

**BY-LAWS
OF
VAIL'S GROVE COOPERATIVE, INC.**

**ARTICLE I.
Place of Business**

SECTION 1. The principal office and place of business of the Corporation shall be in the County of Westchester, State of New York, or at such other place as may be designated by the Board of Directors.

**ARTICLE II.
Meeting of Stockholders**

SECTION 1. Annual Meeting of Stockholders. The annual meeting of Stockholders for the election of directors, and for such other business as may properly come before such meeting, shall be held at the principal office of the Corporation, or such other place as may be specified in the Notice of the Meeting, on a date and time determined by the Board of Directors as specified in the Notice of the Meeting.

SECTION 2. Special Meetings. Special Meetings of Stockholders, other than those the call of which is regulated by statute, may be called at any time 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 by twenty-five (25%) percent of the Stockholders of the Corporation, where the purpose of such special meeting is to review actions of the Board of Directors. No business other than that stated in the Notice of Meeting shall be transacted at such meetings.

SECTION 3. Notice of Meetings. Notice of all meetings shall be in writing signed by the Chairperson of the Board, Vice-Chairperson, Vice-President or Secretary, shall state the time, place and object thereof. The Secretary shall cause a copy thereof to be delivered personally or mailed to each Stockholder of record entitled to vote thereat, not less than ten (10) days nor more than sixty (60) days before the meetings, and during the months of July and August, prominently displayed at the place of business and at least one (1) common area of the place of business of the Corporation. If mailed, it shall be directed to each such Stockholder at his address appearing on the stock book unless written request shall have been filed by him with the Secretary that Notice be mailed to some other address, in which case Notice shall be mailed to such other address. No business other than that stated in the Notice of Meeting shall be transacted at such meeting so called.

SECTION 4. Waiver of Notices. Any Stockholders' meeting shall be valid for all purposes if all the outstanding capital stock is represented thereat or if a quorum is present as provided in the next succeeding section, 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 such Stockholders as are not present who were not given such notice.

SECTION 5. Quorum. At each meeting of Stockholders, except where otherwise provided by law, twenty-five (25%) percent of the Stockholders of the Corporation shall constitute a quorum. In case a quorum shall not be present at any meeting, or adjourned meeting, a majority of the Stockholders present may adjourn the meeting to a future time and place. No Notice of the time and place of the adjourned meeting need be given other than by announcement at the time of adjournment.

SECTION 6. Voting. At each meeting of Stockholders, one (1) Stockholder present representing each Proprietary Lease shall be entitled to one (1) vote if he is a Stockholder of record in good standing at the time of service of Notice of such meeting. Voting by Stockholders shall be by voice or by proxy duly executed and filed with the Secretary before such meeting unless any Stockholder present at the meeting demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the Stockholder voting.

SECTION 7. Inspectors of Election. Inspectors of election shall not be required to be appointed at any meeting of Stockholders unless requested by a Stockholder present in person and entitled to vote at such meeting. On the making of such request, inspectors shall be appointed or elected as provided in Section 620 of the Business Corporate Law.

SECTION 8. Order of Business. At each meeting of Stockholders, the Chairperson of the Board, or in his absence the Vice-Chairperson, shall act as Chairperson of the meeting. If both shall be absent, the Vice-President shall preside, or in his absence the Treasurer and the Secretary, or in his absence or disability such person as may be elected by vote of a majority of the Stockholders present, shall act as Secretary of the meeting.

ARTICLE III. Directors

SECTION 1. Number. The number of directors is hereby fixed at thirteen (13), but may be increased to fifteen (15) or decreased to seven (7) by amendment of the By-Laws.

SECTION 1(a). Election. Annual Election of Directors shall be held at the Annual Meeting of Stockholders based upon the Secretary placing in nomination the name of any Stockholder qualified to hold an office as director after such name has been submitted to the Cooperative at least fifteen (15) days prior to the date of the Annual Meeting of Stockholders by the signature of ten (10) Stockholders of record in good standing. Any such name submitted to the Secretary for nomination as aforesaid must be accompanied by a written declaration made by the candidate indicating that he is a Stockholder in good standing, that he accepts said nomination and that, if elected to the Board of Directors, he will serve in such capacity and take the oath of Office as herein set forth together with the candidate's certification that he/she has never been convicted of any crime and that he/she has not resigned, voluntary or involuntary, or

been removed from the position of Director of the Board of Directors in a period of one year immediately preceding his/her candidacy. All candidates sworn in to hold office shall be required to sign the Conflict of Interest Policy, copies of which will be kept on file in the office and updated annually. The List of Candidates submitted shall be reviewed by the Election Committee.

