

BY-LAWS
OF
WESTCHESTER GARDENS OWNERS, INC.

ARTICLE I
Purpose and Place of Business

Section 1. Purpose: The primary purpose of the corporation is to provide residences to shareholders who shall be entitled, solely by reason of their ownership of shares, to proprietary leases for apartments in the building owned by the corporation.

Section 2. Location of Office: The principal office and place of business of the corporation shall be in the County of Westchester, City of New York, or at such other place as may be designated by the Board of Directors.

ARTICLE II
Meetings of Shareholders

Section 1. Annual Meeting: The first annual meeting of the shareholders of this corporation, for the election of directors and such other business as may properly come before such meeting, shall be held within 30 days after the closing under the Offering Plan: 445 Gramatan Avenue, Mount Vernon, New York, and subsequent annual meetings shall be held in May of each year, commencing with the year following the year in which the annual meeting is held. Such meetings shall be at a place in the County of Westchester, City of New York, and at a date and time, as shall be determined by the Board of Directors. Written notice of each meeting shall be signed by 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, or personally or mailed to each such shareholder, not less than ten nor more than fifty 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 to each shareholder entitled to vote at such meeting not less than ten nor more than

fifty 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 proprietary lease.

Section 3. Notice and Waiver of Notices: Any notice given by mail shall be directed to each such shareholder at his address as it appears on the shareholders' record book, unless he 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 shareholders' meeting 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 notice by him.

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, a majority 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: 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 elsewhere in these bylaws. 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 name at the time notice of such meeting was given to him, or at such time, not more than fifty 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 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. Voting by shareholders shall be viva voce 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, and in addition, the name of the proxy of such ballot if cast by a proxy.

Section 6. Inspectors of Election: The Board of Directors in advance of any meeting of shareholders may appoint one 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 shareholders' meeting 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 in advance of meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his 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 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. Consent of Shareholders: Whenever the 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 action so taken and signed by the holders of all outstanding shares entitled to vote thereon.

Section 8. Order of Business: At each meeting of shareholders, the president, or in his absence a vice president, shall act as chairman of the meeting. The secretary, or in his 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 the directors of the corporation is hereby fixed at three until the first annual meeting of the shareholders at which time the number of directors of the corporation shall automatically be fixed at five. 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.

Section 2. Qualification and Election: Directors shall be at least eighteen years of age but need not be residents of the State of New York or shareholders of the corporation. The directors constituting the first Board of Directors shall be elected by the incorporator at the organization meeting of the incorporator. The directors, other than those constituting the first Board of Directors, shall be elected at each annual meeting of shareholders, or at a special meeting called for that purpose.

At all elections of directors, each shareholder shall be entitled to as many votes as shall equal the number of votes which (except for the provisions of this Section 2 of Article III) he would be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors to be elected, and each shareholder may cast all such votes for a single director or may distribute them among the number of directors to be voted for, or any two or more of them, as such shareholder may see fit. The term of office of the directors elected by the incorporator shall be until the date herein fixed for the first annual meeting of the shareholders and thereafter until their respective successors are elected and qualify. The term of office of directors elected at the first annual meeting of shareholders and at meetings subsequent thereto shall be until the date herein fixed for the next succeeding annual meeting of the shareholders, and thereafter until their respective successors are elected and qualify.

Section 3. Rights of Holders of Unsold Shares: The Sponsor shall have the right to pledge the Unsold Shares to a lending institution. Holders of unsold Shares shall have such rights as are granted to holders of Unsold Shares under Section 9 of Article III, Section 6 of Article V, and Article XII.

Section 4. 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 successor shall have been elected and qualifies.

Section 5. Management of the Corporation: The business affairs of the corporation and the operation of its apartment building 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 6. Meetings: Meetings of the Board of Directors, regular or special, may be held either at the principal office of the corporation or elsewhere within the State of New York as provided in the notice calling the meeting. The first meeting of each newly elected Board of Directors shall be held immediately after the annual meeting of the shareholders and 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 or by mail or by telegram; 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. Any one or more of the directors may participate in meetings of the Board of Directors by means of a conference telephone or other similar communications equipment allowing all persons participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in persons at such meeting. Notwithstanding anything to the contrary contained herein, any action required or permitted to be taken by the Board of Directors or any committee thereof, including, without limitation, the Executive Committee referred to in Section 11 of this

Article III, may be taken without a meeting if all of the members of the Board of Directors or the Committee, as the case may be, consent in writing to the adoption of a resolution authorizing the action.

