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BY-LAWS
OF
SUMMER CLUB CONDOMINIUM
ARTICLE I

Plan of Unit Ownership

Section 1. Unit Ownership. The land located in the Town of Islip, Suffolk County, State of New York, more particularly described in schedule A of the Declaration recorded in the Office of the County Clerk of Suffolk County simultaneously herewith, and the common building constructed on said land (the land and building hereinafter collectively called the "Property") have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the Declaration and shall hereinafter be known as the "Condominium" (hereinafter called the "Condominium"). The units are herein sometimes called "the Units."

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the property of the Condominium and the use and occupancy thereof. The term "Property" as used herein shall include the land, the building and all other improvements thereon (including the units and the common elements and any improvements on either), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Article 9-B of the Real Property Law of the State of New York.

Section 3. Application. All present and future owners, mortgagees, lessees and occupants of units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 4. Office. The office of the Condominium and of the Board of Managers shall be located at the Property.

Section 5. Definitions. Except as redefined herein all terms shall have the definition given in the Declaration establishing the Summer Club Condominium recorded simultaneously herewith.

ARTICLE II

Board of Managers

Section 1. Number and Qualification. The affairs of the Condominium shall be governed by a Board of Managers. After the Plan of Condominium Ownership has been declared effective and the Declaration and these By-Laws have been recorded or filed in the Office of the County Clerk of Suffolk County and until their successors shall have been elected at the first meeting of unit owners held pursuant to Section 1 of Article III of these By-Laws, the Board of Managers shall consist of those persons who at the time of the filing of the Condominium Declaration comprised the Executive Committee of the Board of Directors of Dune Realty Corporation. After the first meeting of Unit Owners the Board of Managers shall be composed of nine persons, all of whom shall be the Owner(s) of at least one Unit which has been improved with a dwelling or a member of the immediate family of such an owner.

Section 2. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers by the Unit Owners. Such powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep, maintenance and security of the Common Elements and the contracting for necessary services in connection with the same;

(b) Determination of the Common Expenses and Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property and an annualized proportional charge for any obligation, long or short term, which the condominium is obligated to repay;

(c) Collection of the Common Charges from the Unit Owners;

(d) Employment, supervision, and dismissal of the personnel necessary for the maintenance and operation of the Common Elements;

(e) Adoption and amendment of rules and regulations covering the details of the operation and use of the Property and adoption of provisions for the enforcement thereof, subject to a right of the Unit Owners to override the Board (See Article V, Section 17);

(f) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor;

(g) Purchasing or leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrender by their owners to the Board of Managers;

(h) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners;

(i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Managers), or otherwise dealing with Units acquired by, and subleasing Units leased by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners;

(j) Organizing corporations to act as designee of the Board of Managers in acquiring title to or leasing of Units on behalf of all Unit Owners;

(k) Obtaining and reviewing of insurance for the Property, including the Units, pursuant to the provisions of Article V, Section 2 hereof;

(l) Making of repairs, additions and improvements to or alterations of the Property and making of repairs to and restoration of the Property in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(m) Negotiating and settlement of all claims and actions relating to the Condominium;

(n) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that (i) the consent of at least 66 2/3% in number and in Common Interest of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$25,000. and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Unit Owner. If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this paragraph (n) is not repaid by the Board, a Unit Owner who pays to the creditor such proportion thereof as his interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit Owner's Unit.

Section 3. Managing Agent and Manager The Board of Managers may employ for the Condominium a managing agent and/or a manager at a compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize, including, but not limited to the duties listed in subdivision (a), (c), (d) and (1) of Section 2 of this Article II. The Board of Managers may delegate to the manager or managing agent all of the powers granted to the Board of Managers by these By-Laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (i), (j), (k), (m) and (n) of Section 2 of this Article II.

Section 4. Committees. The Board of Managers may by resolution establish such committees whether standing or temporary, each of which shall be chaired by a member of the Board, to perform such duties and services as the Board of Managers shall authorize other than the powers set forth in subdivisions (b) , (e) , (f) , (g) , (h), (i), (j), (m) and (n) in Section 2 of this Article II although committees may be established to provide the Board recommendations with respect thereto. The Board shall establish an Audit committee consisting of one (1) Board member and one unit owner. The Audit Committee shall have the right to interview the Treasurer or other appropriate officer, and shall audit. all minutes, contracts and financial records. The Audit Committee shall report to the Board of Managers from time to time, and to the Unit Owners at the annual meeting.

Section 5. Election and Term of Office. At the first meeting of the Unit Owners the term of office of the five members of the Board of Managers receiving the most votes shall be fixed at two years and the term of office of the remaining four members of the Board shall be fixed at one year or if no such determination is possible the Board shall determine which five of its members shall serve an initial term of two years with the remaining four members serving an initial term of one year. Thereafter all members of the Board shall be elected to serve for a term of two years. The members of the Board of Managers shall hold office until their respective successors shall have been elected by the Unit Owners.

Section 6. Removal of Members of the Board of Managers. At any regular or special meeting of Unit Owners, any one or more of the members of the Board of Managers may be removed with or without cause by a vote of two-thirds of the Unit Owners and a successor shall be elected to fill the vacancy thus created. Any member of the Board of Managers whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. No member of the Board of Managers shall continue to serve on the Board, if during his term of office, he shall cease to meet the qualification requirements of Section 1 of this Article II. Any member of the Board who has missed at least fifty (50%)percent of the duly called meetings of the Board of Managers in any one calendar year or who has missed three (3) successive meetings, may be removed by the affirmative vote of five Board members at a duly called meeting held within one month of the expiration of such calendar year or such third successive meeting.

Section 7. Vacancies. Vacancies in the Board of Managers caused by any reason other than the removal of a member thereof by a vote of the Unit Owners shall be filled by vote of a majority of the remaining members at a special meeting of the Board of Managers held for that purpose after the occurrence of any such vacancy, even though the members present at such meeting may constitute less

than a quorum, and each person so elected shall be a member of the Board of Managers for the remainder of the term of the predecessor member and until a successor shall be elected at the next annual meeting of the Unit Owners.

