

**AMENDED AND RESTATED BY-LAWS  
OF NORTH SHORE TOWERS APARTMENTS  
INCORPORATED**

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## TABLE OF CONTENTS

|             |   |    |
|-------------|---|----|
| ARTICLE I   | Purpose and Place of Business.....                  | 1  |
| Section 1   | Name.....   | 1  |
| Section 2   | Purpose.....  | 1  |
| Section 3   | Location of Office.....                             | 1  |
| ARTICLE II  | Meetings of Shareholders.....                       | 1  |
| Section 1   | Annual Meeting.....                                 | 1  |
| Section 2   | Special Meetings.....                               | 1  |
| Section 3   | Notice and Waiver of Notices.....                   | 2  |
| Section 4   | Quorum.....   | 2  |
| Section 5   | Voting.....   | 2  |
| Section 6   | Inspectors of Election.....                         | 3  |
| Section 7   | Action Without Meeting.....                         | 4  |
| Section 8   | Order of Business.....                              | 4  |
| ARTICLE III | Directors.....                                      | 5  |
| Section 1   | Number.....   | 5  |
| Section 2   | Qualification and Election.....                     | 5  |
| Section 3   | Vacancies.....                                      | 5  |
| Section 4   | Management of the Corporation.....                  | 6  |
| Section 5   | Meetings of the Board of Directors.....             | 6  |
| Section 6   | Resignation and Removal.....                        | 7  |
| Section 7   | Compensation of Directors.....                      | 7  |
| Section 8   | Annual Cash Requirements.....                       | 7  |
| Section 9   | House Rules.....                                    | 7  |
| Section 10  | Executive Committee.....                            | 8  |
| Section 11  | Reserve Fund and Working Capital Fund.....          | 8  |
| Section 12  | Shareholder Agreements.....                         | 8  |
| ARTICLE IV  | Officers.....                                       | 8  |
| Section 1   | Number and Election.....                            | 8  |
| Section 2   | Assistants.....                                     | 8  |
| Section 3   | Qualifications.....                                 | 9  |
| Section 4   | Duties of President and Vice President.....         | 9  |
| Section 5   | Duties of Treasurer.....                            | 9  |
| Section 6   | Duties of Secretary.....                            | 9  |
| Section 7   | Compensation of Officers.....                       | 10 |
| ARTICLE V   | Proprietary Leases.....                             | 10 |
| Section 1   | Form of Lease.....                                  | 10 |
| Section 2   | Assignment.....                                     | 10 |
| Section 3   | Allocation of Shares.....                           | 10 |
| Section 4   | Fees on Assignment, Subletting or Reallocation..... | 11 |

|              |  |    |
|--------------|--|----|
| Section 5    | Lost Proprietary Leases.....   | 13 |
| Section 6    | Regrouping of Space.....   | 13 |
| Section 7    | Change in Number of Shares Appurtenant to<br>Lease Upon Transfer of Parking Space..... | 14 |
| Section 8    | Allocation of Shares to Additional Space.....  | 14 |
| ARTICLE VI   | Capital Shares   |    |
| Section 1    | Authorization and Rights .....   | 14 |
| Section 2    | Form and Record of Shares .....  | 14 |
| Section 3    | Issuance of Certificates .....   | 14 |
| Section 4    | Transfers .....  | 15 |
| Section 5    | Units of Issuance .....  | 15 |
| Section 6    | Corporation's Lien .....   | 15 |
| Section 7    | Lost Certificates.....   | 16 |
| Section 8    | Legend on Stock Certificates.....  | 16 |
| Section 9    | Distributions.....   | 17 |
| ARTICLE VII  | Seal .....   | 17 |
| ARTICLE VIII | Negotiable Instruments.....  | 17 |
| Section 1    | Checks, etc.,.....   | 17 |
| Section 2    | Transfer of Securities .....   | 17 |
| Section 3    | Safe Deposit Boxes .....   | 17 |
| Section 4    | Securities.....  | 17 |
| ARTICLE IX   | Calendar Year .....  | 17 |
| ARTICLE X    | Indemnification of Directors, Officers and Employees .....                             | 18 |
| Section 1    | Right to Indemnification .....   | 18 |
| Section 2    | No Indemnification of Directors or Officers .....                                      | 18 |
| Section 3    | Indemnification – Action in Good Faith.....  | 19 |
| Section 4    | Other Rights and Payment .....   | 19 |
| ARTICLE XI   | Sale, Lease, Demolition or Disposition of Property .....                               | 19 |
| ARTICLE XII  | Amendments .....   | 19 |

**AMENDED AND RE-STATED BY-LAWS  
OF  
NORTH SHORE TOWERS APARTMENTS INCORPORATED**

**ARTICLE I  
Purpose and Place of Business**

**Section 1. Name:** The legal name of the Corporation is North Shore Towers Apartments Incorporated (hereinafter called the "Corporation").

**Section 2. Purpose:** The primary purpose of the Corporation is providing residences to shareholders who shall be entitled, solely by reason of their ownership of shares, to proprietary leases for apartments and, where applicable, automobile parking spaces, in the buildings and appurtenant property owned by the Corporation.