SECTION 1(b). Definition of Terms. For the purposes of these By-Laws, the following words and terms shall have the meaning hereafter set forth:

a) **List of Candidates** shall mean the list of Stockholders in good standing, as reviewed by the Election Committee, who have submitted their names as candidates for election to the Board of Directors at the Annual Meeting of Stockholders.

b) Stockholder **in Good Standing** shall mean:

1. Any Stockholder current in all quarterly charges and all other charges, including real estate taxes

2. Any Stockholder not in default under the terms of his/her Proprietary Lease in which at least ten (10) days' written notice has been given by the Cooperative.

c) **Election Committee** shall mean a Committee appointed by the Chairperson of the Board of Directors, in accordance with Article III, Section 11, of the By-Laws, with the specific duty to timely submit to the Secretary a list of candidates, as elsewhere provided for herein. Such Committee shall be composed of five (5) Stockholders in good standing and willing to serve, at least one (1) of which shall be a current member of the Board of Directors. The Chairperson of the Committee shall thereafter preside over all Committee meetings in accordance with these By-Laws and the Rules of Parliamentary Procedure. The Committee shall review the list of candidates and determine that all are Stockholders in good standing and have submitted proper letters of intent accompanied by signatures of ten (10) Stockholders in good standing.

d) **Proxy** shall mean the instrument or document by which one (1) Stockholder in good standing appoints another Stockholder in good standing, or the Secretary of the Board of Directors, authority to vote shares in accordance with the contents of the instrument or document. The proxy shall contain the list of candidates whose names have been submitted to the Secretary by letter of intent to serve if elected. This list of all properly submitted candidates shall be reviewed by the Secretary and placed on the proxy in alphabetical order. Asterisks shall be placed alongside the names of incumbent directors. The Proxy shall also include all propositions to be voted upon by the stockholders.

e) **Ballot** shall mean the official instrument or document, issued by the Cooperative, for the specific purpose of casting a Stockholder's vote at any meeting, as provided in the By-Laws. A ballot, if prepared in advance of a meeting, shall contain all propositions to be voted upon, in such form so as not to create confusion or be misleading, and further contain the names of all candidates, in alphabetical order, placed into nomination by the Secretary. Asterisks shall be placed alongside the names of incumbent directors.

f) **Qualified To Hold Office** shall mean the candidate's full compliance with all provisions of Article III of the By-Laws and that the candidate for election as Director shall not have been convicted of any crime, and that he/she has not resigned, voluntary or involuntary, or been removed from the position of Director of the Board of Directors in a period of one year immediately preceding his/her candidacy.

SECTION 1(c). Proxy Validation. Stockholders may vote in person or by proxy. A proxy shall be considered valid if it contains at least one vote for either one or more of the directors to be elected and/or at least one vote for any proposition included on the proxy. The proxy shall be considered invalid if it contains more than one vote cast for any one (1) nominee or proposition; or if it is not signed by the Stockholder. A proxy shall be revocable until the meeting is called to order.

SECTION 1(d). Resumes of Candidates. The Cooperative shall cause all resumes submitted by the candidates to the Cooperative office for printing and mailing seven (7) days before the date announced for such mailing, to be mailed to all Stockholders of record, on the same date and at the same time and place, the cost for such printing and mailing to be borne by the Cooperative.

SECTION 2. Qualifications and Oath of Office. Directors must be Stockholders. Before taking office, each director shall take an oath pledging him to serve the common interest of all the Stockholders of the Corporation to the best of his ability and regardless of the area in which such director may reside.

SECTION 3. Term. The Board of Directors shall be divided into three (3) classes. At the first Annual Meeting, the Stockholders shall elect thirteen (13) directors, four (4) to serve for a term of one (1) year, four (4) to serve for a term of two (2) years, and five (5) to serve for a term of three (3) years. At the expiration of the respective terms, successors shall be elected for terms of three (3) years, and may be elected to serve consecutive terms.