Section 7. Resignation and Removal: 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.

If any director who was a shareholder at the time of his selection as a director ceases to be a shareholder, he shall be deemed to have resigned as a director.

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 in accordance with the Certificate of Incorporation. Notwithstanding the foregoing, no director may be removed when the votes cast against his removal would be sufficient to elect him if voted cumulatively at an election at which the same total number of votes were cast and the entire Board of Directors or the entire class of directors of which he is a member, were then being elected.

Section 8. Compensation: 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 therefor.

Section 9. 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 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 may be the corporation 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.

The Board of Directors has the power to establish any needed reserves for capital purposes, including (without limitation) reserves for capital improvements, capital repairs or alterations or modifications to the

building structure and components, and including a reserve for mortgage amortization, payments to which reserves shall be treated on the corporate books as capital contributions and not as income.

Sponsor, as a holder of Unsold Shares, and other holders of Unsold Shares, shall not exercise voting control over the Board of Directors after the fifth anniversary of the Closing Date, or whenever the Unsold Shares constitute less than fifty percent (50%) of the issued and outstanding shares, whichever event shall first occur.

Notwithstanding the foregoing, so long as the Unsold Shares constitute twenty-five (25%) percent or more of the issued and outstanding shares of the Corporation and five (5) years have not elapsed since the Closing Date, the Board of Directors shall not take any of the following actions unless shareholders owning at least seventy-five (75%) percent of the shares of the Corporation approve same in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purposes:

(a) increase the number or change the type of employees from that described in the "Projected Budget for First Year of Operation";

(b) provide for new or additional services from those indicated in the "Projected Budget for First Year of Operation", unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is no greater than that provided therein;

(c) impose any rent, maintenance, assessment or other charge (regular or special) against tenant-shareholders for the purpose of making any capital or major improvement or addition, unless required by law; or

(d) establish any reserves including (without limitation) a reserve for contingencies, repairs, improvements or replacements, other than a twelve (12) month reserve for contingencies not exceeding five (5%) percent of the budgeted operating expenses (exclusive of mortgage debt service) for the ensuing twelve (12) months of cooperative operation.

Notwithstanding the foregoing, the Corporation may take any of the actions enumerated in clauses (a) through (d) above if the cost of such actions, when added to all other budgeted expenses of the Corporation, shall not result in increasing the maintenance charges for any year of operation by more than 5% above the previous year's maintenance charges, or if required: (i) to comply with applicable law or regulation; (ii) to remedy any notice of violation; or (iii) to remedy any work order by a mortgagee or an insurer; or (iv) to remedy a notice of default from a mortgagee.

Section 10. House Rules: The Board of Directors may, from time to time, adopt and amend such reasonable 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 11. 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. Any one or more of the members of the Executive Committee may participate in meetings of the Executive Committee by means of a conference telephone or other similar communications equipment allowing all person participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in person at such meeting.

ARTICLE IV

Officers

Section 1. Number and Election: The officers of the corporation shall be a president, 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 order of their seniority or in any other order determined by the Board of Directors shall, in the absence or disability of the secretary or treasurer, as the case may be, perform the duties and exercise the powers of the secretary or treasurer, as the case may be, 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. 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 Section 1 and 2 of the Article IV may be removed by the Board of Directors at any time, with or without cause. Vacancies occurring in any office may be filled by the Board of Directors at any time. If any officer who was a shareholder at the time of his selection as an officer ceases to be a shareholder, he shall be deemed to have resigned as an officer.

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 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 is absent from the City of Mount Vernon or is unable to act, the vice president if there is only one, or if there is more than one the vice president senior in rank (or, if he is absent or unable to act, the vice president next senior in rank) 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 Board of Directors may determine, and he shall perform all other duties incidental to his office. If so required by the Board of Directors, he 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 receipts, disbursements and paid-in surplus of the corporation during such year, on which statement shall be indicated the amount, allocated on a per share basis, of rental paid by tenant-shareholders under their proprietary leases 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 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 profit and loss statement, 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; he 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. He shall also perform all other duties incidental to his office. He 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 date when they respectively become 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: No salary or other compensation for services shall be paid to any officer of the corporation for services rendered as such officer, but this shall not preclude an officer of the corporation from performing any other service for the corporation and receiving compensation therefor.

