

BY-LAWS
OF
GEORGETOWN EAST CONDOMINIUM

REMINGTON, GIFFORD, WILLIAMS, SULLIVAN & RUSSO
Attorneys for Sponsor
183 East Main Street - Suite 1400
Rochester, New York 14604

EXHIBIT K

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OF
GEORGETOWN EAST CONDOMINIUM
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BY-LAWS
OF
GEORGETOWN EAST CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM HOME OWNERSHIP

Section 1. Condominium Home Ownership. The property located on Duxbury Heights, Perinton, in the County of Monroe, State of New York, as specifically set forth in the Declaration and more commonly known as Georgetown East Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the building and improvements thereon including the Condominium Homes (hereinafter referred to as "Homes"), and the common elements and the use of occupancy thereof. The term "Building" as hereinafter used shall be defined as the exterior walls and roof of a number of Homes, all of which are constructed under a continuous roof.

Section 3. Personal Application. All present or future Home Owners, mortgagees and lessees, or their employees or any other person that might use the facilities of the Community in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Homes or the mere act of occupancy of any of said Homes will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The condominium shall be limited to Home Owners. "Home Owner" as referred to herein shall mean all of the owners of each Home.

Section 2. Voting. Each Home Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers shall then own or hold title to one or more Homes) shall be entitled to cast one vote at all Owners' meetings for each Home or Homes owned by such Home Owner, but the Board of Managers shall not cast any of its votes for the election of any member to the Board.

Section 3. Quorum. So many Home Owners present in person or represented by written proxy as shall represent at least 51% of the total authorized

votes of all Home Owners shall be requisite to and shall constitute a quorum of all meetings of the Home Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Home Owners, the Home Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Home Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Home Owners, unless a question is one upon which, by express provision of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 5. Right to Vote. At any meeting of Home Owners, every Home Owner having the right to vote shall be entitled to vote in person, or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 7. Waiver and Consent. Whenever the vote of Home Owners at a meeting is required or permitted by any provision of the Declaration, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Home Owners may be dispensed with if all Home Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Home Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings. Within one year of the transfer of title to the first Home, the Sponsor shall call the first annual Home Owners meeting. At such meeting a new Board of Managers shall be elected by the Home Owners and the former members of the Board shall thereupon resign. Thereafter, annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Home Owners a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Home Owners may also transact such other business of the Condominium as

may properly come before them. In the event the Sponsor is the owner of more than 50% of the Homes in number at the first annual meeting, it may cast such votes to elect a majority of the Board of Managers. At the second annual meeting, and at all successive annual meetings, however, the Sponsor may not cast its votes to elect a majority of the Board of Managers, but may cast its votes to elect no more than four members of the Board of Managers. During the Condominium's second year of operations, the Board of Managers may not decrease the services set forth in Schedule D of the Offering Plan for the Condominium or increase the reserves set forth in said Schedule D without the written consent of the Sponsor.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Home Owners as directed by the Board of Managers or upon a petition signed by a majority of the Home Owners and having been presented to the Secretary.

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Home Owner of record, at least five but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Report of committees.
- (f) Election of inspectors of election (in the event there is an election).
- (g) Election of Managers (in the event there is an election).
- (h) Unfinished business.
- (i) New business.

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term. The officers of the Condominium shall be governed by a Board of Managers. The first Board of Managers shall consist of three Managers designated by the Sponsor who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of the Home Owners. Within 60 days of the closing of title to the first Home, a meeting of the Home Owners shall be held at which a Home Owner who is independent of the Sponsor shall be elected to the first Board of Managers by majority vote of the Home Owners other than the Sponsor, to serve until the first annual meeting