Section 8. Organization Meeting. The first meeting of the members of the Board of Managers following the annual meeting of the Unit Owners shall be held within sixty (60) days thereafter.

Section 9. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by majority of the members of the Board of Managers, but at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each member of the Board of Managers by mail, e-mail or other electronic communication at least ten (10) business days prior to the day named for such meeting.

Section 10. Special Meetings. Upon written request of at least three members of the Board of Managers the President or Secretary shall call a Special meeting of the Board of Managers on three (3) business days' notice to each member of the Board of Managers given by mail, e-mail, or other electronic communication, which notice shall state the time, place and purpose of the meeting.

Section 11. Waiver of Notice. Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum of Board of Managers. At all meetings of the Board of Managers, the presence of at least six (6) of the members thereof shall constitute a quorum for the transaction of business, and the affirmative votes of five (5) of the members of the Board of Managers present at a meeting at which a quorum is present shall constitute the decision of the Board of Managers. If at any meeting of the Board of Managers there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 13. Board of Managers and Committee Action by Conference Telephone. Any one or more members of the Board of Managers, or of any committee established by the Board, may participate in a 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 a meeting.

Section 14. Fidelity Bonds. The Board of Managers shall obtain adequate fidelity bonds for the Treasurer and any other authorized signatory. The premiums on such bonds shall constitute a common expense.

Section 15. Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such, but shall be reimbursed for expenses (i.e., tolls, parking, mileage) associated with same.

Section 16. Liability of the Board of Managers. Any person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Condominium) by reason of the fact that he or she is or was a member, officer, employee or agent of the Condominium or its Board of Managers or is or was serving at the request of the Condominium as a director, officer or agent of a corporation, partnership, joint venture, trust or other enterprise (including employee benefit plans) (hereinafter "indemnitee") shall be indemnified and held harmless by the Condominium to the fullest extent authorized by laws of the State of New York, as the same exist or may hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the Condominium to provide broader indemnification than permitted prior thereto) against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such indemnitee in connection with such action, suit or proceeding, if the indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Condominium, and with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of the proceeding, whether by judgment, order, settlement, conviction or upon plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Condominium and, with respect to any criminal action or

proceeding, had reasonable cause to believe such conduct was unlawful. Any person who was or is a party or is threatened to be made a party or any threatened, pending or completed action or suit by or in the right of the Condominium to procure a judgment in its favor by reason of the fact that he or she is or was a member, officer, employee or agent of any corporation, partnership, joint venture, trust or other enterprise (including employee benefit plans) shall be indemnified and held harmless by the Condominium to the fullest extent authorized by the laws of the State of New York, as the same exists may hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the Condominium to provide broader indemnification than permitted prior thereto), against expenses (including attorney's fees), actually and reasonably incurred by him or her in connection with the defense of settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Condominium and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Condominium unless and only to the extent that the Court in which such suit or action was brought, shall determine, upon application, that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

All reasonable expenses incurred by or on behalf of the indemnities in connection with any suit, action or proceeding may be advanced to the indemnities by the Condominium.

The rights to indemnification and to advancement of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, agreement, vote of unit owners or disinterested members of the Board of Managers or otherwise.

The indemnification and advancement of expenses provided by this article shall continue as to a person who has ceased to be a member of the Board of Managers, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Notwithstanding the foregoing, the Board of Managers may, in its discretion, direct the selection of counsel in the first instance with the agreement of the person to be indemnified.

ARTICLE III

Unit Owners

Section 1. Annual Meetings. Annual Meetings. Annual meetings of the Unit Owners shall be held on the Saturday of the weekend before Labor Day weekend. At such meetings the Board of Managers shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 5 of Article II of these By-Laws.

Section 2. Place of Meeting. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit owners if so directed by resolution of the Board of Managers or upon a petition signed and presented to the Secretary by not less than 25% in Common Interest, in the aggregate, of Unit Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail, e-mail, or other electronic communication a notice of each annual or special meeting of the Unit Owners, at least ten but not more than twenty days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at the property or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-Laws, the notice of meeting shall be mailed at least thirty days prior to such meeting. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. Adjournment of Meeting. If any meeting of unit owners cannot be held because a quorum has not attended, a majority in Common Interest of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 6. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (a) Roll Call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Report of Board of Managers;

- (f) Reports of committees;
- (g) Election of inspectors of election (when so required);
- (h) Election of members of the Board of Managers (when so required);
- (I) Unfinished business;
- (J) New business.

Section 7. Title to Units. Title to units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary. Title may not be taken by an entity which is engaged in the ownership of property for commercial purposes.

Section 8. Voting. The owner or owners of each Unit, or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the votes appurtenant to such unit at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Any or all of such owners may be present at any meeting of the Unit Owners and (those constituting a group acting unanimously), may vote or take any other action as a unit either in person or by proxy. The total number of votes of all Unit Owners shall be 10,000 and each Unit Owner (including the Board of Managers, if the Board of Managers, or its designee, shall then hold title to one or more units) shall be entitled to cast one vote at all meetings of the Unit Owners for each 0.01 percent of common interest attributable to his or her unit. A fiduciary shall be the voting member with respect to any unit owned in a fiduciary capacity. Votes shall be by written ballot unless such requirement be waived by two-thirds of Unit Owners present, in person or by proxy, at any meeting. All written ballots shall remain available for inspection by any Unit Owner as part of the Corporate records and kept by the Secretary with the minutes of the meeting for a period of one year.

Section 9. Majority of Unit Owners. As used in these By-Laws the term "majority of Unit Owners" shall mean those Unit Owners having more than 50% of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance with the provisions of Section 8 of this Article III.

Section 10. Quorum. Except as otherwise provided in these By-Laws the presence in person or by proxy of Unit Owners having a majority of the total authorized votes of all Unit Owners shall constitute a quorum at all meetings of the Unit Owners.

Section 11. Majority Vote. The vote of a majority of Unit Owners present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where in the Declaration or these By-Laws or by law; a higher percentage vote is required.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Condominium shall be President, the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President, but no other officer, must be a member of the Board of Managers.