**Section 3. Location of Office:** The principal office and place of business of the Corporation shall be in the County of Queens, City and State of New York.

**ARTICLE II  
Meetings of Shareholders**

**Section 1. Annual Meeting:** Annual meetings of the shareholders shall be held in June of each year at a place in Queens County on a date and time as shall be determined by the Board of Directors. Written notice of each meeting shall be signed by either the president, a vice-president, the secretary or an assistant secretary, and given to all shareholders entitled to vote thereat at the time such notice is given or on the record date designated by the Board of Directors in accordance with Section 5 of this Article II. Such notice shall state the date and time when, and the place where the meeting is to be held, and shall set forth any proposed action, notice of which is specifically required elsewhere in these by-laws; and the secretary shall cause a copy thereof to be delivered personally or mailed to each such shareholder, not less than ten nor more than thirty days before the meeting.

**Section 2. Special Meetings:** Special meetings of shareholders may be called at any time and may be held at any place where an annual meeting could be held, by the president and secretary or by a majority of the Board of Directors. It shall also be the duty of the secretary to call such meetings whenever requested in writing to do so by shareholders owning at least 25% of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the date and time when, the place where, the purpose or purposes thereof, and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed to each shareholder entitled to vote at such meeting not less than ten nor more than thirty days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting. A pledgee or mortgagee of shares, or a transferee



of either, shall not be deemed a shareholder of record except upon compliance with the provisions of Article 16 of the Corporation's proprietary lease.

**Section 3. Notice and Waiver of Notices:** Any written notice given by mail shall be directed to each such shareholder at his or her address as it appears on the shareholders' record book, unless he or she shall theretofore have filed with the secretary of the Corporation a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. The notice provided for in the two foregoing sections is not indispensable and any meeting of shareholders shall be deemed validly called for all purposes if all the outstanding shares of the Corporation are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of the time, place and objects of such meeting shall be duly executed in writing either before or after said meeting by those shareholders not so represented and not given such notice. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of such notice. If any by-law adopted, amended or repealed by the Board of Directors affects a pending election of the Board of Directors, there shall be set forth in the notice of the next annual meeting of shareholders for the election of directors, the by-laws so adopted, amended or repealed, together with a concise statement of the change made.

Notwithstanding the provisions of Article II, Sections 1 and 2 and Article III, Section 5, all notices sent shall also be deemed duly given in writing if sent by facsimile transmittal to the shareholder or director at such shareholder's or director's facsimile machine in his or her principal place of business or residence with an additional copy sent by regular mail to the address to which maintenance bills are sent or sent by overnight delivery/courier service to the residence of such shareholder or director or to that shareholder's or director's principal place of business and the receipt signed by an adult at such address is received.

**Section 4. Quorum:** At each meeting of shareholders, except where otherwise provided by law or by the certificate of incorporation, shareholders representing, in person or by proxy; one-third (1/3) of the shares then issued and outstanding shall constitute a quorum. In case a quorum shall not be present at any meeting, however, the holders of a majority of the shares represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. Only those shareholders who, if present at the original meeting, would have been entitled to vote thereat, shall be entitled to vote at any such adjourned meeting.

**Section 5. Voting:** (a) If a quorum is present the affirmative vote of a majority of the shares represented at the meeting shall be the act of the shareholders, unless the act of a greater number is required by law or the certificate of incorporation, except as provided in Section 1 of Article III of these by-laws. At each meeting of shareholders each shareholder present in person or by proxy shall be entitled to one vote for each share registered in his or her name at the time notice of such meeting was given to him,

or at such time, not more than thirty days before such meeting, as may be designated by the Board of Directors as the record date for such meeting, which designation may also direct the closing of the corporate share transfer books from such time to the time of the meeting. Proxies shall be in writing duly signed by the shareholder but need not be acknowledged or witnessed, and the person named as proxy by any shareholder need not himself be a shareholder of the Corporation. No proxy shall be valid after the expiration of eleven months from the date thereof, unless otherwise provided in the proxy. Each proxy shall be revocable at the pleasure of the shareholder executing it.

(i) All voting done by shareholders will be done by secret ballot, and the manner as to how people voted with regard to an election of Directors, or any other issue, inspection of same will only be available to the Administrators, or Inspectors of Election.

(b) Any shareholder may also authorize another person or persons to act for the shareholder as a proxy by transmitting or authorizing the transmission of a electronic transmission to the person who will be the holder of the proxy or the secretary for the Corporation who shall be deemed to be the agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such means of electronic transmission must either set forth, or be submitted with, information from which it can be reasonably determined that the electronic transmission was authorized by the shareholder. If it is determined that such electronic transmissions are valid, the inspectors of election, or if there are no inspectors of election, such other persons making their determination shall specify the nature of the information on which they rely.

(c) Voting by shareholders shall be by voice vote unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned-by him or her, and in addition, the name of the proxy of such ballot if cast by a proxy. Furthermore, directors shall be elected by a plurality of votes cast at a meeting of shareholders by the holder of shares entitled to vote in the election.