of the Home Owners. Until succeeded by the Managers elected at the first annual meeting of Home Owners, Managers need not be Home Owners; thereafter, all Managers other than designees or nominees of the Sponsor shall be Home Owners. The Managers shall be elected at the annual meeting of the Home Owners. At the first annual meeting of Home Owners called pursuant to Section 9 of Article II, nine (9) Managers shall be elected by the Home Owners. The term of office of three of the Managers shall be fixed for three (3) years, the term of office of three of the Managers shall be fixed at two (2) years, and the term of office of three of the Managers shall be fixed at one (1) year. Separate ballots shall be conducted for each of the three terms of office. Each Home Owner shall be entitled to cast one vote on each ballot for each Home he owns. The three nominees on each of the ballots receiving the highest number of votes on their ballot shall constitute the duly elected Board of Managers. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The Managers shall hold office until their successors have been elected and hold their first meeting. But in any event, at least one-third of the terms of the members of the Board of Managers shall expire annually. Notwithstanding the foregoing, to assure the Sponsor minimum representation on the Board of Managers after it turns over control of the Board to Home Owners independent of the Sponsor, the Sponsor shall have the right to designate three members of the Board of Managers so long as it owns 35% or more of the Homes in number, two members of the Board so long as it owns less than 35% but more than 10% of the Homes in number, and one member of the Board so long as the Sponsor continues to own one or more Homes.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. Notwithstanding the foregoing, the Sponsor shall have the right at all times to designate one member of the Board of Managers so long as the Sponsor continues to own at least one Home.

Section 3. Removal. Managers may be removed for cause by an affirmative vote of a majority of the Home Owners. Except for Managers designated or elected by the Sponsor, no Manager shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner.

Section 4. First Board of Managers. The first Board of Managers shall consist of Sam F. Morrell, Kenneth F. Morrell and _____, who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of the Home Owners. Within 60 days of the closing of title to the first Home, a meeting of the Home Owners shall be held at which a Home Owner who is independent of the Sponsor shall be elected to the first Board of

Managers by majority vote of the Home Owners other than the Sponsor to serve until the first annual meeting of the Home Owners. Any or all of said Managers shall be subject to replacement in the event of resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers.

(a) The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such powers of the Condominium and do all such lawful acts and things as are not by Statute or by the Declaration or by these By-Laws, directed or required to be exercised or done by the Home Owners personally. These powers shall specifically include, but not be limited to, the following items:

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Home Owners pro-rata according to their respective common interests;
2. To collect, use and expend the assessments collected to maintain, care for and preserve the Homes, Buildings, and other common elements;
3. To make repairs, restore or alter any Homes or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;
4. To enter into and upon the Homes when necessary and at as little inconvenience to the Home Owners as possible in connection with the maintenance, care, and preservation of the property.
5. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;
6. To insure and keep insured the common elements and Home in accordance with Article VII of these By-Laws;
7. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Home Owners of the property for violations of the house rules or rules and regulations herein referred to;
8. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments

shall be binding upon the Home Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Home.

9. To employ workmen, janitors and gardners and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of a manager in connection with the matters hereinabove set forth.
10. To bring and defend actions by or against more than one Home Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation.
11. To acquire Homes for the employees of the Condominium or as a result of abandonment and to take any or all steps necessary to repair or renovate any Home so acquired and to vote as a Home Owner, offer such Home for sale or lease or to take any other steps regarding such Home as shall be deemed proper by the Board of Managers;
12. To exercise the option to buy or lease Homes and to take any other steps necessary to repair or renovate any Home acquired or leased as a result of such option and to vote as Home Owner, offer for sale or lease such Home or take any other steps regarding such Home as shall be deemed proper by the Board of Managers.
13. To make additions, alterations, or improvements to the common elements of the Community, the cost of which addition, alteration, or improvement does not exceed \$5,000.00. The Board of Managers may make additions, alterations or improvements to the common elements costing in excess of \$5,000.00 only with the approval of a majority of the Home Owners. While the Sponsor is in control of the Board of Managers, the Board may make additions, alterations, or improvements to the common elements costing in excess of \$5,000.00 or enter into service or maintenance contracts the duration of which will extend more than one year after the Sponsor loses control of the Board of Managers, only with the approval of a majority of the Home Owners, excluding the Sponsor, voting at a duly held meeting of the Home Owners.
14. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that (i) the consent of at least 66-2/3% in number of all Home Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$10,000.00 and (ii) no lien to secure repayment of any sum borrowed may be created on any Home or its appurtenant interest in the common elements without the written consent of the Owner of said Home.