Section 2. Election of Officers. The officers of the Condominium shall be elected annually by the Board of Managers at the organization meeting of each new Board of managers and shall hold office at the pleasure of the Board of Managers.

Section 3. Removal of Officers. Upon the affirmative vote of two-thirds of the members of the Board of Managers, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and the Board Managers. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York, including but not limited to the power to execute contracts on behalf of the Condominium, to act as the representative of the Condominium in the transaction of its business, and to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium. The President shall also have the primary responsibility for initiating steps to enforce these By-Laws and the rules and regulations promulgated pursuant to them.

Any security personnel employed by the Condominium shall report directly to the President, who shall be responsible for their supervision.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the

President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Managers shall appoint some other members of the Board of Managers to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Managers or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. Treasurer. The Treasurer shall have responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers, or the managing agent, in such depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, and other instruments of the Condominium shall be executed by any two members of the Board of Managers of the Condominium or by such other person or persons as may be designated by the Board of Managers.

Section 9. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such, but shall be reimbursed for expenses (i.e., tolls, parking, mileage) associated with same.

Section 10. Liability of Officers. The officers of the Condominium shall have the same rights and liabilities as the members of the Board of Managers under Article II Section 16 of these By-Laws.

ARTICLE V

Operation of the Property

Section 1. Determination of Common Expenses and Fixing of Common Charges. The Board of Managers shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium, and allocate and assess such Common Charges among the Unit Owners according to their respective Common Interests. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Section 2 of this Article V and an amount for the repayment, on an annualized proportional basis, of any short or long term obligation of the Condominium. The Common Expenses may also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for the maintenance of any Units held since the inception of the Condominium by the Board of Managers on behalf of all Unit Owners, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale, together with such amounts as may be necessary to maintain such Unit(s). The Board of Managers shall advise all Unit Owners, promptly, in writing, of the amount of Common Charges payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of each budget on which such Common Charges and expenses are based, to all unit owners and to their mortgagees, if requested.

Section 2. Insurance. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers and the Condominium corporation; the Board of Managers shall review such limits at least once each year; and (2) Workmen's Compensation insurance and disability insurance, if the Condominium has employees. The Board shall also determine, in its sole discretion, whether to obtain the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Community Clubhouse (including the bathroom and kitchen fixtures installed, or stored therein on the date of recordation of the Declaration, but not including furniture, furnishings or other personal property supplied or installed by the Condominium or Unit Owners), together with all service machinery and equipment contained therein and

covering the interests of the Condominium and the Board of Managers; (2) water damage legal liability insurance, if available; (3) a fidelity bond or bonds in sufficient amounts to fully protect the interest of the Condominium, with respect to each member of the Board of Managers, officers of the Condominium, managing agent and managers including any person or persons handling or responsible for funds of the Condominium; (4) Officers and Directors Liability insurance; and (5) such other insurance as the Board of Managers may determine. Where applicable, all such policies shall provide that adjustment of loss shall be made by the Board of Managers and that the net proceeds thereof shall be payable to the Condominium.

All policies of physical damage insurance shall contain waivers of subrogation and waiver of any defense based on coinsurance or of invalidity arising from any acts of the insured or of pro-rata reduction of liability and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insureds. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall consult with a reputable insurance agent as to the full replacement value of the Building and all of the Common Elements, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

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

Section 3. Repair or Restoration After Fire or Other Casualty. In the event of damage to or destruction of the Community Clubhouse or other Common Elements as a result of fire or other casualty, the Board of Managers shall determine whether to arrange for the prompt repair and restoration of the Building or Buildings (including any kitchen or bathroom fixtures installed therein on the date of recordation of the Declaration, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Unit Owners), or such other Common Elements and if it determines to do so the Condominium shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess all the Unit Owners for such deficit as part of the Common Charges.

If the Board of Managers determines not to repair or restore the Community Clubhouse it shall so notify all Unit Owners, who may elect to repair or restore by a vote of two-thirds of the Unit Owners in number and percentage of Common Interest, either at a meeting called for such purpose within thirty days of the Boards

notification or by written notice delivered to the President within such thirty day period. If no such election by Unit Owners is made **the** Community Clubhouse will not be repaired and the net proceeds of insurance policies shall be divided by the Condominium, among all the Unit Owners in proportion to their respective Common Interests, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

Section 4. Payment of Common Charges. All Unit Owners shall be obliged to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of this Article V at such time or times as the Board of Managers shall determine.

No Unit owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of Section 1 of Article VII of these By-Laws) of such Unit, together with the Appurtenant interests, as defined in Section 1 of Article VII hereof. In addition, any Unit Owner may, subject to the terms and conditions specified in these By-Laws, provided that his Unit is free and clear of liens and encumbrances other a permissible mortgage and the statutory lien for unpaid Common Charges, convey his Unit, together with the Appurtenant interests, to the Board of Managers, or its designee, corporate or otherwise, on behalf of all other Unit Owners, and in such event be exempt from Common Charges thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Charges assessed against such Unit prior to the acquisition by him of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for and such Unit shall not be subject to a lien for the payment of Common Charges assessed prior to the foreclosure sale.

Section 5. Collection of Assessments. The Board of Managers shall assess Common Charges against the Unit Owners from time to time and at least annually and shall take prompt action to collect any Common Charges due from any Unit Owner which remains unpaid for more than 30 days from the due date for payment thereof.

Section 6. Delinquency in Payment of Common Charges. In the event of delinquent payment by any Unit Owner in paying to the Board of Managers the Common Charges as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the legal rate on such Common Charges from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges. The Board of Managers shall have the right and duty to attempt to recover such Common Charges, together with interest thereon, and the expenses of the proceeding, including attorneys' fees, in an action to recover-the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of

New York, in the manner provided in Section 339-aa thereof. A Unit Owner defaulting in payment of Common Charges shall not be permitted to vote at any regular or special meeting of Unit Owners.

Section 7. Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing the same, the Board of Managers may, at its discretion, notify the mortgage holder of any delinquency.