**Section 6. Inspectors of Election:** The Board of Directors in advance of any meeting of shareholders may appoint two or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a meeting of shareholders may and on the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her or her ability, and the oath so taken shall be signed by the inspector before the person presiding at the meeting and shall be filed with the secretary, No director, or candidate for director at a meeting, one of the purposes of which is to elect directors, shall act as inspector.



**Section 7. Action Without Meeting:** Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent setting forth the actions so taken, signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all the shares entitled to vote thereon were present and voted. No written consent shall be effective to take the corporate action referred to therein, unless within sixty (60) days of the earliest dated consent, delivered in the manner required by the Corporation, written consent signed by a sufficient number of shareholders to take such action is delivered to the Corporation.

**Section 8. Order of Business:** At each meeting of shareholders, the president, or in his or her absence a vice president, shall act as chairman of the meeting. The secretary, or in his or her absence such person as may be appointed by the chairman, shall act as secretary of the meeting. So far as is consistent with the purposes of the meeting, the order of business of each meeting of shareholders shall be as follows:

1. Call to order.
2. Presentation of proofs of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings.
5. Reports of officers and committees.
6. If the annual meeting, or at any other meeting if so requested, the appointment or election of inspectors of election, if any.
7. If the annual meeting, the election of directors.
8. Unfinished business.
9. New business.
10. Adjournment.



### **ARTICLE III Directors**

**Section 1. Number:** The number of directors is fixed at nine (9). The number of directors may be changed only upon the affirmative vote of two-thirds of the total number of directors who are members of the Board of Directors at the time such change is voted upon, and upon the approval by the holders of a majority of the shares then issued and outstanding, at any annual or special meeting, provided that the notice of such meeting shall state that a resolution will be considered to change the number of directors and shall set forth the number to be proposed in such resolution. Any such resolution shall specify the manner in which the selection of directors necessitated by an increase in the number of directors shall be accomplished, or shall state that a decrease in the number of directors shall, not shorten the term of any incumbent director, as the case may be. The number of directors so determined shall be the number of directors of the Corporation until changed by further action of the shareholders in accordance with the foregoing. As long as the sponsor and/or holders of unsold shares own at least two apartments in the Corporation, the sponsor and holder of unsold shares shall be entitled to designate one seat on the Board of Directors. In the event the number of directors has increased or decreased in accordance with law, the sponsor and/or holders of unsold shares shall obtain the same percentages of Board members as presently exist.

**Section 2. Qualification and Election:** (a) A director shall be at least twenty-one years of age, a shareholder or other person residing with the shareholder at North Shore Towers as his or her primary New York State residence, and current in his or her payments for maintenance, assessment, country club dues and any other financial obligations to the Corporation. This provision does not apply to the designees of the sponsor and/or holders of unsold shares.

(b) The directors shall be divided into two classes as nearly equal in number as possible. Both classes shall be for two year terms which shall expire in alternate years. Only one person from an apartment or family is eligible to serve on the Board of Directors.

(c) Each member of the Board of Directors and each candidate for the Board of Directors shall acknowledge receipt of the Corporation's Code of Ethics.

**Section 3. Vacancies:** Vacancies in the Board of Directors resulting from death, resignation or removal may be filled without notice to any of the shareholders by a vote of a majority of the remaining directors present at the meeting at which such election is held even though a quorum is not present, which election may be held at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. In the event that the Board of Directors shall not have filled any such vacancy, a special meeting of shareholders to fill such vacancy may be called in the manner

generally provided for calling of special meetings of shareholders. Vacancies in the Board of Directors resulting from an increase of the number of directors by resolution as set forth in Section 1 of this Article III shall be filled in the manner provided in said resolution. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of the shareholders and until his or her successor shall have been elected and qualifies.

**Section 4. Management of the Corporation:** The business affairs of the Corporation and the operation of its apartment buildings and appurtenant property and facilities shall be managed by the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

**Section 5. Meetings of the Board of Directors:** (a) Meetings of the Board of Directors, regular or special, may be held at the principal office of the Corporation or elsewhere within Queens County as provided in the notice calling the meeting. The first meeting of each newly elected Board of Directors shall be held within seven (7) business days after certification of the election by the inspectors of election. No notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. Regular meetings of the Board of Directors may be held upon notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the president on two days' notice to each director, either personally, by mail, or by facsimile; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of any two directors then holding office. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these by-laws. A majority of the number of directors fixed by Section 1 of this Article III shall constitute a quorum for the transaction of business unless a greater or lesser number is required by law or by the certificate of incorporation or elsewhere in these by-laws. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the certificate of incorporation or elsewhere in these by-laws. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At all meetings of the Board of Directors, each director shall be entitled to one vote.

(b) Any one or more members of the Board of Directors, or any committee thereof, may participate at the meeting of such Board or committee by means of a



conference telephone or similar equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting.

**Section 6. Resignation and Removal:** (a) Any director may resign at any time by written notice delivered or sent by registered mail to the president or secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

(b) Any director may be removed from office with or without cause by the shareholders of the Corporation at a meeting duly called for that purpose with the exception of those directors designated by the sponsor or holder of unsold shares.