SECTION 4. Vacancies. Vacancies in the Board of Directors resulting from death, resignation or other cause may be filled without notice to the Stockholders by vote of a majority of the remaining Directors at any regular meeting of the Board of Directors or any special meeting called for such purpose. In the event of failure to hold an election of Directors at the time designated for the annual election of Directors, or in the event that the Board of Directors shall not have filled any such vacancy, a special meeting of Stockholders to elect a new Board of Directors or to fill vacancies may be called in the manner provided for the calling of special meetings of Stockholders. If any Director shall, by ceasing to be a resident of the State of New York, reduce the number of such residents remaining on the Board to less than one (1), he shall be deemed to have resigned and his place among the Directors shall be vacant. In case of a reduction of the authorized number of Directors by amendment of these By-Laws, the Directors, if any, whose terms of office shall cease shall be determined in the manner provided by resolution.

SECTION 5. Meetings. The Board of Directors shall meet immediately after the annual meeting of Stockholders without notice, and also whenever called together by the Chairperson of the Board, the Vice-Chairperson, or by the Vice-President or Secretary on the written request of any four (4) Directors then holding office, on notice given to each Director, by delivering personally, mailing or telegraphing same to him at least ten (10) days prior to such meeting, at the last address furnished by him to the Corporation. Regular meetings may be held without notice at such time and place as the Board of Directors may determine. Any meeting of the Board at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, or of which notice shall have been received by all members prior to the meeting, shall be valid for all purposes provided a quorum be present. A majority of the Directors serving as authorized by the By-Laws shall constitute a quorum. Meetings of Directors 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, unless the Board of Directors by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Directors, each Director shall be entitled to one (1) vote.

All Board meetings shall be open to all Stockholders; further, that a copy of the Agenda for all Board meetings be publicly posted on all bulletin boards and at all mailboxes. Also, the dates of the next three (3) subsequent meetings will be published in the Newsletter, if any, and forwarded to all Stockholders prior to said meeting. Further, no more than a total of one-half (1/2) hour shall be allotted the Stockholders (individual time limit at the discretion of the Chairperson) to address the Board; further, that the Agenda provide the Stockholders a time-slot to be determined by the Chairperson.

SECTION 6. Resignation and Removal.

SECTION 6(a). Any Director may resign at any time by written notice, personally, or sent by registered or certified mail, to the Chairperson of the Board, the Vice-Chairperson, or the Secretary. Such resignation shall take effect at the time specified therein, and unless specifically requested by the resigning Director, acceptance of such resignation shall not be necessary to make it effective.

SECTION 6(b). Any Director may be removed from office without cause, by the Stockholders, at a meeting called for that purpose, by a vote of seventy-five (75) percent of the Stockholders present.

SECTION 6(c). Directors must attend nine (9) board meetings held between the annual meetings. This includes the meeting required to be held immediately after the annual meeting. Failure to do so will constitute automatic resignation.

SECTION 6(d). All members of the Board of Directors must be in good standing as that term is used in Article III, Section 1(b) of these By-Laws. Failure to be in good standing after having been sent ten (10) days prior written notice, certified mail, return receipt requested, to cure such default shall constitute automatic removal from the Board of Directors.

SECTION 7. Compensation. No Director shall receive any salary or compensation for his services as a Director, but this shall not preclude any Director from being an employee of the Corporation and receiving compensation therefore.

SECTION 8. Annual Cash Requirements. The Board of Directors shall, from time to time, determine the cash requirements as defined in the Corporation's Proprietary Lease, and fix the terms and manner of payment of rent by the Stockholder-Tenants under the Corporation's Proprietary Lease. The Board of Directors shall also fix the rent and terms of leasing or licensing the use of any land not covered by Proprietary Leases and shall have discretionary power to prescribe the manner of maintaining and operating the property of the Corporation. Every such determination by the Board of Directors shall be final and conclusive on all Stockholder-Tenants and any expenditures made by the Corporation's Directors, officers or employees with the approval of the Board of Directors shall, as against the Stockholder-Tenants be deemed necessarily and properly made for such purposes.