Section 8. Statement of Common Charges. The Board of Managers shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

Section 9. Abatement and Enjoinment of Violation by Unit Owners. The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right if such breach or violation is not voluntarily corrected within forty-eight (48) hours of a request by the Board, or if so corrected reoccurs at any time, in addition to any other rights set forth in these By-Laws: (a) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Managers shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach. The cost of such proceedings shall be borne by the Unit Owner(s) who has (have) committed such violation or breach and if such costs are not reimbursed to the Condominium within thirty (30) days of demand by the Board of Managers the Board shall have all the rights with respect thereto as it would in the event of a delinquency in the payment of Common Charges, including, but not limited to, a lien against the Unit(s).

Section 10. Maintenance and Repair. (a) All maintenance of and repairs to any Unit and any improvements thereon shall be made by

the owner of such Unit. Each Unit Owner shall be responsible for all damages to any and all other Units, and/or to the Common Elements, that his failure to do so may engender.

(b) All maintenance, repairs and replacements to the Common Elements, whether located inside or outside of the Units, (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense.

c) All spraying of the Property as a means of controlling mosquitoes and ticks shall be performed at the direction of the Board of Managers and shall be a Common Expense. Such spraying shall be performed in accordance with the then current Suffolk County approved methods and formulas.

Section 11. Security. The Board of Managers shall review all aspects of Security no less than three times annually including twice during the period between May 31 and September 9 of each summer. The Board of Managers shall give consideration to the employment of one or more security guards during the period commencing Memorial Day weekend and ending on the last day of the Labor Day weekend of each summer but shall not be required to hire any security guard(s). Any security guard(s) hired by the Board shall not be armed unless the security guard is a police officer and is required by the police department to be armed when off duty. In the event that the Board of Managers elects to employ one or more security guards the Board shall, in its sole discretion, determine the days of the week and hours of the day during which such guard(s) shall be employed and the duties to be carried out by such guards) giving priority to weekend patrol of the beach from noon to 5 P.M. and in the community from 10 P.M. until 4 A.M. Saturday evenings and on three day weekends from 10 P.M. until 4 A.M. Sunday evenings if Monday is a holiday or, if the holiday is Friday then on Friday evenings. The Board of Managers shall also use its best efforts to (a) insure that all lighting is maintained in working condition and, to the extent that such maintenance is not the responsibility of the Condominium, that appropriate parties are informed of inoperative lighting; and (b) place appropriate signs at all entrances to the Property identifying it as private property and stating that all rules will be strictly enforced; and appropriate signs on the East and West walks identifying them as "Dead End"s and stating "No Walk Thrus."

Section 12. Restrictions on Use of Units. In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with the following provisions:

(a) Residential Units may be used only as single family residences. In order to provide further for congenial occupancy of

the Property and for the protection of the values of the Units, and recognizing that the Condominium is primarily a summer community and that rest, relaxation, peace and quiet are primary goals of the Unit Owners, the use of the Property shall be in accordance with the following provisions:

(i) A Unit may be owned by an individual, corporation, partnership, fiduciary or any other entity, other than one engaged in the ownership of property for commercial purposes, and may only be occupied by: the individual Unit Owner (or members of his family or guests); or officer, director, stockholder or employee of such corporation (or members of his family or guests); a partner or employee of such partnership (or members of his family or guests); the fiduciary or beneficiary of such fiduciary (or members of his family or guests); or a principal or employee of such other entity (or members of his family or guests), as the case may be.

(ii) Unless otherwise consented to by the Board, occupants of a rented Unit must be: an individual lessee (or members of his family or guests); a fiduciary or beneficiary of an fiduciary lessee (or member of his family or guests); or a principal employee of such other entity which may be a lessee (or member of his family or guests).

(iii) "Members of his family" shall mean spouse, parents, in-laws, brothers, sisters, children and grandchildren. Notwithstanding the foregoing, the Board may consent to occupancy of a Unit by persons other than those set forth herein.

(b) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units.

(c) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which unreasonably interferes with the peaceful possession or proper use of the Property by its residents or occupants.

(d) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the sole expense of the Unit Owners or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

(e) No portion of a Residential Unit (other than the entire Residential Unit) may be rented, and no transient tenants may be accommodated therein.

(f) Rules and regulations concerning the use of the Units may be promulgated and amended from time to time by the Board of Managers provided that the copies of such rules and regulations

are furnished to each Unit Owner not less than 5 days prior to the time that they become effective.

Section 13. Additions, Alterations or Improvements by Board of Managers. Whenever in the judgment of the Board of Managers the common elements shall require additions, alterations or improvements costing in excess of \$10,000. and the making of such additions, alterations or improvements shall have been approved by Unit Owners owning in aggregate 50% in Common Interest of the Unit Owners present in person and/or by proxy and voting at a meeting duly held in accordance with these By-Laws, and by the representative or representatives, if any, appointed pursuant to Section 5 of Article VI hereof by the holders of mortgages constituting first liens upon 7 Units, the Board of Managers shall proceed with such additions, alterations, alterations or improvements and shall assess all Units Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements costing \$10,000 or less may be made by the Board of Managers without approval of the Unit Owners, or the representative or representatives, if any, of mortgagees of Units and the cost thereof shall constitute part of the Common Expenses. Any expansion of or change in the use or the physical structure of the Building shall be approved only after the Board of Managers has identified the source of funds for the ongoing maintenance of such expanded use or change in the physical structure.

Section 14. Additions, Alterations, or Improvements by Unit Owners. (a) There shall be no internal or external dwelling construction or alteration during the period commencing on June 15 and ending at 5:00 PM on the last day of the Labor Day weekend of each summer. There shall also be no internal or external dwelling construction or alteration at any time on the Memorial Day weekend of each year or on either Saturdays or Sundays except between the hours of 10:00 AM and 5:00 PM between April 15 and June 15 and between the first day after the Labor Day weekend and November 15 of each year. No construction of a new dwelling, or structural addition, alteration or improvement to an existing dwelling or any other improvement on any Unit shall be made without the prior written consent thereto of the Board of Managers. The Board of Managers shall have the obligation to answer any written request for such consent by a Unit Owner within forty five (45) days after such request and failure to do so within the stipulated time shall constitute a consent by the Board of Managers to the proposed construction, addition, alteration or improvement. Any such request by a Unit Owner shall be accompanied by plans detailing the proposed construction, addition, alteration or improvement and a fully completed Summer Club Construction Application detailing the proposed work to be performed.