15. To act as agent of each Home Owner who has given his written authorization to complain or apply to the local and county real estate tax assessment agency board of review by filing a single complaint on behalf of all such Home Owners pursuant to the applicable sections of the Real Property Tax Law and to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person pursuant to the applicable sections of the Real Property Tax Law. The Board of Managers may retain legal counsel on behalf of all Home Owners for which it is acting as agent and charge all such Home Owners a pro-rata share of expenses, disbursements, and legal fees for which charges the Board of Managers shall have a lien pursuant to Article VI of these By-Laws.

(b) The Board of Managers may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) Managers or Home Owners, at least one of whom shall be a Manager, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolution or resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

(c) Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor shall continue to own Homes representing 20% or more in common interest, but in no event later than two years from the date of the recording of the Declaration, the Board of Managers may not, without the Sponsor's prior written consent: (i) make any addition, alteration or improvements to the common elements or to any Home, costing cumulative more than \$10,000.00, the foregoing not to include necessary repairs and maintenance work, or (ii) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, or (iii) hire any employee in addition to the employees referred to in the Plan of Condominium ownership, or (iv) enter into any service or maintenance contract for services not contemplated in the Plan on the date said Plan is declared effective or (v) borrow money on behalf of the Condominium in the debt service of which exceeds 5% of the approved budget on the date the Plan is declared effective.

Section 6. Repairs and Maintenance. All maintenance, repairs, and replacement to the common elements of the property, including but not limited to exterior walls, roof and roof members as well as all maintenance, repairs and replacements to any pipes, wires, conduits and public utility lines, any portion of which is located in one Home and services another Home or more than one Home or so much of any pipes, wires, conduits and public utility lines are located in the

common elements but serve one or more Homes shall be made by the Board of Managers and the cost thereof shall be a common expense. Except as is otherwise specifically provided, all maintenance to the Homes, including electrical repairs, plumbing stoppages, window cleaning, and painting and decorating in the Homes (except for painting and cleaning of the exterior surfaces of doors and windows which open from a Home, which painting and cleaning are performed by the Board of Managers), repairs and replacements to the Homes, including windows and doors (including all glass breakage), and repairs to pipes, wires, and conduits located in and servicing the same Home, other than as set forth above, shall be made by the respective Home Owners at their own expense. All irrevocably restricted common elements shall be maintained and repaired by the Home Owner to whom such common element is restricted in use. However, the Board of Managers shall repair and replace any pipes, wires, conduits and public utility lines located underground or overhead of any irrevocably restricted common element, and shall make all necessary structural repairs to any irrevocably restricted common element and the cost thereof shall be a common expense, except where such repair or replacement is necessitated by the negligence, misuse or neglect of the Home Owner to whom the common element is restricted in use, in which event such cost and expense shall be assessed to and paid for by such Home Owner. The Board of Managers shall repair all plumbing stoppages and electrical problems occurring in the common elements. The Board of Managers and its agent, employees and contractors shall have a right of access to any Home and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of Condominium. The Board of Managers shall provide snow removal for the driveways, parking areas, walkways and sidewalks on the property. The Board of Managers shall cut the grass and trim the hedges throughout the common elements. All repairs, painting or maintenance, whether made by the Home Owner or by the Board of Managers, to the doors, windows, or the exterior surface of any Building, including roofs, or to any generally visible portion of the common elements shall be carried out in such a manner so as to conform to the existing materials, style and colors. In the event that a Home Owner fails to make any maintenance or repair, which maintenance or repair is necessary to protect any of the common elements or any other Home, or to remove a Building Department violation on his Home, the Board of Managers shall have the right to make such maintenance or repair (upon the failure of the Home Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of an emergency situation) and to charge the Home Owner for the cost of all such repairs and/or maintenance. In the event that the Board of Managers charges a Home Owner for repairs or maintenance to his Home or for repairs to any common element restricted in use to such Home Owner, and the Home Owner fails to make prompt payment, such charges shall be considered as additional common charges due from said Home Owner, and the Board of Managers shall be entitled to bring suit thereon. In the event the Board brings such a suit, the Home Owner shall be liable for the reasonable Attorney's fees and costs of such suit or proceeding together with interest in all sums due.

Section 7. Compensation. Managers and officers, as such, shall receive no compensation for their services.

Section 8. Meetings.

