwasher fees and/or utility charges (including utility pass-through charges, if any) for more than sixty (60) days or be a plaintiff in any litigation against the Corporation as of the Record Date; and

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

## SECTION 2. Election of Directors / Election Guidelines.

A. At its December meeting, the Board shall 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.

B. Within two to four weeks thereafter, the Board liaisons will solicit and select volunteers to serve on the Election Committee, by means of a written notice to all stockholders, distributed to each apartment and displayed on bulletin boards.

C. No member of the household of a candidate running for election may serve on the Committee.

D. The Committee will meet and elect a Chairperson as soon as possible after the formation of the Committee.

E. Within two to four weeks after the formation of the Committee, the Committee will prepare and distribute to all apartments, information regarding candidacy for the Board and an application form which will be used by prospective candidates. The deadline for submission of these application forms to the Management Office will be on or about Friday of the first full week following distribution of the application forms. Management will determine whether candidates satisfy the eligibility requirements set forth in the By-Laws. Candidates may submit with their application form a personal statement of not more than 300 words. All application forms must be signed by candidates.

The Committee will meet during the week following submission by candidates of application forms, to arrange for the distribution of information on each of the eligible candidates to each stockholder apartment. At that time, the Committee will begin preparations for Candidates' Night.

Candidates' Night shall be held three to four weeks after the distribution of information to eligible candidates each year. The Committee will inform all stockholders of the exact time and place of the Candidates' Night meeting through a written notice distributed to each stockholder apartment at least ten (10) days in advance of the meeting. The format of Candidates' Night will be determined by the Committee.

F. Elections shall be held at a Stockholders' Special Meeting within one to two weeks following Candidates' Night. Elections will be by secret ballot. Ballot boxes will be available during the Special Meeting and will be placed in the lobby of each building during such hours as the Committee determines will maximize voter participation. Townhouse residents will be notified of their voting location. Stockholders will be required to sign the stockholder verification sheet, which is prepared by Management, prior to depositing their ballot in the ballot box. There can be only one stockholder vote per apartment. No electioneering will be permitted

in the lobbies during balloting. Candidates will be listed on the ballot in an order determined by random draw. Each stockholder may vote for up to the number of vacancies to be filled only. Subject to the Mitchell Lama Rules regarding conducting of elections and engagement of an independent election company, the counting of ballots shall be an open procedure, conducted by the Committee, and in such event any stockholder who wishes to observe the counting may do so.

G. The results of the election shall be announced promptly after the closing of the polls, and the results posted on all bulletin boards. In the event of a tie, a run-off election shall be held within fifteen (15) days.

H. With respect to any issue relating to election procedures not specifically covered by this Article III, Section 2, the Committee shall make its recommendation to the Board, and the Board shall issue a decision.

I. In the event that the number of candidates is equal to or less than the number of vacancies, there will be no general election. At a meeting of the Board of Directors, the Board Secretary will cast one (1) vote for each candidate and, if necessary, the Board will fill the remaining vacancy/vacancies.

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 for the unexpired term of that Director by a majority vote of the remaining Directors, unless such remaining Directors are not sufficient to constitute a quorum, in which case a special meeting of stockholders shall be called and such number of Directors shall be elected as may be necessary to constitute 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.

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 four (4) Directors, upon notice given to each Director, by delivering personally, emailing or faxing the same to him/her at least two (2) days prior to such

meeting at the office of the Corporation, except as otherwise determined and fixed, from time to time, by the Board of Directors, but in no event shall be held outside the Borough of Manhattan. Regular meetings of the Board of Directors shall be held at least once a month 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 be invited to at least two (2) meetings each year, and may ask questions and make comments during the first part of each meeting, remaining silent for the remainder of the meeting, unless invited to comment, and may then be excused at the direction of the Board of Directors if the Board of Directors chooses to have an executive session.

Notice of each meeting, stating the time and place and objects thereof, shall be publicly posted at least 5 business days prior to such meeting. Meeting minutes are to be publicly posted.

Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all Directors consent thereto by email and those email communications are filed with the minutes of the proceedings of the Board of Directors. Any one or more or all Directors may participate in a meeting of such Board of Directors by means of conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in meetings by such means shall constitute presence in person at those meetings.

SECTION 5. Quorum. A majority 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.



SECTION 6. Committees. The Board of Directors may, from time to time, appoint from among its members or other stockholders and/or residents committees with such powers and duties as it shall determine.

Removal or dissolution. 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.

SECTION 7. Duties and Powers. The Board of Directors shall have the 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 business of the Corporation.

SECTION 8. Removal.

A. At any regular or special stockholders' meeting duly called for that purpose, any Director may be removed for cause by a vote of the majority of the stockholders in attendance. Any vacancy resulting therefrom may be filled in accordance with Article II Section 3. Any Director whose removal has been proposed shall be given at least thirty (30) days notice of the meeting and the allegations against him/her, and such Director shall be given a reasonable opportunity to address the stockholders at the stockholders' meeting at which his/her removal is to be discussed.

B. For the purposes of this article, "cause" shall include, but not be limited to (i) unexcused absence from three (3) consecutive Board meetings, (ii) unexcused absence from four (4) meetings in any twelve (12) month period, or (iii) if he/she is shown on the Corporation's books or management accounts to be in arrears in the payment of carrying charges and/or assessments for more than sixty (60) days. The Board, in its discretion, shall determine whether an absence shall be deemed excused or unexcused.

SECTION 9. Compensation of Directors. Officers and Directors shall not receive any salaries or other form of compensation for their services as Officers or Directors.

SECTION 10. Duties of Directors. Duties of Directors shall include the following:

- A. To establish monthly carrying charges as provided for in the Occupancy Agreement, based on an operating budget formally adopted by such Board;
- B. To engage an agent or employees for the management of the property of the Corporation under such terms as the Board may determine and engage the services of an accounting firm attorneys, architects, engineers and other professionals to assist the Board and Corporation under such terms as the Board may determine;
- C. To accept or reject all applications for admission to occupancy of a dwelling unit in the cooperative housing project, either directly or through an authorized representative, subject to approval of the New York City Department of Housing Preservation and Development;
- D. To terminate stockholder and occupancy rights for cause;
- E. To appoint such officers, as it may be necessary or expedient, who shall hold their offices for such terms and shall exercise such powers and perform such duties as provided for by law, and as may be lawfully modified by these By-Laws;
- F. To require the Treasurer and every individual acting as Officer or employee of the Corporation and handling Corporation funds and securities, to be covered by an adequate surety bond to be approved by the Board;
- G. To prescribe the manner of maintaining and operating the property of the Corporation;
- H. To promulgate such rules and regulations pertaining to use and occupancy of the premises as may be deemed proper and which are consistent with these By-Laws and the Certificate of Incorporation, and which are, among other things, consistent with local health and safety codes, zoning restrictions or other public law.

## 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 a Vice President, a Treasurer and a Secretary. It may elect an Assistant Treasurer and an Assistant Secretary, and such other officers as in its discretion it may determine that 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 at the pleasure of the Board of Directors, and any vacancy occurring in the Office of 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 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 duties incidental to his/her 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/her from time to time.

SECTION 5. Secretary. The Secretary shall keep or cause the keeping of 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 documents, certificates and papers as may require it, except 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 other books and papers as the Board of Directors may direct; shall be responsible for the polling of the Board (in emergency situations); shall attend to

such correspondence as may be assigned to him/her; and shall perform all other duties incidental to his/her 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 same in the name of the Corporation in such bank or banks as the Board of Directors may designate. He/she may be required by the Board of Directors to give such bonds as it shall deem necessary for the faithful performance of his/her duties. The premium of such bond shall be paid by the Corporation.

SECTION 7. Assistant Secretary and Assistant Treasurer. The Assistant Treasurer and the Assistant Secretary 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. 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. Secretary-Treasurer. 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 housing development in the Borough of Manhattan, City and State of New York, as a cooperative and, in accordance therewith, shall pay, as and when determined by the Board of Directors, the obligations of the Corporation. The monthly carrying charges paid by the tenant cooperators 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 Department of Housing Preservation and Development of the City of New York.