(b) In the event the Board of Managers grants its consent, either affirmatively or by its inaction, to any such construction, structural addition, alteration or improvement to be made by a Unit Owner, the consent shall provide that any such work shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-

governmental laws, rules, regulations, codes and ordinances, that work shall be done in accordance with any construction codes established by the Board of Managers pursuant to Section 17 hereof, that all work if not done personally by the Unit Owner shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurance (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any such construction, additions, alterations or improvements, shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs to any Common Elements where such repairs become necessary due to additional stresses caused by such construction, structural alteration, addition or improvement, or due to improper design or construction of such construction, structural alteration, addition or improvement, and such approval shall further provide that the Unit Owner shall reimburse the Board of Managers any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided in connection with such construction, alteration, addition or improvement; such expenses may include, but shall not be limited to, any fees of an attorney and/or fees of an architect or engineer consulted in connection with any request by a Unit Owner for approval of such work.

(c) The Board of Managers will, if necessary, execute any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such construction, structural addition, alteration or improvement for which its consent has been granted provided, however, that the Board of Managers and Unit Owners, other than the Unit Owner performing such construction, structural addition, alteration or improvements, shall not be subjected to any expense or liability by virtue of the execution of the application or such other document.

Section 15. Use of Common Elements and Facilities.

(a) The common elements and facilities shall be used only for those purposes for which they are reasonably suited and capable.

(b) Unit Owners shall have first priority for mooring and storage space.

(c) Non-Unit Owners, other than guests of Unit Owners, shall not be allowed to use the bayfront portion of the Property without written permission.

(d) Vendors and contractors shall not be permitted to use East or West walks for service and delivery to Corneille residents.

Section 16. Right of Access. A Unit Owner shall grant a right of access to his Unit to any person authorized by the Board of Managers for the purpose of making inspection or for the purpose of correcting any condition originating in his Unit and

threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to any Common Elements in, under, or on his Unit provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner and further provided that such right shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for residential purposes. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section 16, and costs for repairs shall be borne in accordance with the provisions of Section 10 of this Article V.

Section 17. Rules of Conduct and Construction Codes. Rules and regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Managers. Codes of construction governing any new construction or alteration, which may not be less restrictive than any governmental or quasi Governmental codes, rules, regulations and ordinances, including height restrictions and aesthetic considerations may be promulgated and amended by the Board of Managers. A two-thirds vote of Unit Owners present in person or by proxy at a meeting may overrule the Board. Copies of such rules and regulations shall be furnished by the Board of Managers to each Unit Owner prior to the time when the same shall become effective. Initial rules and regulations which shall be promulgated by the initial Board of Managers and which shall be effective until amended by the Board of Managers are set forth and attached hereto as an exhibit only and shall not be considered a part of these By-Laws.

Section 18. Water Charges. Water shall be supplied by the utility company serving the area directly to each Unit and each Unit Owner shall be required to pay the bills for water consumed or used in his Unit. The water serving the Common Elements shall be separately billed, and the Board of Managers shall pay all bills for water consumed in such portions of the Common Elements, as a Common Expense.

Section 19. Electricity. Electricity shall be supplied by the public utility company serving the area directly to each Unit through a separate meter and each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit. The electricity serving the Common elements shall be separately metered, and the Board of Managers shall pay all bills for electricity consumed in such portions of the Common Elements, as a Common Expense.

ARTICLE VI

Mortgages

Section 1. Notice to Board of Managers. A Unit Owner who mortgages his Unit shall notify the Board of Managers of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers; the Board of Managers shall maintain such information in a book entitled "Mortgages of Units."

Section 2. Notice of Unpaid Common Charges or Other Default. The Board of Managers, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any Common Charges due from, or any other default by, the owner of the mortgaged Unit.

Section 3. Notice of Default. The Board of Managers shall, when giving notice to a Unit Owner of a delinquency in paying Common Charges or other delinquency, send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board of Managers.

Section 4. Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times.

Section 5. Representative of Mortgagees. The holders of mortgages constituting first liens on at least seven (7) units may, at their election, appoint one or more (but not more than three) representatives who shall be empowered to act on behalf of all mortgagees (first or subordinate) with respect to any matter requiring the consent or approval of mortgagees under the Declaration or these By-Laws. If such representative or representatives are appointed and notice thereof given to the Board of Managers the act of such representative or representatives shall be deemed binding upon the holders of all mortgages which shall be liens on Units. If no such representative shall be appointed or written notice of the appointment shall not be given to the Board of Managers then notwithstanding any other provision of the Declaration or these By-Laws the consent of mortgagees shall not be required to any act of the Board of Managers or the Unit Owners.

ARTICLE VII

Sales, Leases and Mortgages of Units

Section 1. Sales and Leases.

(a) No Unit Owner may sell his Unit or any interest therein except by complying with the following provisions:

Any Unit Owner who receives a bona fide offer (hereinafter called an "Outside Offer") for the sale of his Unit or, to the extent permitted by the Declaration, a portion of his Unit together with: (i) the undivided interest in the Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; and (iii) the interest of such Unit Owner in any other assets of the Condominium, (hereinafter collectively called the "Appurtenant Interests"), which he intends to accept, shall give notice to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser, the terms of the proposed transaction and such other information as the Board of Managers may, reasonably require, and shall offer to sell such Unit, or portion thereof, together with the Appurtenant Interests, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the owners of all other Units, or a purchaser chosen and previously approved by the Board who shall not be a designee of the Board of Managers, on the same terms and conditions, except as provided below, as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the Outside Offer to be bona fide in all respects. Within thirty (30) days after receipt of such notice, (which notice shall not be effective unless the Unit is in compliance with all governmental and Summer Club rules and regulations), the Board of Managers may elect, subject to the provisions of the Declaration if a portion of a Unit, by notice to such Unit owner, to purchase such Unit or portion of a Unit, together with the Appurtenant Interests, (or to cause the same to be purchased by its designee, corporate or otherwise), on behalf of all other Unit Owners, on the same terms and conditions as contained in the Outside offer and as stated in the notice from the offering Unit Owner. The Board of Managers may also elect, subject to the provisions of the Declaration if a portion of a Unit, to provide a purchaser of the Board's choosing who shall not be a designee of the Board but who shall be chosen from a list maintained by the Board of pre-approved purchasers, who shall purchase the Unit, or portion thereof, on the same terms and conditions as contained in the Outside offer and as stated in the notice from the offering Unit Owner with the exception that any purchase by a purchaser of the Board's choosing shall not be subject to any financing contingency. In the event the Board of