(a) The first meeting of each Board newly elected by the Home Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Home Owners meetings, and immediately after the adjournment of same, at which time, the dates, places and times of regularly scheduled meetings of the Board shall be set.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days notice to each Manager either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least three (3) Managers.

(d) At all meetings of the Board, a majority of the Managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as may be otherwise specifically provided by statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meeting of Managers, the Managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all Home Owners, their mortgagees and the Department of Law of the State of New York, and shall present annually and when called for by a vote of the Home Owners at any special meeting of the Home Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement requiring any taxable income attributable to the Home Owner and a notice of the holding of the annual Home Owners meeting.

Section 10. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premium on such bonds shall be a common expense.

Section 11. Management Agent. The Board of Managers may employ for the Condominium a management agent under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, all the delegable duties of the Board listed in this Article.

Section 12. Liability of the Board of Managers and Home Owners. Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers, as agent for the Home Owners as a group only, and that no member of the Board of Managers nor individual Home Owners shall be liable for such contract, agreement or commitment. The Home Owners shall be liable as a group under such agreement, contract or commitment but the liability of each Home Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest to all Home Owners. The Board of Managers shall have no liability to the Home Owners in the management of the Community except for willful misconduct or bad faith and the Home Owners shall severally indemnify all members of the Board of Managers against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties as such member except acts of willful misconduct or acts made in bad faith. Such several liability of the Home Owners shall, however, be limited to such proportion of the total liability thereunder as such Home Owner's common interest bears to the common interest of all Home Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Home Owners or Managers designated or elected by the Sponsor. Two or more offices may not be held by the same person.

Section 2. Election. The Board of Managers at its first meeting after each annual Home Owners Meeting shall elect a president, a vice president, a secretary and a treasurer. Only the president must be a member of the Board.

Section 3. Appointive Offices. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms

and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Home Owners and the Board of Managers, shall be ex-officio member of all standing committees, shall have general and active management of the business of the Condominium shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Home Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Home Owners meetings, and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Home which, among other things, shall contain the account of each assessment of common charges against such Home, the date when due, the amounts paid thereon, and the balance remaining unpaid.

Section 9. Agreements, etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any manager or Home Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Managers, such manager or Home Owner at such address as appears on the books of the Condominium.

Section 2. Service of Notice - Waiver. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Home Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements, and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Homes and pro-rated against each of said Homes according to the respective common interests appurtenant to such Home. The proration of assessments shall remain constant regardless of the

percentage of the building square footage included in each Home or the common elements restricted to the use of the Home Owner of said Home. All of said assessments shall be payable monthly in advance as ordered by the Board of Managers. In the event of a default in the payment of a monthly common charge assessment by any Home Owner, the Board, at its sole option, may declare the common charge assessment on said Home Owner's Home for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default, the Board shall send notice to the delinquent Home Owner and the mortgagee, if any, of such Home giving the Home Owner a five day grace period in which to make his payment. The Board may charge the delinquent Home Owner a fee of not more than twenty dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest may also be collected on the common charge assessment from its due date to the date payment is actually received. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Home Owner agrees to pay promptly, when due, the monthly and all special assessments assessed against his own Home. Any Home Owner who fails to timely pay any assessment imposed by the Condominium upon his Home to meet any community expense shall be liable for any expenses incurred by the Condominium in collecting said assessment, including interest at the highest legal rate per annum from the due date of any unpaid assessment, and reasonable attorney's fees. The Board shall take action to collect any common charges due from any Home Owner which remain unpaid 90 days from its due date by way of foreclosure of the lien of such Home in accordance with Section 399 of the Real Property Law or by a suit to recover a money judgment. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

No Home Owner shall be liable for any common charges which accrue against his own Home subsequent to a sale, transfer, or other conveyance by him of his Home in accordance with these By-Laws and the Declaration. A purchaser of a Home (other than a mortgagee or a purchaser at a foreclosure sale) shall be liable for the payment of all common charges assessed against the Home and unpaid at the time of the purchase.

Section 3. Foreclosure of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Home at a foreclosure sale resulting from any action brought by the Board to foreclose a lien on the Home because of unpaid common charges. In the event of such purchase, the Board shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Home. A suit to recover a money judgment for unpaid common charges shall also be obtainable separately without waiving the lien on the Home.