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 building of the corporation (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 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 building of the corporation.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment in the apartment building of the corporation 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. The allocations of shares to an apartment shall be the same for each such apartment. The allocations of shares to an apartment shall bear a

reasonable relationship to the portion of the value of the corporation's equity in the apartment building and the land which is attributable to the apartment on the date of issuance of the shares.

Section 4. Fees on Assignment, Subletting or Reallocation: Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, (a) 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 (b) 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), as the Board of Directors sees fit.

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 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 the Space: 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 building may, in its discretion, at any time, permit such owner or owners, at his or their own expense, as determined or approved by the Board of Directors:

(a)(i) to subdivide any apartment into any desired number of apartments, (ii) 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 servant's rooms or other space in the building 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.

The holders of Unsold Shares, however, shall have the absolute right, without payment of any fee or charge, to change the size and layout of any apartment including the right to subdivide any apartment owned by any of them into two or more apartments, or to combine all or any portion of such apartments into any desired number of apartments, provided such alterations do not unreasonably encroach on public areas commonly used as such.

Section 7. Allocation of Shares to Additional Space: The Board of Directors may, in its discretion, authorize the conversion of space in the building 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: 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. The ownership of shares shall entitle the holder thereof to occupy the apartment 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 same 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 covered by each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment or other space

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 of the same tenor and for the same number of shares in lieu thereof. The Board 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 WESTCHESTER GARDENS OWNERS, INC. and to all the terms, covenants, conditions, provisions and agreements contained in a certain proprietary lease made between WESTCHESTER GARDENS OWNERS, INC. as lessor, and the person in whose name this certificate is issued, as lessee, for an apartment in the premises known as 445 Gramatan Avenue, Mount Vernon, 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 and only to an approved assignee of the aforementioned proprietary lease. 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 aforesaid proprietary lease and the Board of Directors 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

Section 1. Form: The seal of the corporation shall contain, within a circle, the name of the corporation, the words "Corporate Seal Westchester", 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: Endorsement 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

Section 1. 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, his testator or intestate, is or was a director or officer of the corporation, shall be indemnified by this corporation, to the extent permitted and in the manner provided by law, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the corporation under Section 717 of the Business Corporation Law of the State of New York, but such indemnification shall in no case include:

(1) Amounts paid in settling or otherwise disposing of a threatened action, suit or proceeding, or a pending action, suit or proceeding, with or without court approval, or

(2) Expenses incurred in defending a threatened action, suit or proceeding, or a pending action, suit or proceeding, which is settled or otherwise disposed of without court approval.

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, his testator or intestate, was director or officer of the corporation, or served such other corporation in any capacity, shall be indemnified by this 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 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 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 reasonably believed to be in the best interests of the corporation, or that he had reasonable cause to believe that his conduct was unlawful.

Section 2. 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 director or officer may be lawfully entitled either (a) apart from the provisions of Sections 722 and 723 by virtue of Section 725 of the Business Corporation

Any amount payable by way of dividend shall be determined and paid in accordance with Sections 724 and/or 725 of the Business Corporation Law of the State of New York or in any other lawful manner.

ARTICLE XI

Sale, Lease, Demolition or Disposition of Property

Section 1. 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 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

Section 1. By the Shareholders. These By-Laws may be amended, altered, repealed or added to at any shareholders' meeting by vote of shareholders of record, present in person or by proxy, of at least two-thirds (2/3) of the then issued and outstanding capital shares, provided that the proposed amendment or the substance thereof has been inserted in the notice of meeting or that all of the shareholders are present in person or by proxy. The consent of all holders of Unsold Shares shall be required where such amendment, alteration, repeal or addition would materially affect the rights of holders of Unsold Shares.

Section 2. By the Directors: The Board of Directors may, by a vote of the majority of the then authorized total number of directors at any meeting (regular or special) of the board, make, alter, amend, or repeal these By-Laws, other than Article I Section 3, Article II Section 5, Article III Sections 8 and 9, Article IV Section 7, Article V Sections 1 and 6; provided, however, that the proposed amendment or the substance thereof shall have been contained in the notice of said meeting or that all directors shall be present in person and, provided further, that the Board may not repeal or modify an amendment to these By-Laws adopted by the shareholders pursuant to Section 1 of this Article XII.

Section 3. General. Anything herein contained to the contrary notwithstanding, these By-Laws and any provision hereof may not be altered, amended or repealed in such a manner as would adversely affect the rights or interests of the Sponsor under said Offering Plan (or its successors and assigns) in any shares and accompanying proprietary leases that may have been pledged with the Sponsor in connection with financing the purchase of apartments in the building.