(c) If any director ceases to be a resident of North Shore Towers, he or she shall be deemed to have resigned as a director.

**Section 7. Compensation of Directors:** No salary or other compensation for services shall be paid to any director of the Corporation for services rendered as such director, but this shall not preclude any director from performing any other service for the Corporation and receiving compensation therefore, provided there is full compliance with the Corporation's Code of Ethics and applicable law.

**Section 8. Annual Cash Requirements:** In furtherance of the definitions, purposes and provisions of the proprietary leases entered into or to be entered into by the Corporation with its shareholders, the Board of Directors shall, from time to time, by resolution, determine the cash requirements as defined in the Corporation's proprietary leases, and fix the terms and manner of payment of rent (maintenance charges) under the Corporation's proprietary leases. In the event such determination differs from the last preceding determination, the Board of Directors shall cause notice of such determination to be mailed immediately to each tenant-shareholder. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the premises owned or leased by the Corporation and to determine the cash requirements of the Corporation to be paid as aforesaid by the tenant-shareholders under their respective proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all tenant-shareholders and any expenditures made by the Corporation's officers or its agents under the direction or with the approval of the Board of Directors of the Corporation shall, as against the tenant-shareholders, be deemed necessarily and properly made for such purposes.

**Section 9. House Rules:** The Board of Directors may, from time to time, adopt and amend such house rules as it may reasonably deem necessary or desirable in respect to the premises owned or leased by the Corporation for the health, safety and convenience of the tenant-shareholders, in addition to, or in substitution for those house rules set, forth in the form of proprietary lease used by the Corporation. Copies thereof



and of changes therein shall be furnished to each tenant-shareholder. Such rules shall be binding upon all tenant-shareholders.

**Section 10. Executive Committee:** The Board of Directors may, by resolution approved by a majority of the number of directors fixed by Section 1 of this Article III, appoint an Executive Committee consisting of three or more directors of the Corporation. The Executive Committee, to the extent provided in the resolution that creates it, shall have and may exercise all of the powers of the Board of Directors in the management of the business affairs of the Corporation during the intervals between meetings of the Board of Directors, so far as may be permitted by law, except that the Executive Committee shall not have the power to determine the cash requirements defined in the proprietary leases made by the Corporation, or to fix the amount of rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the Board of Directors. Vacancies in the membership of the Executive Committee shall be filled by the Board of Directors at a regular or special meeting. The Executive Committee shall keep regular minutes of its proceedings and shall report same to the Board of Directors when required.

**Section 11. Reserve Fund and Working Capital Fund:** The Board of Directors may, by resolution approved by a majority of the number of directors fixed by Section 1 of this Article III, establish a reserve fund and/or a working capital fund for capital expenditures.

**Section 12. Shareholder Agreements:** Shareholders of the Corporation may enter into agreements with each other or with the Corporation (including the proprietary lease referred to in Article V) regarding composition of the Board of Directors, including the manner of selection thereof.

#### **ARTICLE IV Officers**

**Section 1. Number and Election:** The officers of the Corporation shall be a president, a first vice-president and one or more vice presidents, a secretary and a treasurer. Such officers shall be elected at the first meeting of the Board of Directors after these by-laws become effective, and thereafter at the regular meeting of the Board of Directors following each annual meeting of shareholders, and shall serve until the meeting of the Board of Directors following the next annual meeting of shareholders and until their successors shall have been elected and qualify.

**Section 2. Assistants:** The Board of Directors may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the Board. Such assistants, if any, in any order determined by the Board of Directors shall, in the absence or disability of the secretary or treasurer, shall perform the duties and exercise the powers of the secretary or treasurer, and shall perform such other duties as the Board of Directors or the secretary or treasurer, as the case may be, shall prescribe.

**Section 3. Qualifications: Removal and Vacancies:** None of the officers need be a member of the Board of Directors except the president and first vice president. One person may hold two offices at the same time, except that the same person may not hold the offices of president and secretary. Any officer appointed by the Board of Directors pursuant to the provisions of Sections 1 and 2 of this Article IV may be removed by the Board of Directors at any time, with or without cause. A vacancy occurring in any office may be filled by the Board of Directors at any time.

**Section 4. Duties of President and Vice Presidents:** The president shall preside at all meetings of the shareholders and of the Board of Directors. The first vice president shall preside at such meetings in the event that the president is unavailable. The president or any vice president shall sign in the name of the Corporation all certificates for shares of the corporation, proprietary and other leases and subleases, contracts and other instruments which are authorized from time to time by the Board of Directors. The president, subject to the control of the Board of Directors, shall have general management of the affairs of the Corporation and perform all the duties incidental to the office. If the president and the first vice president are absent from the City of New York or are unable to act, the vice presidents, in order of seniority, shall have the powers and perform the duties of the president.