Section 4. Statement of Common Charges. Upon the written request of any Home Owner or his mortgagee, the Board shall promptly furnish such Home

Owner or his mortgagee with a written statement of the unpaid common charges due from such Home Owner.

Section 5. Liability for Electricity. Electricity consumed in each Home shall be separately metered and paid for by the individual Home Owner.

Section 6. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all Homes. Disbursements from said account shall be for the general needs of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, sale, lease or other expenses resulting from the purchase or lease of Homes.

Section 7. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring the Buildings including all of the Homes, together with all air conditioning and other service machinery therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to at least 90% of the full replacement value of the Building. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Home which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that the adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if \$50,000.00 or less, shall be payable to the Board of Managers, and if more than \$50,000.00 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first Home and until the first meeting of the Board of Managers following the first annual Home Owners meeting, such amount shall be at least in the sum of 1.2 million dollars.

All policies of physical damage shall contain waivers of subrogation and any reduction of pro-rata liability of the insurer as a result of any insurance carried by Home Owners or the invalidity arising from any acts of the insureds or any Home Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of

the insured, including all mortgagees of Homes. Duplicate originals of all policies of physical damage insurance and all renewals thereof, together with proof of payment of premium, shall be delivered to all mortgagees of Homes at least ten (10) days prior to expiration of then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, and in any event not more than two years after the last appraisal of the Building, the Board of Managers shall obtain an appraisal from a fire insurance company or other entity of the replacement value of the Building, including all of the common elements appurtenant thereto, for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent and each Home Owner. Such public liability coverage should also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Home Owners meeting, such public liability insurance should be in a single limit of \$1,000,000.00 covering all claims for bodily injury or property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Home.

Home Owners shall not be prohibited from carrying other insurance for their own benefit provided that such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Home Owner.

Section 2. The Insurance Trustee. The Insurance Trustee shall be Lincoln First Bank, N.A., One Lincoln First Square, Rochester, New York, 14643, unless and until it shall be replaced by a bank or trust company located in the State of New York, designated by the Board of Managers. All fees and disbursements of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a common expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Buildings as a result of fire or other casualty (unless 75% or more of the Buildings are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Buildings and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Home Owners for such deficit as part of the common charges.

If 75% or more of the Buildings are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Home Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Home Owners in proportion to their respective common interests, after first paying out the share of each Home Owner the amount of any unpaid liens on his Home, in the order of the priority of such liens.

ARTICLE VIII. HOUSE RULES

In addition to the other provisions of these By-Laws, the following house rules and regulations, together with such additional rules and regulations as may hereafter be adopted by the Board of Managers, shall govern the use of the Homes and the conduct of all residents thereof:

Section 1. Owners of a Home, members of their families, their employees and guests shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other said Owners, or in such a way as to be injurious to the reputation of the Condominium.

Section 2. The common elements shall not be obstructed littered, defaced or misused in any manner.

Section 3. Every Home Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Home Owner or such other person for whose conduct he is legally responsible.

Section 4.

(a) Every Home Owner must perform promptly all maintenance and repair work to his own Home, which, if omitted, would affect the community in its entirety or in a part belonging to other Home Owners, he being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs to internal installations of the Home located in and servicing only that Home, such as power and telephones, shall be at the Home Owner's expense.

Section 5. No alterations to the exterior of the Home or any part of the common elements may be made without the written consent of the Board of Managers. No alterations to the inside of a Home which would impair the

structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested, to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. This paragraph shall not apply to Owner.

Section 6.