Managers shall elect to purchase such Unit, or portion thereof, together with the Appurtenant Interests, or to provide a purchaser of the Board's choosing, or to cause the same to be purchased by its designee, corporate or otherwise, title shall close at the office of the attorneys for the condominium one hundred twenty (120) days after the giving of notice by the Board of Managers of its election to so accept such offer. At the closing, the Unit Owner shall convey the Unit to the Board of Managers or to its designee, on behalf of all other Unit Owners, or to the purchaser of the Board's choosing, by deed in the form required by Section 339-0 of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. Real estate taxes, mortgage interest and Common Charges shall be apportioned between the Unit Owner and the Board of Managers, or its designee, or its chosen purchaser, as of the closing date. In the event the Board of Managers, its designee or its chosen purchaser shall fail to accept such offer within thirty (30) days as aforesaid, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, within sixty days after the expiration of the period in which the Board of Managers, its designee or chosen purchaser might have accepted such offer, to the outside Offeror, on the terms and conditions set forth in the notice from the Offering Unit Owner to the Board of Managers of such Outside Offer. Any such deed to an Outside Offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and regulations, as the same may be amended from time to time. In the event the offering Unit Owner shall not, within such 60 day period, contract to sell such Unit, together with the Appurtenant Interests, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Unit Owner shall so contract to sell his Unit within such sixty day period, but such sale shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, to the same or another Outside Offeror on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of this Article VII.

(b) No Unit Owner may lease his Unit except by complying with the following provisions:

A Unit Owner shall not be permitted to lease his Unit within the first two years from the date of completion of construction of a dwelling unit thereon or within two years of purchase of the Unit, whichever is later. No lease shall be permitted for a term of less than two (2) weeks nor shall there be more than two (2) such two-week rentals by a Unit Owner in any one calendar year, nor more than three (3) total rentals by a Unit Owner during the Memorial Day through Labor Day period, nor more than four (4) total rentals by a Unit Owner in any one calendar year.

Any Unit Owner who receives a bona fide offer for a lease of his Unit which he intends to accept shall give notice to the Board

of Managers of such offer and of such intention, the name and address of the proposed lessee, the terms of the proposed lease, references, and such other information as the Board of Managers may reasonably require and shall request that the Board consent to such lease. Simultaneously with providing the Board of Managers with the notice of intention to lease the Unit Owner shall submit to the Board (1) a security deposit, returnable at the end of the lease, except as provided herein, in an amount equal to ten (10%) percent of the total rent to be paid by the lessee under the terms of the proposed lease; a processing fee of \$100. per rental will be charged and (3) an indemnification and hold harmless agreement executed by the Unit Owner in favor of the Summer Club Condominium agreeing to indemnify and hold harmless the Condominium with respect to all costs, claims and expenses, including reasonable legal fees, incurred by the Condominium in enforcing any requirement of this Article VII Section 1(b) or in the event any other provisions of these By-Laws regarding the use or occupancy of the Unit is violated during the term of the proposed lease. The Board of Managers shall have fifteen days after receipt of such notice to grant or deny its consent to such lease. No Unit Owner shall enter into any lease unless such Unit Owner has received the consent of the Board of Managers. If consent is granted such lease must be executed, if at all, within sixty days of the granting of such consent.

Any such lease shall be consistent with these By-Laws and shall provide that it shall be for a term of not less than two (2) weeks, that it may not be modified, amended, extended or assigned, without the prior consent in writing of the Board of Managers, that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers, that the Unit shall be rented and operated as a single family dwelling, that the Board of Managers shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease, and that the Board of Managers shall have the right to terminate the lease on not less than 30 days' prior written notice upon foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York. Any such actions shall be taken at the expense of the Unit Owner. The Board of Managers may draw on the security deposit funds to meet such expenses but is not required to do so. Except as hereinbefore set forth, the form of any such lease of a Residential Unit shall be the then current form of residential lease recommended by The Real Estate Board of New York, Inc., with such modifications as shall be approved in writing by the Board of Managers.

Any purported lease of a Unit in violation of this Section shall be voidable at the election of the Board of Managers and if the Board should so elect, the Unit Owner shall be deemed to have received any and all rental payments in trust for the condominium and shall be required to pay such sums to the Condominium upon demand and the Unit Owner shall be deemed to have authorized and empowered the Board of Managers to institute proceedings to evict the purported tenant in the name of said Unit Owner as the purported landlord.

Any purported sale of a Unit in violation of this Section shall be voidable at the election of the Board of Managers.

Section 2. Consent of Unit Owners to Purchase of Units by Board of Managers. The Board of Managers shall not exercise any option herein above set forth to purchase any Unit without the prior approval of a majority of the Unit Owners.

Section 3. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without including therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. For the purposes of this Article VII of the Bylaws and Article 13 of the Declaration only, the Appurtenant Interests shall be deemed to include the Unit Owner's shares in Summer Club Condominium. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units. Notwithstanding anything above to the contrary, a Unit Owner may convey a part of his Unit, together with a proportional share of its Appurtenant Interests, as permitted by the Declaration establishing the Summer Club Condominium.

Section 4. Release by Board of Managers of Right of First Refusal. The right of first refusal contained in Section 1 of this Article VII may be released or waived by the Board of Managers in which event the Unit, or portion thereof, together with the Appurtenant Interests, may be sold or conveyed, free and clear of the provisions of such Section.