All sums which Stockholders-Tenants may pay to the Corporation under Proprietary Leases, but which are used or to be used to meet a cash requirement of the Corporation for mortgage amortization payments or other mortgage payments in reducing principal, or for capital improvements, and in addition for all other capital expenditures, including those incurred in connection with development of the property and for reserves and surplus funds, shall be credited by the Corporation upon its books to an account maintained under the description "Paid in Surplus."

SECTION 9. Rules. The Board of Directors may, from time to time, adopt and amend such Rules with respect to the property, as it may deem necessary for the health, safety and convenience of the Stockholders-Tenants. Copies thereof and of changes therein shall be furnished to each Stockholder-Tenant.

SECTION 10. Executive Committee. The Board of Directors may by resolution appoint an Executive Committee to consist of three (3) or more Directors. Such committee shall have and may exercise all of the powers of the Board in the management of the business and affairs of the Corporation during the intervals between the meetings of the Board, so far as may be permitted by law, except that the Executive Committee shall not have power to determine the cash requirements defined in the Proprietary Leases, nor to fix the rent to be paid under the Proprietary Leases, nor to vary the term of payment thereof as fixed by the Board, nor to consent to the assignment of leases or subletting of dwellings covered by Proprietary Leases, nor to amend the By-Laws, nor to amend or modify the Rules adopted by the Board as a whole; and any action taken by the Executive Committee must thereafter be ratified by the Board of Directors at its next meeting.

SECTION 11. Other Committees. The Chairperson of the Board of Directors, subject to the approval of the Board, shall also have the power to appoint the Chairperson of such other committees, as the Chairperson of the Board of Directors deems appropriate. The Committee Chairperson shall have the power to appoint the members of the committee. Such committees may include persons who are not members of the Board of Directors, provided that

such committee shall not have the power to bind the Corporation except pursuant to express action taken by the Board of Directors or the Executive Committee. Committee Chairpersons or members so appointed may be removed only by the Board of Directors. Each member of the Board of Directors is encouraged to chair or be a member of a committee when asked to do so by the Chairperson. Resignation from a Committee Chair position requires reasonable written notice to the Secretary of the Corporation.

SECTION 12. Distributions. The Stockholders-Tenants shall not be entitled, either conditionally or unconditionally, except on a complete or partial liquidation of the Corporation, to receive any distribution not out of earnings and profits.

ARTICLE IV. Officers

SECTION 1. The Officers of the Corporation shall be a Chairperson of the Board of Directors, a Vice-Chairperson, one (1) or more Vice-Presidents, a Secretary, a Treasurer, and such other Officers as the Board of Directors shall from time to time determine. 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 Board meeting following each annual meeting of Stockholders, and shall serve until removed or until their successors shall have been elected and installed. Any Officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then authorized total number of Directors.

SECTION 2. The Board of Directors may from time to time appoint one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers to hold office at the pleasure of the Board.

SECTION 3. The Chairperson of the Board, the Vice-Chairperson, and the First Vice-President shall be members of the Board of Directors, but none of the other officers need be a member of the Board of Directors, although they must be Stockholders of the Corporation in good standing. One (1) person may hold not more than two (2) offices at the same time. Vacancies occurring in any office may be filled by the Board of Directors at any time.

SECTION 4. Duties of the Chairperson of the Board of Directors. The Chairperson of the Board shall preside at all meetings of the Stockholders and of the Board of Directors; shall supervise the general management of the affairs of the Corporation, and shall perform all duties incidental to the office. He shall sign in the name of the Corporation all contracts, leases and other instruments authorized from time to time by the Board of Directors.

SECTION 5. Duties of Vice-Chairperson and Vice-President. In the absence of the Chairperson of the Board, the Vice-Chairperson shall preside at all meetings of Stockholders and of the Board of Directors. In the absence of the Chairperson, the Vice-Chairperson shall sign in the name of the Corporation all contracts, leases and other instruments authorized from time to time by the Board of Directors. In the absence of the Chairperson of the Board, the Vice-Chairperson, subject to control of the Board of Directors, shall have general

management of the affairs of the Corporation, and perform all duties incidental to the office. In the absence from the State of New York, or inability of the Vice-Chairperson to act, any Vice-President shall have the powers and perform the duties of the Vice-Chairperson.