- (1) No Home Owner shall paint the exterior surface of the windows and doors opening out of his Home.
- (2) No person shall park a vehicle in or otherwise obstruct ingress or egress to another Home Owner's Home or garage.
- (3) Each Home Owner shall keep his Home in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors, or windows thereof, any dirt or other substance.
- (4) No awning, storm and screen window or radio or television aerial shall be attached to or hung from the exterior of the Home except such as shall have been approved in writing by the Board of Managers or the Managing Agent; nor shall anything be projected from any window of the Building without similar approval.
- (5) No Home Owner or any of his agents, servants, employees, licensees, or visitors shall at any time bring into or keep in his Home any inflammable, combustible or explosive fluid, material, chemical or substance, except for normal household use.
- (6) If any key or keys are entrusted by a Home Owner or by any member of his family or by his agent, servant, employee, licensee or visitor to an employee of the Board of Managers or of the Managing Agent, whether for such Home Owner's Home or automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Home Owner, and neither the Board of Managers nor the Managing Agent shall be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.
- (7) No Home Owner shall make or permit any disturbing noises in his Home, or do or permit anything to be done therein, which will interfere with the rights, comforts or conveniences of other Home Owners. No Home Owner shall play upon or suffer to be played upon any musical instrument, or operate or permit to be operated a phonograph or a radio or television set or other loud speaker in such Owner's Home between the hours of twelve o'clock midnight and the following seven o'clock a.m., if the same shall disturb or annoy other occupants of the Buildings, and in no event shall practice or suffer to be practiced either vocal or instrumental music between the hours of ten p.m. and the following nine a.m.

(8) No resident of the Community shall post any advertisement or posters of any kind. This paragraph shall not apply to Owner.

(9) No repair of motor vehicles shall be made in any of the roadways, driveways or parking areas of the Condominium nor shall such areas be used for storage of any automobile, boat, trailer, camper, bus, truck or commercial vehicle. Any such parking shall be subject, in addition, to any restriction due to zoning or local ordinance requirements.

(10) No Home Owner shall move, remove, add or otherwise change the landscaping in the Community or erect a fence or gate in the Community.

(11) It is prohibited to hang garments, rugs, etc., from the windows or from any of the buildings or to string clothes lines on or over the common elements (including any irrevocably restricted areas).

(12) Home Owners, their families, guests, servants, employees, agents, visitors or licensees shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of any building.

(13) Water-closets and other water apparatus in the buildings shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other article be thrown into the same. Any damage resulting from misuse of any water-closets or other apparatus in a Home shall be repaired and paid for by the Owner of such Home.

(14) The agents of the Board of Managers or the Managing Agent, and any contractor or workman authorized by the Board of Managers or the Managing Agent may enter any room or Home in the buildings at any reasonable hour of the day for the purpose of inspecting such Home for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

(15) The Board of Managers or the Managing Agent may retain a passkey to each Home. The Home Owner shall not alter any lock or install a new lock on any door leading to his Home without the written consent of the Board of Managers or the Managing Agent. If such consent is given, the Board of Managers or the Managing Agent shall be provided with a key.

(16) All Homes shall be used for residential occupancy only, provided that, subject to all applicable governmental laws and regulations, any Home may be used as a professional office if the Owner thereof resides therein.

The provisions set forth above shall not be applicable to the Sponsor. The Sponsor, its nominees and agents, shall have the right and privilege to maintain general and local sales offices in and about the Condominium, including any

model Homes located within the Condominium Buildings or elsewhere throughout the project, and shall have the right and privilege to have their representatives, employees and agents present on the Condominium premises to show the Homes to prospective purchasers, to utilize the common elements, and, without limitation, to do any and all things necessary and incident to the sale of the Homes, without charge or contribution other than in the form of common charge payments as otherwise provided for herein.

The Sponsor shall have the right to continue to employ signs of its choice upon the Condominium premises in its efforts to market and sell the Homes. Incident to the rights and privileges provided for herein, the officers, employees, agents, contractors, guests and invitees of the Sponsor, its successors and assigns, shall have the right of ingress and egress to and throughout the common elements of the Condominium. The last two paragraphs of this Article VII may not be modified or amended without the written consent of the Sponsor so long as the Sponsor continues to own one or more unsold Homes.

