

BY-LAWS OF THE BAYWOOD PROPERTY OWNERS ASSOCIATION, INC.

A New York Not-for-Profit Corporation

ARTICLE I. NAME. LOCATION AND PRINCIPAL OFFICE

These are the By-Laws of Baywood Property Owners Association, Inc. hereinafter referred to as the "Association". The principal office of the Association shall be located at Inlet View Path, East Moriches, County of Suffolk and State of New York.

ARTICLE II. DEFINITIONS

The following words when used in these By-Laws shall, unless the context otherwise prohibits, have the meanings set forth below:

(a) "Association" shall mean and refer to Baywood Property Owners Association, Inc., a New York Not-for-Profit Corporation.

(b) "Developer" shall mean and refer to Baywood Development Corp., a New York corporation and its successors and assigns as Declarant.

(c) "Declaration" shall mean and refer to Covenants, Restrictions, Easements, Charges and Liens applicable to The Properties recorded among the land records in the office of the Clerk of the County of Suffolk, New York.

(d) "The Properties" shall mean and refer to all those areas of land described in the realty subdivision map entitled Map of Baywood, Sections 1, 2, and 3 filed in the Office of the Clerk of the County of Suffolk as Maps Nos. 7800, 7801, and 7802, respectively, on November 21, 1984. "The Properties" shall also include the two out parcels between lot 34 and the proposed park, and lots 28 and 29 respectively.

(e) "Lot" shall mean and refer to any plot of land intended and subdivided for residential uses shown on the subdivision map of The Properties but shall not include the Common Areas as herein defined.

(f) "Member" shall mean and refer to each holder of a membership interest in the Association, as such interest is set forth in Article VI.

(g) "Home" shall mean and refer to all units of residential housing situated upon lots located on The Properties.

(h) "Owner" shall mean and refer to the record owner of fee simple title to any improved or unimproved Lot, including the Developer with respect to an unsold Lot. Every Lot Owner shall be treated for all purposes as a single owner for each lot held, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy

by the entirety, majority vote of such owners shall be necessary to cast any vote to which such owners are entitled.

(i) "Common Properties" or "Common Areas" shall mean and refer to certain areas of land other than individual Lots as shown on the filed subdivision map and certain facilities or amenities developed by the Association, and intended to be devoted to the common use and enjoyment of the owners of the Properties.

(j) "Community" shall mean the Baywood Subdivision, a development on The Properties comprised of 78 Lots including the out parcels, a Recreation Park and any other Common Areas.

ARTICLE III. PURPOSE

This Association is formed: (1) to administrate and enforce the Declaration; (2) to run, operate and maintain the Common Properties and all facilities now or hereafter built or installed thereon or therefor in good repair and condition in accordance with high standards; (3) to preserve and enhance the property values and amenities of the community; (4) to address the concerns of the Members, and (5) to maintain the natural integrity of the Common Properties while providing suitable recreational facilities for the benefit of its Members.

ARTICLE IV. APPLICABILITY

All present and future Members shall be subject to these By-Laws and to the rules and regulations issued by the Association to govern the conduct of its Members.

ARTICLE V. USE OF FACILITIES

The Common Properties shall be limited to the use of the Members and their guests. In the event that a Member shall lease or permit another to occupy his Home, however, the lessee or occupant shall at the option of the Member, be permitted to enjoy the use of the Common Properties in lieu of and subject to the same restrictions and limitations as said Member. However, both the Member, lessee or occupant entitled to the use of the Association facilities may extend such privileges to members of his family residing in his household by notifying the Secretary in writing of the names of any such persons and of relationship of such Member, Lessee or occupant to such persons.

ARTICLE VI. MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership: The Association shall be made up of Lot owners who have joined the Association and have paid in full all assessments.

Section 2. Voting Rights. Each member is entitled to one vote. When more than one person or entity holds such interest in any Lot, only one vote attributable to such Member shall be exercised as such persons mutually determine but with the exception of cumulative voting employed in the election of Directors, not more than one vote may be cast with respect to any such Lot. Not a Member shall split or divide its votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

ARTICLE VII. QUORUM, PROXIES AND WAIVERS

Section 1. Quorum. So many Members as shall represent at least 33-1/3% of the total authorized votes of all Members present in person or represented by written proxy shall be requisite to and shall constitute a quorum at all meetings of the Association for the transaction of business, except as otherwise provided by Statute, by the Declaration, the Certificate of Incorporation of the Association or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Association, the Members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least 5 days written notice of such adjourned meeting shall be given to all Members. No quorum shall be required at such adjourned and any business may be transacted which might have been transacted at the meeting originally called.