SECTION 6. 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 banks or trust companies as the Directors may determine, and he shall perform all other duties incidental to his office. If required by law, or by the board of Directors, he shall, before receiving any such funds, furnish to the Corporation a bond of a surety company, in such form and amount as said Board from time to time may determine. The premium upon such bond shall be paid by the Corporation. Within three (3) months after the close of each year, the Treasurer shall furnish to each Stockholder-Tenant whose Proprietary Lease is then in effect, a statement of receipts, disbursements and paid-in surplus of the Corporation during such year which has been used by the Corporation during such year, on which statement shall be indicated the amount of rental paid by Stockholder-Tenants under their Proprietary Leases during such year which has been used by the Corporation for payment of taxes on real estate, interest on mortgages or other indebtedness, the principal of any mortgage and any other capital expenditure, and such other information as may be necessary, including the amount of capital contributions paid by such Stockholder-Tenants and credited by the Corporation to paid-in surplus. The Assistant Treasurer shall perform the duties of the Treasurer in the event of the absence or disability of the Treasurer.

SECTION 7. Duties of the Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of Stockholders; he shall attend to the giving and service of all notices of the Corporation, and shall be empowered to sign and affix the Corporate Seal to all written instruments authorized by the Board of Directors or these By-Laws. He shall also perform all other duties incidental to his office. He shall supervise the election of directors at the Annual Meeting of Stockholders and shall place names in nomination pursuant to Article III, Section 1(a) of these By-Laws of those Stockholders who will be so nominated. Such written notice shall be mailed to each Stockholder no later than ten (10) days before the date of the Annual Meeting of Stockholders. He shall keep a stock book containing the names, alphabetically arranged, of all persons who are Stockholders of the Corporation, showing their places of residence, the number of shares of stock held by them, respectively, the time when they respectively became the owners thereof, and the amount paid thereon, and the denomination and the amount of all stock issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. He may on approval of the Board of Directors execute Proprietary Leases and Recognition Agreements on behalf of the Corporation. The Assistant Secretary shall perform the duties of the Secretary in the event of the absence or disability of the Secretary.

SECTION 8. Salaries. No compensation shall be paid to any officer for services rendered as such officer unless and until the same shall have been authorized by the affirmative vote of a majority of the Stockholders present at the meeting at which such action is taken; but the Board of Directors may authorize compensation to officers subject to approval of the Stockholders by similar vote at the next subsequent special or annual meeting of Stockholders.

SECTION 9. Oath of Office. Before taking office, each officer shall take an oath pledging him to serve the common interest of all the Stockholders of the Corporation to the best of his ability.

**ARTICLE V.
Proprietary Leases**

SECTION 1. Form of Lease. The Board of Directors shall adopt a form of Proprietary Lease to be used for the leasing of all dwellings and other space to Stockholder-Tenants under Proprietary Leases. Such Proprietary Leases shall be for such term, with provision for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises, and the sale or transfer of the shares of stock appurtenant thereto, and other such 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 in the same form (except with respect to the commencement of the lease term and the statement as to the number of shares of stock owned by the lessee, the lessee's name and address, the description of the property and any easements thereon), unless the variation is approved by a majority of the Stockholder-Tenants present at the meeting at which the variation was discussed.

SECTION 2. Assignment. Proprietary Leases shall be transferred only in compliance with, and never in violation of, the terms, conditions or provisions of such Proprietary Leases and only with the prior written approval of the Board of Directors.

SECTION 3. Allocation of Stock. The Board of Directors shall allocate to each dwelling to be leased to Stockholder-Tenants under Proprietary Leases, the number of shares of stock of the Corporation, which must be owned by the Proprietary Lessee of such dwelling.

SECTION 4. Fees on Assignment. The Board of Directors may fix a reasonable fee to cover expenses and attorney's fees of the Corporation in connection with each proposed assignment of a Proprietary Lease and make provisions that such fees be payable in advance as a condition to such assignment.

SECTION 5. Lost Proprietary Leases. In the event that a Proprietary Lessee shall lose his copy of the Proprietary Lease, a copy thereof, certified by the Secretary of the Corporation to be conforming to the original, shall be delivered to such lessee at his request, and on payment of a reasonable fee for the time and expense incurred in preparing the same.