**Section 5. Duties of Treasurer:** The treasurer shall have the care and custody of all funds and securities of the Corporation, and shall deposit such funds in the name of the Corporation in such bank or trust companies as the directors may determine, and he or she shall perform all other duties incidental to his or her office. If so required by the Board of Directors, he or she shall, before receiving any such funds, furnish to the Corporation a bond with a surety company as surety, in such form and amount as the Board of Directors from time to time shall determine. The premium upon such bond shall be paid by the Corporation. As promptly as possible after the close of each calendar year, but in no event later than March 15th after the close of such calendar year, the treasurer shall cause to be furnished to each tenant-shareholder whose proprietary lease is then in effect, a statement of the amount, allocated on a per share basis, of rental paid by such tenant-shareholder under his or her proprietary lease during such year which has been used by the Corporation for the payment of taxes on the real property owned by the Corporation, interest on any mortgage indebtedness, the principal of any mortgage, and any other capital expenditure, and such other information as may be necessary to permit him to compute his or her income tax liability or income tax benefits that may accrue to him in respect thereof.

Within four months after the end of each fiscal year of the Corporation, the treasurer shall cause to be transmitted to each tenant-shareholder whose proprietary lease is then in effect an annual report of operations, including a balance sheet and a statement of income and expenses of the Corporation, certified by an independent certified public accountant.

**Section 6. Duties of Secretary:** The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of the shareholders; shall attend



to the giving and serving of all notices of the Corporation; shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors, or these by-laws; shall attest every certificate of shares issued by the Corporation, and shall have the authority to sign in the name of the Corporation all proprietary leases authorized from time to time by the Board of Directors; and shall also perform all other duties incidental to his or her office. The Secretary shall cause to be kept a shareholders' record book containing the names, alphabetically arranged, and addresses, of all shareholders, the number of shares held by each, the dates when they respectively became the owners of record thereof, the amount paid therefor and the denomination and the amount of all issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law.

**Section 7. Compensation of Officers:** No salary or other compensation for services shall be paid to any shareholder officer of the Corporation for services rendered as such officer, but this shall not preclude any officer of the Corporation from performing any other service for the Corporation and receiving compensation therefor provided there is full compliance with the Corporation's Code of Ethics and applicable law.

## **ARTICLE V Proprietary Leases**

**Section 1. Form of Lease:** The Board of Directors shall adopt a form of proprietary lease to be used by the Corporation for the leasing of all apartments in the apartment buildings of the Corporation and, where applicable, automobile parking spaces (to which shares of the Corporation have been allocated) to tenant-shareholders. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting and use of the premises demised thereby and the sale and/or transfer of the shares of the Corporation allocated to the apartment and, where applicable, automobile parking spaces covered thereby, and such other terms, provisions, conditions and covenants as the Board of Directors may determine. After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases subsequently executed and delivered shall be the same (except with respect to the statement as to the number of shares owned by the lessee and the date of the commencement of the term), unless varied in accordance with the terms thereof.

**Section 2. Assignment:** Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the Corporation or with the managing agent of the apartment buildings of the Corporation.

**Section 3. Allocation of Shares:** The Board of Directors shall allocate to each apartment in the apartment buildings of the Corporation and to each parking space to



be leased to tenant-shareholders under proprietary leases, the number of shares of the Corporation that must be owned by the proprietary lessee of such apartment or parking space, as the case may be. The allocations of shares to an apartment or parking space shall bear a reasonable relationship to the portion of the value of the Corporation's equity in its apartment buildings and appurtenant property which is attributable to the apartment or parking space, as the case may be, on the date of issuance of the shares.

**Section 4. Fees on Assignment, Subletting or Reallocation:** (a) Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, (i) the Board of Directors shall have authority before an assignment of a proprietary lease or a subletting thereunder, or a reallocation of shares takes effect as against the Corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation in connection with each such proposed transaction, and may direct that such attorneys' fees be paid directly to the attorneys; and (ii) in connection with any such transaction, the Board of Directors may, at its option, require a credit or title search, at the expense of the tenant-shareholder(s) of the subject apartment(s) and/or parking space(s), as the Board of Directors sees fit.

(b) **Transfer Fee:** In addition to all present administrative fees, a transfer fee shall be paid in cash to the Corporation by the outgoing shareholder and the incoming shareholder equally in the amount of one (1%) percent of the gross purchaser price, upon the sale of shares of stock and the assignment of the proprietary lease of the Corporation for a total transfer fee of two (2%) percent, except if the transfer is an "Excluded Resale" as hereinafter defined. In addition, the Board of Directors may, at its option by resolution, by the majority of the Board of Directors, reduce the amount of the transfer fee, but the Board of Directors may not impose a transfer fee in excess of that set forth herein.

Said transfer fees shall be applicable to all contracts for the sale and the assignments of proprietary leases and shares of stock of the Corporation executed subsequent to November 1, 2006, with the exception of Excluded Resales, which shall mean the following sales and transfers, all of which are exempt from the payment of the transfer fee:

- (i) transfers to a secured party.
- (ii) transfers between spouses, or to children, grandchildren, parents or grandparents, if they do not involve cash or other valuable consideration, if permitted by corporate documents and rules and regulations.
- (iii) transfers by will or intestate succession or by operation of law if they do not involve cash or other valuable consideration.
- (iv) transfers by present shareholders who purchase a replacement apartment within thirty (30) days either prior or subsequent to the sale of their present apartment.