ARTICLE IX. DEFAULT

In the event a Home Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers or Manager, acting in behalf of the Board, shall notify the Home Owner and the mortgagee, if any, of such Home. In such an instance, the Board may, at its sole option, declare the common charge assessment on said Home Owner's Home for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default, the Board shall send notice to the delinquent Home Owner and the mortgagee, if any, of such Home, giving the Home Owner a five day grace period in which to make his payment. The Board may charge the delinquent Home Owner a fee of not more than twenty dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest at the highest legal rate per annum may also be collected by the Board on the common charge assessment from its due date to the date payment is actually received from the Home Owner. If any sum, charge or assessment shall remain unpaid for 90 days after the giving of notice by the Board of Managers, or Managers acting in behalf of the Board that the payment is overdue, the Board may foreclose the lien encumbering the Home as a result of the non-payment of the required monies set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the Owner of a Home does not pay the assessment required to be paid by him within ninety (90) days of its due date, said sum shall bear interest at the highest legal rate per annum from its due date and said Home Owner shall be liable for the Condominium's reasonable costs and reasonable attorney's fees incurred by it incident to the collection or enforcement of such lien.

Each Home Owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default, regardless of the harshness of the

remedy available to the Condominium and regardless to the availability of other, equally adequate legal procedures. It is the intent of all Home Owners to give the Condominium a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from the Home Owners and to preserve each Home Owner's right to enjoy his Home from unreasonable restraint.

ARTICLE X. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called Home Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by eighty percent (80%) of the Home Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment shall affect or impair the validity or priority of the Home Owner's interest and the interests of holders of a mortgage encumbering a Home or Homes.

ARTICLE XI. SELLING, MORTGAGING AND LEASING HOMES

Section 1. Selling and Leasing Homes. Any Home may be conveyed or leased by its Home Owner free of any restrictions, except that no Home Owner shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all unpaid common charges assessed against his Home shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from the sale of a Home, or by the Grantee. Further, a Home Owner may convey his Home and his common interest appurtenant thereto, to the Board of Managers on behalf of all Home Owners free of any cost to the Board or the Home Owners and upon such conveyance such Home Owner shall not be liable for any common charges thereafter accruing against such Home. Any sale or lease of any Home in violation of this section shall be voidable at the election of the Board of Managers.

The provisions of this section shall not apply to the acquisition or sale of a Home by a mortgagee or its nominee who shall acquire title to such Home by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagee.

Whenever the term "Home" is referred to in this section, it shall include the Home, the Home Owner's undivided interest in the common elements and the Home Owner's interest in any Homes acquired by the Board of Managers.

Section 2. Waiver of Partition Rights. The Home Owners waive all of their voting rights concerning partition respecting any Home acquired by the Board of Managers in accordance with this Article.

Section 3. Mortgaging of Homes. No Home Owner shall mortgage his Home except by a mortgage loan granted by a federal or state savings and loan association, savings or commercial bank, life insurance company, pension fund, trust company, agency of the United States Government or of the State or City of New York, mortgage company or other institutional lender or a purchase money mortgage loan granted by the Seller.

Section 4. Gifts, etc. Any Home Owner may convey or transfer his Home by gift during his lifetime or devise his Home by will or pass the same by intestacy, without restriction.

ARTICLE XII. CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Board of Managers to be distributed in accordance with Section 2 of Article VII but in the following amounts:

(a) so much of the award as is applicable to unrestricted common elements, to the Home Owners pro-rata according to the respective common interests apurtenant to the Homes owned by such Home Owner.

(b) so much of the award as is applicable to irrevocably restricted common elements, if any, to the Home Owners having general use of such common element.

In such eminent domain or condemnation proceeding, the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and, if applicable, to each irrevocably restricted common element. In the event the award does not set forth such allocation, then the question of such allocation shall be submitted to arbitration in accordance with the Arbitration Statutes of the State of New York.

ARTICLE XIII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Home Owner permit or suffer anything to be done or left in his Home which will increase the insurance rates on his Home or any other Home on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or become unenforceable by law or in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Home Owner who mortgages his Home, shall notify the Condominium through the Management Agent, if any, or

the President of the Board of Managers in the event there is no Management Agent, of the name and address of his mortgagee; and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Homes."

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgage of a Home, report any unpaid assessments due from the Home Owners of such Home.

Section 5. Examination of Books and Records. Every Home Owner or his representative and mortgagee shall be entitled to examine the books and records of the Condominium at reasonable times upon notice to the Board of Managers.

Section 6. Construction. Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean masculine, feminine or neuter; singular or plural; whenever the context so requires.

Section 7. Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws of the State of New York. In case any of these By-Laws conflict with the provisions of said Statute or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.