ARTICLE VI. Capital Stock

SECTION 1. The shares of stock of the Corporation issued and outstanding on the date of adoption of these By-Laws having all be allocated among the Proprietary Lessees shall be deemed the total shares then outstanding for purposes of Article III, Section 8 of these By-Laws. No such shares of stock hereafter acquired by the Corporation shall be reissued except in connection with the execution by the purchaser and delivery by the Corporation of a Proprietary Lease. The ownership of stock shall entitle the holder to occupy for dwelling purposes the property specified in the Proprietary Lease to which the stock is appurtenant, subject to the provisions, covenants and agreements contained in such Proprietary Lease and Rules. Unissued but authorized shares of stock may hereafter be issued by the Corporation, for adequate consideration but only in conjunction with the leasing of space not now covered by Proprietary Leases. Such shares shall then increase the total shares outstanding on adoption of the next annual budget.

SECTION 2. Form and Stock Register. Certificates of stock will be in the form adopted by the Board of Directors, and shall be signed by the Chairperson of the Board or the Vice-Chairperson or Vice-President and Secretary or Assistant Secretary or Treasurer or Assistant Treasurer, and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Such signatures and seal may be facsimiles when and to the extent permitted by applicable statutory provisions. Certificates shall be bound in a book and issued in consecutive order there from, and in the margin or stub thereof shall be entered, the name of the person holding the shares therein represented, the number of shares and the date of issue. Each certificate exchanged or returned to the Corporation shall be canceled, and the date of cancellation shall be indicated thereon by the Secretary, and such certificate shall be immediately pasted in the certificate book opposite the memorandum of its issue.

SECTION 3. Issuance of Certificates. Shares of stock appurtenant to each Proprietary Lease shall be issued in the amounts allocated by the Board of Directors to the property described in such Proprietary Lease.

SECTION 4. Transfers. Transfers of shares of stock shall be made on the books of the Corporation only by the holder in person, his administrator or executor or by power of attorney duly executed and filed with the Secretary of the Corporation, on surrender of the certificate for such shares, except that shares sold by the Corporation to satisfy any lien which it holds thereon, or which have been forfeited under the provisions of these By-Laws, may be transferred without the surrender of the certificate representing such shares and except, also that wherever under the terms of the Proprietary Lease the Stockholder-Tenant is required and fails to surrender his stock certificate, the shares represented by such certificate may also be transferred without surrender of the certificate.

SECTION 5. Units of Issuance. Unless and until all Proprietary Leases which shall have been executed by the Corporation shall have been terminated, the shares of stock

appurtenant to each Proprietary Lease shall not be sold or assigned except to the Corporation or an assignee of such Proprietary Lease, after complying 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 on the shares of stock and the Proprietary Lease owned by each Stockholder, which shall be superior to all other liens, for all indebtedness and obligations owing and to be owing by such Stockholder to the Corporation, arising under the provisions of any Proprietary Lease issued by the Corporation and at any time held by such Stockholder or otherwise arising. Unless and until such Stockholder as lessee shall make default in payment of any rental or in the performance of any covenant or condition of such Proprietary Lease, or until such Stockholder shall make default in payment of any indebtedness or obligation owing by such Stockholder to the Corporation otherwise arising, or until such Stockholder shall make default in payment of any indebtedness or obligation owing by such Stockholder and which the Corporation is obligated to pay off after such default, such shares shall continue to stand in the name of the Stockholder on the books of the Corporation, and the Stockholder shall be entitled to exercise the right to vote thereon. The Corporation shall have the right to issue to any purchaser of such shares on the enforcement by the Corporation of such lien, or to the nominee of such purchaser, a certificate for the shares of stock so purchased substantially of the tenor of the certificate issued to such defaulting Stockholder.

SECTION 7. Forfeiture of Stock. Upon any default including arrears on any payments by a Stockholder under a Proprietary Lease, such Stockholder's right in and to such shares shall automatically be suspended and should the Stockholder fail to cure the default within the time, if any, provided therefore in the Proprietary Lease, his rights in and to his shares of stock shall terminate. The certificate representing such shares of stock shall be automatically forfeited to the Corporation and become void whether or not surrendered to the Corporation upon demand after default. The failure of such defaulting Stockholder to surrender such certificate shall not affect the validity of any certificate issued in replacement thereof. The fair value of such defaulting Stockholder's shares shall be determined as provided in the Proprietary Lease and shall be paid to such Stockholder after deduction of all amounts owed to the Corporation, whether because of a lien or otherwise.