## 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. No contracts, mortgages, etc. shall be entered into by any Officer without prior appropriate action having been taken by the Board of Directors.

## 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 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, the 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 an attorney, upon surrender of the certificate for such shares.

SECTION 3. Restrictions on Transfers.

A. No shares of the capital stock shall be sold, pledged, encumbered or otherwise disposed of contrary to the regulations of the Department of Housing Preservation and Development of the City of New York.

B. 1. Unless the Department of Housing Preservation and Development of the City of New York directs otherwise, no shares of the capital stock shall be sold, pledged, encumbered or otherwise disposed of unless such shares are first offered for sale to the Corporation for the aggregate sum which the stockholder paid for such shares.

2. Such offer shall be made in writing, signed by such stockholder, and delivered to 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 (90) days from the date of delivering such notice. Such offer shall constitute the Corporation an agent for the sale of the shares of stock to the Corporation or to such person who may be designated by the Corporation.

3. In the event that the Corporation, or the person designated by it, shall indicate within the said ninety (90) day period that it, desires to purchase said shares of stock and shall give notice thereof in writing to the retiring stockholder, the latter shall be bound, within thirty (30) days thereafter to transfer such shares to the Corporation or the person designated by the Corporation, upon payment and receipt of the price herein provided. Anything herein contained to the contrary notwithstanding, no shares in the Corporation shall at any time be sold, assigned, hypothecated, alienated or transferred in any respect whatsoever by any stockholder unless he/she at the same time transfers as a unit all shares owned or held by him/her at that time.

4. In the event that the Corporation or the person designated by the Corporation shall not purchase said shares of capital stock of the Corporation within said ninety (90) day period, then, and in such event only, the stockholder shall have the right or power to pledge, sell or otherwise dispose of said shares of the capital stock of the Corporation to any person acceptable to the Corporation, and to the Department of Housing Preservation and

Development of the City of New York, provided such person shall, upon the transfer of said shares, enter into a lease with the Corporation for the premises formerly occupied by the retiring stockholder for a term and upon the same terms and conditions contained in the lease between the stockholder and the Corporation. The Corporation will not, however, unreasonably withhold its acceptance of any person to whom the stockholder proposes to sell such shares as aforesaid.

In the event that the stockholder does not sell his/her stock to any person within six (6) months after his/her right to do so has accrued, then, and in such event, he/she must again notify the Corporation of his/her intent to transfer his/her shares, and he/she shall again be bound by the provisions of this Section 3 of Article VII.

5. If in any case the retiring stockholder, after becoming bound to sell, convey or transfer his/her 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 designated by the Corporation) shall, after notice to and approval by the Department of Housing Preservation and Development of the City of New York, hold the purchase money in trust for the retiring stockholder, or his/her executors, administrators or assigns, and shall substitute the name of the purchaser upon the books of the Corporation in place of the name of the retiring stockholder. 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 this Corporation) shall be deemed and taken to be the owner of such shares.

6. In the event that the stockholder shall have defaulted in the payment of any obligation arising under his/her lease with the Corporation or shall, apart from said lease, become indebted to the Corporation, or in the event of the termination of the lease or the recovery of possession of the apartment by the lessor under any of the provisions of the lease, or in the event of the violation by the stockholder of any provisions of Section 3 of Article VII of these By-Laws, the stockholder shall forthwith surrender to the Corporation the certificate representing the shares of capital stock of the Corporation owned by the stockholder, and upon the failure or refusal of the stockholder so to surrender said shares of stock, the same shall, after

notice to and approval by the Department of Housing Preservation and Development of the City of New York, be automatically cancelled and rendered null and void, and the Corporation may issue 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 stock 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 stockholder, and the Corporation shall remit any balance, after payment of the expenses of the sale, to the stockholder.