(v) transfers by a shareholder to a trust for the benefit of the shareholder if the transfer does not involve cash or other valuable consideration.

(vi) any sale of unsold shares or transfer of Proprietary Leases by holders of unsold shares.

All monies received from the transfer fee shall be deposited in the Corporation's Reserve Fund for major capital improvements.

(c) Mandatory Membership: In addition to all present administrative fees, transfer fees and other fees, all new shareholders and signatories of proprietary leases and all other persons residing in the apartments on a full time basis, with the exception of children of shareholders under the age of thirteen shall be required to become general members of Towers Country Club, Incorporated, the entity that operates the recreational facilities at the property and continue to remain a member until such time as they divest themselves of ownership of the stock and leases of the Corporation and at that time their membership must terminate.

Such mandatory membership shall apply to all persons who become shareholders and signatories to proprietary leases of the Corporation subsequent to March 1, 2003, including all other persons residing in the apartment on a full time basis.

In addition, parties to the following transactions shall be exempt from mandatory membership:

(i) Transfers of title to secured parties as a result of a default by the shareholder;

(ii) Transfers between spouses, or to children, grandchildren, parents, if they do not involve cash or other valuable consideration, if permitted by the corporate documents rules and regulations;

(iii) Transfers by will or interstate succession or by operation of law if they do not involve cash or other valuable consideration;

(iv) Transfers by present shareholders who purchase a replacement apartment within sixty (60) days either prior or subsequent to the sale of their present apartment;

(v) Transfers by a shareholder to a trust f/b/o the shareholder if the transfer does not involve cash or other valuable consideration;

(vi) Any purchaser who purchases from the sponsor and/or holder of unsold shares.

In addition, the payment of the membership fees as required by this section shall be deemed as rent and/or additional rent pursuant to section 1(a) of the proprietary



lease and said provision shall be deemed to include the terms of this section which shall cause a default in additional rent and all remedies will be available to the Corporation in accordance with the proprietary lease to collect said payments.

The provisions of this section are not applicable to the sponsor or holder of unsold shares.

**Section 5. Lost Proprietary Leases:** In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board of Directors may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary and to give the Corporation a bond in such reasonable sum as it directs, not exceeding double the value of the shares appurtenant to such lease, to indemnify the Corporation.

**Section 6. Regrouping of Space:** (a) The Board of Directors, upon the written, request of the owner or owners of the shares appurtenant to one or more proprietary leases covering one or more apartments in the apartment buildings may, in its discretion, at any time, permit such owner or owners, at his or her or their own expense, as determined or approved by the Board of Directors:

(i) to subdivide any apartment into any desired number of apartments, (ii) to combine all or any portions of any such apartments into one or any desired number of apartments; and (iii) to reallocate the shares issued to accompany the proprietary lease or leases, but, subject to subsection (b) of this Section, the total number of the shares so reallocated shall not be more or less than the number of shares previously allocated to the apartment or apartments involved; or

(b) to incorporate one or more rooms or other space in the buildings not covered by any proprietary lease, into one or more apartments covered by a proprietary lease, whether in connection with any regrouping of space pursuant to subsection (a) of this Section or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of theretofore unissued shares to be issued and allocated in connection with the appropriation of such additional space, in accordance with the principle set forth in Section 3 of this Article V.

Upon any regrouping pursuant to subsections (a) or (b) above, the proprietary leases so affected, and the accompanying certificates of shares, shall be surrendered and there shall be executed and delivered in place thereof, respectively, a new proprietary lease for each separate apartment involved, and a new certificate of shares for the number of shares so reallocated to each new proprietary lease.



**Section 7. Change in Number of Shares Appurtenant to Lease Upon Transfer of Parking Space:** Upon a transfer, in compliance with all of the terms of the proprietary lease, of the shares allocated to a single parking space or a pair of tandem parking spaces, (a) Exhibit A to each of the proprietary leases affected shall be amended to reflect the removal from the transferor's proprietary lease and addition, to the transferee's proprietary lease of the parking space(s) and number of shares allocated thereto, and the date of such change in each case, and (b) the certificates of shares appurtenant to each of such proprietary leases shall be surrendered to the Corporation and a new certificate reflecting such increased or decreased number of shares, as the case may be, shall be issued and delivered to the respective lessees of such proprietary leases.

**Section 8. Allocation of Shares to Additional Space:** The Board of Directors may, in its discretion, authorize the conversion of space in the buildings or in the parking garage or elsewhere on the Corporation's property not covered by a proprietary lease, into space suitable for the primary purposes of the Corporation, as set forth in the certificate of incorporation, allocate theretofore unissued shares to such space, and authorize the execution of a proprietary lease or leases covering such space.

## **ARTICLE VI Capital Shares**

**Section 1. Authorization and Rights:** Except as provided in Article V, Section 7 of these by-laws, no shares hereafter issued or acquired by the Corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the Corporation of a proprietary lease of an apartment and, if applicable, parking space(s). The ownership of shares shall entitle the holder thereof to occupy the apartment and, if applicable, parking space(s) for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreements contained in such proprietary lease.