Section 5. Certificate of Termination of Right of First Refusal. A certificate executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 1 of this Article VII have been met by a Unit Owner, or have been duly waived by the Board of Managers, and that the rights of the Board of managers thereunder have terminated, shall be conclusive upon the Board of Managers and the Unit Owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Unit Owner who has in fact complied with the provisions of Section 1 of this Article VII or in respect to whom the provisions of such Section have been waived, upon request. The Board of Managers may set a reasonable fee to be charged for furnishing such certificate.

Section 6. Financing of Purchase of Units by Board of Managers. Acquisition of Units by the Board of Managers, or its designee, on behalf of all Unit owners, may be made from the working capital and Common Charges in the hands of the Board of Managers, or if such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner in proportion to his ownership in the Common Elements, as a Common Charge, which assessment shall be enforceable in the same manner as provided in Section 6 and 7 of Article V, or the Board of Managers, in its discretion, may borrow money to finance the acquisition of such Unit provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together with the Appurtenant Interest, so to be acquired by the Board of Managers.

Section 7. Exceptions. The provisions of Section 1 of this Article VII shall not apply with respect to (a) any sale or conveyance or lease by a Unit Owner of his Unit, together with the Appurtenant Interests, to his spouse or to any of his adult children or to his parent or parents or his brother or sisters, or any one or more of them, or (b) the acquisition, sale or lease of a Unit together with the Appurtenant Interests, by a mortgagee who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure, or (c) a sale or lease of a portion of a Unit to a Unit Owner who owns a Unit adjoining on its longest side the portion of the Unit to be conveyed.

Section 8. Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer his Unit by gift, or to devise his Unit by will or to pass the same by intestacy, without restriction.

Section 9. Waiver of Right of Partition With Respect to Such Units as Are Acquired by the Board of Managers, or Its Designee, on Behalf of All Unit Owners as Tenants in Common. In the event that a Unit shall be acquired by the Board of Managers, or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of, partition with respect to such Unit.

Section 10. Payment of Assessment. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board of Managers all unpaid Common Charges and expenses theretofore assessed by the Board of Managers against his Unit and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages.

Section 11. Mortgage of Units. Each Unit Owner shall have the right to mortgage his Unit without restriction provided that any such mortgage shall be substantially in the form of either the New York statutory form of mortgage or the FNMA/FHLMC form of mortgage, except for such changes or additions as may be necessary in order to permit a particular bank, trust company, insurance company, savings and loan association or other institutional lender to make the mortgage loan.

Section 12. Sale of Units Owned by Condominium. The sale of any Units owned by the Condominium, whether initially owned by the Condominium or subsequently acquired by the Board of Managers through exercise of the right of first refusal, foreclosure of lien for Common Charges or otherwise, may take place only after approval by the Board of Managers with not less than six members voting in favor of such sale and subsequent approval by the Unit Owners by affirmative vote of 75% of the Unit Owners in attendance at a duly held meeting called for such purpose.

ARTICLE VIII

Condemnation

Section 1. Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers. If 75% or more of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers shall arrange for the repair and restoration of such Common Elements, and shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that 75% or more of the Unit Owners do not- duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers shall disburse the net proceeds of such award in the same manner as it is required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 3 of Article V of these By-Laws.

ARTICLE IX

Records

Section 1. Records and Audits. The Board of Managers or the managing agent shall keep detailed records of the actions of the Board of Managers and the managing agent, minutes of the meetings

of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid.

An annual report of the receipts and expenditures of the Condominium shall be rendered by the Board of Managers to all Unit owners and to all mortgagees of Units who have requested the same, promptly after the end of each fiscal year. The cost of such report shall be paid by the Board of Managers as a Common Expense.

All written votes shall be retained by the Board of Managers for a period of sixty days during which time they shall be available for inspection by any Unit Owner.

ARTICLE X

Dunes and Beach

Section 1. Preservation of Dunes and Beach. The Board of Managers shall continuously consider the best methods to build up the beach and to maintain the dunes on a regular basis.

ARTICLE XI

Contracts

Section 1. Bids Required for Contracts. All contracts for work to be performed on behalf of the Condominium with a value of \$10,000. or greater shall be awarded only after receipt of at least three bids for such work and shall be awarded to the lowest responsible bidder. If three bids are not received the Board of Managers, by the affirmative vote of five of its nine members, may choose to award the contract on the basis of any bid received.

Section 2. Written Contracts. All contracts for work to be performed on behalf of the Condominium shall be in writing.

ARTICLE XII

Miscellaneous

Section 1. Notices. All notices hereunder (exclusive of minutes) shall be sent by registered or certified mail to the Board of Managers c/o the managing agent, or if there be no

managing agent, to the office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time, by notice in writing to all Unit Owners and to all mortgagees of Units. All notices to any Unit Owner shall be sent by registered or certified mail to the Property or to such other address as may have been designated by him from time to time, in writing, to the Board of Managers. All notices to mortgagees of Units shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Managers. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section 2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Waiver. No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XIII

Amendments to By-Laws

Section 1. Amendments to By-Laws. Except as hereinafter provided otherwise, these By-Laws may be modified or amended by the vote of 75% in number and in Common interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose, but only with the written approval of the representative or representatives, if any, appointed pursuant to Section 5 of Article VI hereof, by the holders of mortgages constituting first liens on Units. Notwithstanding anything to the contrary herein contained, no provision of these By-Laws relating to the use of the Units may be amended without the consent of' every Unit Owner

affected by such amendment. Any amendment to these By-Laws shall be set forth in an amendment to the Condominium Declaration and recorded with the office of the County Clerk of Suffolk County.

ARTICLE XIV

Conflicts

Section 1. Conflicts. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

RULES AND REGULATIONS FOR SUMMER CLUB CONDOMINIUM

One. Each Unit Owner shall keep his or her Unit in good state of preservation and cleanliness.

Two. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in or on such Unit Owners Unit.