7. The provisions of this Article VII shall be binding upon the executor, administrator or other legal representatives, and successors and assigns of any stockholder. Any person acquiring by will, descent, or conveyance to take effect at death, any shares 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 Section 3 of Article VII of the By-Laws.

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

SECTION 4. The Corporation shall be entitled to treat the holder of record of any 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 shares on the part of any other 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 and upon all moneys due and owing by the Corporation to 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 "stockholder" shall include the owner or holder of, any such interest. The provisions of Sections 2 through 6, inclusive, of this Article VII, shall be



applicable to income debentures which may be issued by the Corporation to its stockholders.

SECTION 7. Mitchell-Lama Rules. Notwithstanding anything to the contrary contained in these By-Laws, a retiring stockholder shall sell his/her shares for such price and upon such terms as set forth in the Mitchell-Lama Rules.

## ARTICLE VIII.

### INTERESTED DIRECTORS.

SECTION 1. 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 a vote to enter into any contract or transaction. The disclosure must include a statement setting forth the nature and extent of the Board Member'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.

## ARTICLE IX.

### INDEMNIFICATION.

#### SECTION 1. Indemnification of Directors and Officers

A. 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, which any director or officer of the Corporation served in any capacity at the request of the 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, or served such other

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, or, in the case of service for any other corporation not opposed to, 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.

B. The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction or upon a nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act, in good faith, for a purpose which such director or officer reasonably believed to be in, or, in the case of service for any other corporation, not opposed to, the best interests of the Corporation or that such director or officer had reasonable cause to believe that such director's or officer's conduct was unlawful.

C. The Corporation shall indemnify any person made, or threatened to be made, a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person, or such person's testator or intestate, is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, against amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred by such person in connection with the defense or settlement of such action, or in connection, with an appeal therein if such director or officer acted, in good faith, for a purpose which such director or officer reasonably believed to be in, or, in the case of service for any other corporation, not opposed to, the best interests of the Corporation, except that no indemnification under this paragraph shall be made in respect of (i) a threatened action, or a pending action which is settled or otherwise disposed of, or (ii) any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation, unless and only to the extent that the court in which the action was

brought, or, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such portion of the settlement amount and expenses as the court deems proper.

SECTION 2. Payment of Indemnification.

A. A person who has been successful, on the merits or otherwise, in the defense of a civil or criminal action or proceedings of the character described in Section 1 of this Article shall be entitled to indemnification as authorized in such Section.

B. Except as provided in paragraph A of this Section, any indemnification under Section 1 of this Article or otherwise permitted by Section 5 of this Article, unless ordered by a court under the applicable provisions of the Business Corporation Law, shall be made by the Corporation, only if authorized in the specific case:

1. By the Board of Directors acting by a quorum consisting of directors who are not parties to such action or proceeding upon a finding that the director or officer has met the standard of conduct set forth in Section 1 of this Article or established pursuant to Section 1 of this Article, as the case may be; or

2. If a quorum under subparagraph 1 is not obtainable or, even if obtainable, a quorum of disinterested directors so directs:

a. By the Board of Directors upon the opinion in writing of independent legal counsel that the indemnification is proper in the circumstances because the applicable standard of conduct set forth in such Sections has been met by such director or officer, or

b. By the shareholders of the Corporation upon a finding that the director or officer has met the applicable standard of conduct set forth in such Sections.

C. Expenses incurred in defending a civil or criminal action or proceeding shall be paid by the Corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount, and to the extent, required by paragraph A of Section 3 of this Article.

SECTION 3. Other Provisions Affecting Indemnification of Directors and Officers.

A. All expenses incurred in defending a civil or criminal action or proceeding which are advanced by the Corporation under paragraph C of Section 2 of this Article shall be repaid in case the person receiving such advancement or allowance is ultimately found, under the procedure set forth in this Article, not to be entitled indemnification or, where indemnification is granted, to the extent the expenses so advanced by the Corporation exceed the indemnification to which such person is entitled.