SECTION 8. Lost Certificates. In the event that any certificate of stock is lost, stolen or 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 a bond in such reasonable sum as it directs, to indemnify the Corporation.

SECTION 9. Legend on Stock Certificates. Certificates representing shares of stock of the Corporation shall bear a legend reading as follows:
"The rights of any holder hereof are subject to the provisions of the By-Laws of Vail's Grove Cooperative, Inc., and to all the terms, covenants, conditions and provisions of a certain

Proprietary Lease made between the person in whose name this certificate is issued, as Lessee, and Vail's Grove Cooperative, Inc., Lessor, for a house and housing site on the premises known as Vail's Grove, Counties of Westchester and/or Putnam, State of New York, which lease limits and restricts the title and rights of any holder and/or transferee hereof. The shares represented by this certificate are subject to forfeiture upon any default by the holder under the Proprietary Lease and are transferable only as an entirety and only to an approved assignee of such Proprietary Lease. Copies of the Proprietary Lease and By-Laws are on file and available for inspection at the office of Vail's Grove Cooperative, Inc.

The Directors of this Corporation may refuse to consent to the transfer of the stock represented by this certificate until any indebtedness of the Stockholder to the Corporation is paid. The Corporation, by the terms of said By-Laws has a lien on the shares of stock represented by this certificate for all sums due and to become due under said Proprietary Lease or otherwise owed to this Corporation by the Stockholder."

ARTICLE VII.

Seal

SECTION 1. The seal of the Corporation shall be in the form impressed in the margin hereof.

ARTICLE VIII.

Negotiable Instruments

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

SECTION 2. Endorsements or transfers of stocks, bonds, or other securities shall be signed by the Chairperson of the Board or the Vice-Chairperson or any Vice-President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary unless the Board of Directors, by special resolution in one (1) 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 deposit company.

SECTION 4. **Securities.** Such officer or officers as from time to time are designated by the Board of Directors shall have power to control and direct the disposition of any 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. The fiscal year of the Corporation shall be the calendar year, unless otherwise determined by resolution of the Board of Directors.

ARTICLE X.
Indemnification of Directors, Officers and Employees

SECTION 1. Any person made a party to any action, suit or proceeding by reason of the fact that he is or was a director, officer or employee of the Corporation, shall be indemnified by this Corporation against the reasonable expenses, including attorney's 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 it shall be adjudged in such action, suit, or proceeding that such officer, director or employee is liable for misconduct in the performance of his duties; and such rights to which such director, officer or employee shall be entitled.

ARTICLE XI.
Amendments

SECTION 1. The Board of Directors may make, alter, amend and repeal these By-Laws other than Article III, S2 and S7; Article IV, S8 and S9; Article V, S1; and Article XII, by unanimous vote of the Directors present at any meeting, provided, however, that at least two-thirds (2/3) of the then authorized total number of Directors shall be present at such meeting. Amendments and alterations to and repeal of any By-Laws by the Board of Directors shall be reported to and affirmatively approved at the Annual Stockholders' Meeting.

SECTION 2. The Stockholders may make, alter, amend or repeal these By-laws at any annual meeting or at a special meeting called for that purpose, provided that a petition requesting a By-Law change is signed by 25% of the Stockholders of the Corporation, and further provided that notice of the proposed amendment shall have been inserted in the notice of meeting or that all of the Stockholders be present, and that such action be approved by at least 66-2/3% of the Stockholders present, except that amendments to Article III, Section 2 and Article IV, Section 9, must be approved by at least 75% of all the Stockholders.

ARTICLE XII.
Conflicts of Interest

SECTION 1. Subsequent to the first annual meeting of the Stockholders, no officer or director of the Corporation, other than the Secretary, shall receive, directly or indirectly, any compensation for services rendered to the Corporation as such officer or director unless otherwise authorized by the Stockholders at any annual or special meeting.