**Section 2. Form and Record of Shares:** Certificates of shares of the Corporation shall be in the form adopted by the Board of Directors, and shall be signed by the president or a vice president, and by the secretary or an assistant secretary and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Certificates shall be bound and issued in consecutive order, and in the margin or stub thereof shall be entered the name of the person holding the shares therein represented, the number of shares, the date of issue, and the name of the transfer agent. Each certificate exchanged or returned to the Corporation shall be cancelled, and the date of cancellation shall be indicated thereon by the transfer agent, and such certificate shall be immediately pasted in the certificate book opposite the memorandum of its issue.

**Section 3. Issuance of Certificates:** Shares allocated to the apartment and, if applicable, parking space(s) covered by each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment and, if applicable, parking

space(s) or other space described in such proprietary lease and shall be represented by a single certificate. Unless and until all proprietary leases which shall have been executed by the Corporation shall have been terminated, no shares shall be issued, transferred or reissued except to tenants under proprietary leases.

**Section 4. Transfers:** Transfers of shares shall be made upon the books of the Corporation only by the holder in person or by power of attorney, duly executed and filed with the secretary of the Corporation and upon the surrender of the certificate for such shares, except that shares sold by the Corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. No transfer of shares shall be valid as against the Corporation, its shareholders and creditors for any purpose, except to render the transferee liable for the debts of the Corporation to the extent provided for in the Business Corporation Law or any other applicable provision of law, until it shall have been entered in the shares ledger, or as required by any then existing applicable provision of law, by an entry stating from whom and to whom transferred. Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, the Board of Directors shall have authority before an assignment of shares takes effect as against the Corporation, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation in connection with each such proposed assignment, and may direct that such attorneys' fees be paid directly to the attorneys.

**Section 5. Units of Issuance:** Except as otherwise provided in Article V, Section 6, unless and until all proprietary leases which shall have been executed by the Corporation shall have been terminated, the shares appurtenant to each proprietary lease shall not be sold or assigned except as an entirety (except that shares allocated to a parking space or a pair of tandem parking spaces may be sold or assigned separately as permitted by the proprietary lease) to the Corporation or an assignee of such proprietary lease, after compliance with and satisfying the requirements of such proprietary lease in respect to the assignment thereof.

**Section 6. Corporation's Lien:** The Corporation shall at all times have a lien upon the shares owned by each shareholder, which shall be superior to all other liens, for all indebtedness and obligations owing and to be owing by such shareholder to the Corporation, arising under the provisions of any proprietary lease issued by the Corporation and at any time held by such shareholder, or otherwise arising. Unless and until such shareholder as lessee shall default in the payment of any rent or in the performance of any of the covenants or conditions of such proprietary lease, and/or unless and until such shareholder shall make default in the payment of any indebtedness or obligation owing by such shareholder to the Corporation otherwise arising, such shares shall continue to stand in the name of the shareholder upon the books of the Corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Board of Directors may refuse to consent to the transfer of such shares until any indebtedness of the shareholder to the Corporation is paid. The Corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the Corporation of such lien, or to the nominee of



such purchaser, a certificate of the shares so purchased substantially in the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares theretofore issued to such defaulting shareholder shall become void and such defaulting shareholder agrees to surrender such last mentioned certificate to the Corporation upon the latter's demand, but the failure of such defaulting shareholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof.

**Section 7. Lost Certificates:** In the event that any certificate of shares is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate in the same tenor and for the same number of shares in lieu thereof. The Board of Directors may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary and to give the Corporation a bond in such reasonable sum as it directs, but not more than double the value of the shares, to indemnify the Corporation.

**Section 8. Legend on Stock Certificates:** Unless and until all proprietary leases which shall have been executed by the Corporation shall have been terminated, all certificates representing shares of stock of the Corporation shall bear a legend reading as follows:

"The rights of any holder of the shares evidenced by this certificate are subject to the provisions of the certificate of incorporation and the by-laws of North Shore Towers Apartments Incorporated and to all the terms, covenants, conditions, provisions and agreements with respect to the election of directors contained in a certain proprietary lease made between North Shore Towers Apartments Incorporated, as lessor, and the person in whose name this certificate is issued, as lessee, for an apartment in the premises known as North Shore Towers, 269-10, 270-10 and 271-10 Grand Central Parkway, Floral Park, New York, which limit and restrict the title and rights of any transferee of such shares and this certificate. The shares represented by this certificate are transferable only as an entirety, except that shares allocated to a parking, space or a pair of tandem parking spaces may be transferred separately, pursuant to Paragraph 16(b) of the aforementioned proprietary lease, and only to an approved assignee of such proprietary lease or to an approved transferee under said Paragraph 16(b). Copies of the certificate of incorporation, by-laws and the proprietary lease are on file and available for inspection at the office of the Corporation.

"Pursuant to the certificate of incorporation and by-laws, certain actions of the Board of Directors and of the shareholders require a greater quorum and/or a greater vote than would otherwise be required by law.