Three. No Unit Owner shall make or permit any disturbing noises on the property or do or permit anything to be done therein, which will interfere with the rights, comforts, or conveniences of other Unit Owners. No Unit Owner shall permit to be operated a phonograph or a radio or television set or other loud speaker on such Owners Unit, unless inside any improvement erected thereon, between the hours of 12 o'clock midnight and the following 7 o'clock A.M., if the same shall disturb or annoy other occupants of the property, and in no event shall practice or suffer to be practiced either vocal or instrumental music between the hours of 10 P.M. and the following 9 A.M.

Four. No occupant of the Property shall send any employee of the Condominium or of the Board of Managers or of the Managing Agent on any private business during the working hours of the employee.

Five. The agents of the Board of Managers or the Managing Agent, and any contractor or workman authorized by the Board of Managers or the Managing Agent or the Manager, may enter any Unit on the Property, but not any dwelling erected thereon, at any reasonable hour of the day for the purpose of inspecting, such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

Six. The Board of Managers or the Managing Agent or the Manager may from time to time curtail or relocate any portion of the Common Elements devoted to storage or service purposes.

Seven. Complaints regarding the service of the property shall be made in writing to the Board, of Manager or to the Managing Agent or to the Manager.

Eight. Any consent or approval given under these rules and regulations may be added to, amended or repealed at any time by resolution of the Board of Managers.

Nine. Unit Owners will faithfully observe the procedures established from time to time by the Board of Managers, the

Managing Agent or the Manager with respect to the disposal of garbage, rubbish and refuse.

Ten. Unit Owners shall not cause or permit any unusual or objectionable noise or odors to be produced upon or to emanate from their Units.

Eleven. No Unit Owner or any of his or her agents, servants, employees, licensees, or visitors shall at any time bring into or keep in his Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except those typical, in type and quantity, for normal residential cleaning use of any improvement erected on the Unit, with the exception of those items listed on the Board of Managers approved list which shall be reviewed and adopted from time to time.

Twelve. If any keys are entrusted by a Unit Owner or by any member of his or her family or by his or her agent, servant, employee, licensee or visitor to an employee of the Board of Managers or of the Managing Agent, whether for such Unit Owners Unit or improvement erected thereon, or an automobile, trunk or other items of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Board of Managers nor the Managing Agent nor the Manager shall be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connecting therewith.

Thirteen. Unit Owners shall cooperate with any security guard employed by the Board of Managers in his or her efforts to maintain tranquility and security on the beach area and within the community.

Fourteen. All vehicles within the Property must be operated in conformity with the regulations of the Fire Island National Seashore, the Town of Islip and the incorporated Village of Ocean Beach. Vehicles may be operated and parked within Summer Club between January 1 and June 15th of each year, and the Tuesday after Labor Day through December 31. Vehicles must not encroach upon any sidewalk and may only be parked on the Unit Owner's property. Golf carts may be operated year round so long as proper permits are in place. Privately owned Golf carts shall be parked solely on the Unit Owners's property.

Fifteen. No vehicle shall at any time be parked on the Condominium walks. It shall be the obligation of each Unit Owner to ensure that this provision is complied with by any guest, invitees, licensees, or employees of such Unit Owner. Such responsibility shall include, but not be limited to, any contractor, utility personnel or vendors providing service to a Unit Owner.

Sixteen.

No Unit may exceed eighteen (18) feet in height, measured from the average elevation of the sidewalk in front of the Unit or Units upon which the dwelling is located to the uppermost member of such Unit (including any railing or structure associated with any deck or other outdoor area), except as otherwise provided herein. No New Unit (as defined below) shall exceed in height the greater of (a) eighteen (18) feet measured as provided in the prior clause; or (b) thirteen (13) feet measured from the top of the Girder (as defined below), provided that the top of such Girder is at BFE (as defined below), to the top of the uppermost member of such Unit (including any railing or structure associated with any deck or other outdoor area).

For purposes of this Paragraph:

a) "New Unit" shall mean any Unit that is constructed or placed in Summer Club on or after September 1, 2008 or any existing Unit that is modified or renovated on or after September 1, 2008 to such extent that the Town of Islip or other regulatory authority requires that the entire structure, including any existing portion thereof, be raised to the height required by applicable building regulations.

b) "BFE" shall mean the number specified as the Base Flood Elevation by the Federal Emergency Management Agency (FEMA) for the flood zone in which such Unit is located plus any amount necessary to satisfy requirements of the State of New York, without regard to the point at which FEMA, the Town of Islip or any other regulatory authority applies such number.

c) "Girder" shall mean the lowest horizontal member of the Unit.

Seventeen. A deposit of \$5000 is required for new homes or major renovations of existing homes. A \$1000 deposit is required for minor renovations of existing homes. Determination of what constitutes a major/minor renovation shall be at the sole discretion of the Board of Managers. The Treasurer of Summer Club must receive deposits 2 weeks prior to beginning construction. All Summer Club, Town/State/County/Federal applications/variances must have been approved by the appropriate authority and filed with the Board of Managers prior to commencement of construction. All Summer Club Rules/Regulations and By Laws/Declarations must be followed. The deposit will be refunded upon completion of the project, with the stipulation that the applicant has complied with all Federal, State, County, Town and Summer Club Rules/Regulations and By Laws/Declarations. Any violation is cause for default of the deposit. The applicant is also responsible for all fees and/or expenses (including but not limited to, legal fees, architectural fees and engineering fees) which may be incurred by Summer Club. In the event a Unit Owner fails to submit an application and deposit, and proceeds with any

new construction and/or renovation, the Unit Owner shall be subject to a fine of \$2,500. Additionally, the Board of Managers reserves the right to exercise all other powers pursuant to these By-Laws, rules and regulations, and the Condominium Declaration.

Eighteen. In the event that construction will not be complete on any project prior to June 15th, it is the homeowner's responsibility to clear the property of all construction equipment, debris, dumpsters and the like, in order to make the property presentable by the same date. Failing to do so is grounds for forfeiture of all deposits (see #17).

Nineteen. No motorized vehicle which has the capacity to exceed 4 mph may be operated within Summer Club boundaries by an unlicensed person.