B. No indemnification, advancement or allowance shall be made under this Article in any circumstance where it appears:

1. That the indemnification would be inconsistent with a provision of the Certificate of Incorporation of the Corporation, these By-Laws, a resolution of the Board of Directors or of the shareholders, an agreement or other proper corporate action, in effect at the time of the accrual of the alleged cause of action asserted in the threatened or pending action or proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

2. If there has been a settlement approved by a court, that the indemnification would be inconsistent with any condition with respect to indemnification expressly imposed by the court in approving the settlement.

C. If any expenses or other amounts are paid by way of indemnification, otherwise than by court order or action by the shareholders, the Corporation shall, not later than the next annual meeting of shareholders unless such meeting is held within three (3) months from the date

of such payment, and, in any event, within fifteen (15) months from the date of such payment, mail to its shareholders of record at the time entitled to vote for the election of directors a statement specifying the persons paid, the amounts paid, and the nature and status at the time of such payment of the litigation or threatened litigation.

D. If any action with respect to indemnification of directors and officers is taken by way of amendment of these By-Laws, resolution of the Board of Directors, or by agreement, then the Corporation shall, not later than the next annual meeting of shareholders, unless such meeting is held within three (3) months from the date of such action, and, in any event within fifteen (15) months from the date of such action, mail to its shareholders of record at the time entitled to vote for the election of directors a statement specifying the action taken.

#### SECTION 4. Insurance for Indemnification of Directors and Officers.

A. Subject to paragraph (b) of this Section, the Corporation shall have power to purchase and maintain insurance:

1. To indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors and officers under the provisions of this Article; and

2. To indemnify directors and officers in instances in which they may be indemnified by the Corporation under the provisions of this Article; and

3. To indemnify directors and officers in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article provided the contract or insurance covering such directors and officers provides, in a manner acceptable to the New York State Superintendent of Insurance, for a retention amount and for co-insurance.

B. No insurance under paragraph (a) of this Section may provide for any payment, other than cost of defense, to or on behalf of any director or officer.

1. if a judgment or other final adjudication adverse to the insured director or officer establishes that his or her acts of active and deliberate dishonesty were material to the cause of action so adjudicated, or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled; or

2. in relation to any risk the insurance of which is prohibited under the Insurance Law of the State of New York.

C. Insurance under any or all subparagraphs of paragraph A of this Section may be included in a single contract or supplement thereto. Retrospective rated contracts are prohibited.

D. The Corporation shall, within the time and to the persons provided in paragraph C of Section 3 of this Article, mail a statement in respect of any insurance it has purchased or renewed under this Section, specifying the insurance carrier, date of the contract, cost of the insurance, corporate positions insured, and a statement explaining all sums, not previously reported in a statement to shareholders, paid under any indemnification insurance contract.

SECTION 5. Nonexclusivity. The indemnification and advancement of expenses granted pursuant to, or provided by, this Article shall not be deemed exclusive of any other rights to which a director or officer seeking indemnification or advancement of expenses may be entitled, including such rights to indemnification and/or advancement of expenses as may be authorized by (a) a resolution of the shareholders of the Corporation, (b) a resolution of the Board of Directors, or (c) an agreement providing for such indemnification, provided that no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that such director's or officer's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such director or officer personally gained in fact a financial profit or other advantage to which such director or officer was not legally entitled. Nothing contained in this Article shall affect any rights to indemnification to which corporate personnel other than directors and officers may be entitled by contract or otherwise under law.

#### ARTICLE X.

##### AMENDMENTS.

These By-Laws may be amended, repealed, or altered, in whole or in part, by vote of a majority of the stockholders of the Corporation. The stockholders may amend the By-Laws by a ballot vote at any duly called annual or special meeting of the stockholders, subject to the approval thereof by the Department of Housing Preservation and Development of the City of New York. The Board of Directors shall not alter or repeal any By-Laws adopted by the stockholders of the Corporation, but may adopt additional By-Laws, 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 the approval of the Department of Housing Preservation and Development of the City of New York.

#### ARTICLE XI.

##### 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 XII.

##### FINANCIAL STATEMENT.

The Corporation shall deliver to each stockholder an audited financial statement at a reasonable time after the end of each fiscal year.