"Pursuant to the by-laws, the Corporation has a lien on the shares represented by this certificate for all sums due and to become due under the aforementioned proprietary lease and the Board of Directors of North Shore Towers Apartments

Incorporated may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the shareholder to the Corporation is paid."

**Section 9. Distributions:** The tenant-shareholders shall not be entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the Corporation, except upon a complete or partial liquidation of the Corporation.

## **ARTICLE VII Seal**

**Form:** The seal of the Corporation shall contain, within a circle, the name of the Corporation, the words "Corporate Seal New York", and the year of incorporation.

## **ARTICLE VIII Negotiable Instruments**

**Section 1. Checks, etc.:** All checks, drafts, orders for payment of money and negotiable instruments shall be signed by such officer or officers or employee or employees as the Board of Directors may from time to time, by standing resolution or special order, prescribe.

**Section 2. Transfer of Securities:** Endorsements on transfers of shares, bonds or other securities shall be signed by the president or any vice president and by the secretary or an assistant secretary unless the Board of Directors, by special resolution in one or more instances, prescribes otherwise.

**Section 3. Safe Deposit Boxes:** Such officer or officers, as from time to time shall be designated by the Board of Directors, shall have access to any safe of the Corporation in the vault of any safe deposit company.

**Section 4. Securities:** Such officer or officers as from time to time shall be designated by the Board of Directors shall have power to control and direct the disposition of any shares, bonds or other securities or property of the Corporation deposited in the custody of any trust company, bank or other custodian.

## **ARTICLE IX Fiscal Year**

**Calendar Year:** The fiscal year of the Corporation shall be the calendar year.



**ARTICLE X**  
**Indemnification of Directors,**  
**Officers and Employees**

**Section 1. Right to Indemnification:** Any person made a party to any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he/she, his/her testator or intestate, is or was a director or officer of the Corporation, shall be indemnified by the Corporation, to the full extent permitted by law. The Corporation, upon affirmative vote of the Board of Directors, a quorum of directors being present at the time of the vote who are not parties to the action or proceeding, shall:

(a) Advance to such director or officer all sums found by the Board of Directors, so voting, to be necessary and appropriate to enable the director or officer to conduct his or her defense, or appeal, in the action or proceeding; and

(b) Indemnify such director or officer for all sums paid by him or her in the way of judgments, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees actually necessarily incurred, in connection with the action or proceeding, or appeal therein, subject to the proper application of credit for any sums advanced to the director or officer pursuant to clause (a) of this section.

Any person, made, or threatened to be made, a party to an action, suit 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, suit or proceeding by or in the right of any other Corporation of any type or kind, domestic or foreign, which any director or officer of the Corporation served in any capacity at the request of the Corporation, by reason of the fact that he or she, his or her testator or intestate, was a director or officer of the Corporation, or served such other Corporation in any capacity, shall be indemnified by the Corporation against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Corporation, and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of 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 he or she reasonably believed to be in the best interests of the Corporation, or that he or she had reasonable cause to believe that his or her conduct was unlawful.

**Section 2. No Indemnification of Directors or Officers:** Pursuant to section 721 of the Business Corporation Law, no indemnification shall be made to or on behalf of any director or officer, if a judgment or other formal adjudication adverse to the

director or officer establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of profit or other advantage to which he or she was not legally entitled.

**Section 3. Indemnification – Action in Good Faith:** Pursuant to section 722 of the Business Corporation Law, indemnification of a director or officer who acts in good faith for a purpose which he or she reasonably believes to be in the best interest of the Corporation, and termination of an action by judgment or settlement does not by itself create a presumption that the standard of conduct has not been met.

**Section 4. Other Rights and Payment:** Any such right of indemnification as set forth in Section 1 of Article X of these by-laws shall not be deemed exclusive of any other rights to which any such director or officer may be lawfully entitled either (a) apart from the provisions of Sections 722 and 723 of the Business Corporation Law or (b) under and by virtue of Section 725 of the Business Corporation Law. Any amount payable by way of indemnity shall be determined and paid in accordance with Sections 724 and/or 725 of the Business Corporation Law or in any other lawful manner.

#### **ARTICLE XI Sale, Lease, Demolition or Disposition of Property**

No decision to demolish or reconstruct any building standing on the land owned or leased by the Corporation, or to sell or exchange the Corporation's fee simple interest therein, or to lease any such building in its entirety or substantially in its entirety, shall be made except upon the affirmative vote of two-thirds of the total number of directors of the Corporation who are members of the Board of Directors at the time such determination is voted upon and upon the approval of the holders of two-thirds of the shares of the Corporation then issued and outstanding.

#### **ARTICLE XII Amendments**

With the exception of changing the number of directors as provided in Section 1 of Article III of these by-laws, these by-laws may be amended, enlarged or diminished only by the affirmative vote of the holders of a majority of the shares of the Corporation represented at any meeting of shareholders, or by the affirmative vote of two-thirds of the number of directors fixed pursuant to Section 1 of Article III of these bylaws, and then only in conformity with the certificate of incorporation of the Corporation. The notice of any meeting of shareholders or of the Board of Directors at which such an amendment shall be considered shall set forth the text or substance of the proposed amendment.