Section 2. Vote Required to Transact Business. When quorum is present at any meeting, the vote of a majority of the Members present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Members, unless the question is one upon which by express provision of the Statute, Declaration, Certificate of Incorporation of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 3. Right to Vote. Members shall be entitled to vote either in person or by proxy at any meeting of the Association. Any such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 4. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 5. Waiver and Consent. Wherever the vote of the membership at a meeting is required or permitted by Statute or by any provision of the Declaration, Certificate of Incorporation or of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of the membership may be dispensed with if all Members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 6. Place of Meeting. Meetings shall be held at any suitable place convenient to the Members as may be designated by the Board of Directors and designated in the notices of such meetings.

Section 7. Annual Meetings. The annual meeting of the membership of the Association shall be held on such date as is fixed by the Board of Directors. At such meetings there shall be elected by ballot of the membership a Board of Directors in accordance with the requirements of Article Viii of these By-Laws. The Members may also transact such other business as may properly come before the meeting.

Section 8. Special Meetings. It shall be the duty of the President to call a special meeting of the Association, if so directed by the Board of Directors, or upon the presentation to the Secretary of a petition signed by a majority of the Members.

Section 9. Notice of Meetings. It shall be the duty of the Secretary to mail a noticed of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, it each member at least ten but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served. It is the responsibility of each Member to provided the Secretary with an up to date mailing address in writing. The mailing of a notice to the address on file with the Association shall be considered as noticed served.

Section 10. Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll Call
- (b) Proof of Notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Report of Officers
- (e) Report of Committees
- (f) Appointment of inspectors of election(in the event there is an election)
- (g) Election of Directors (in the event there is an election)
- (h) Unfinished business
- (i) New business

ARTICLE VIII. BOARD OF DIRECTORS

Section 1. Number and term. The number of Directors which shall constitute the whole Board shall not be less than three nor more than five. At the First annual meeting and at all subsequent annual meetings the Members shall vote for and elect five Directors to serve for one year terms and until their successors have been duly elected and qualified. All directors must be either members of the Association or immediate family members residing in the Member's home. Each Director shall reside in Baywood and, as required by law, shall be at least nineteen years of age.

Section 2. Cumulative Voting for Board Members. In an election of Directors each Member shall be entitled to as many votes as shall equal the number of directors to be elected and a Member may cast all of such votes for a single Director or may distribute them among two or more Directors as he sees fit.

Provision

Section 3. Vacancy and Replacement. If the office of any Director becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors through less than a quorum, shall choose a successor, who shall hold office for the unexpired term in respect of which such vacancy occurred and until his successor is duly elected and qualified.

Section 4. Removal. Directors may be removed for cause by an affirmative vote of a majority of the Members. No Director shall continue to serve on the Board if, during his term of office, he shall cease to be a Member.

Section 5. Powers.

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

1. To determine and levy assessments ("Association assessments") to cover the cost of operating and maintaining the Common Properties payable in advance. The Board of Directors may increase the assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses.
2. To collect, use, and expend the assessments collected to maintain, care for and preserve the facilities on Common Properties.
3. To make repairs, restore or alter the Common Properties after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.
4. To open bank accounts and borrow money on behalf of the Association and to designate the signatories to such bank accounts.
5. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from Members for violations of the rules and regulations herein referred to.
6. To make reasonable rules and regulations and to amend the same from time to time. Such rules and regulations and amendments thereto shall be binding upon the Members when the Board has approved them in writing and delivered a copy of such rules and all amendments to

each Member. Such rules and regulations may without limiting the foregoing include reasonable limitations on the use of the Common Properties by guests of the Members as well as reasonable admission and other fees for such use.

7. To employ workmen, contractors and supervisory personnel, and to purchase supplies and equipment, to enter into contracts to provide maintenance and other services and generally to have the power of Directors in connection with the matters herein above set forth.

8. To bring and defend actions by or against one or more Members and pertinent to the operation of the Association and to assess special assessments to pay the cost of such litigation.

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

Section 6. Compensation. Directors and officers, as such, shall receive no compensation for their services.

Section 7. Meetings

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

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

(c) Special meetings of the Board may be called by the President on five (5) days notice to each Director either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) directors.

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

Section 8. Annual Statement. The Board of Directors shall furnish to all Members and shall present annually (at the annual meeting) and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business conditions and affairs of the Association, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Members and a notice of the holding of the annual meeting of Association members.

Section 9. Fidelity Bonds. All officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be an expense of the Association.

ARTICLE IX. OFFICERS

Section 1. Elective Officers. The officers of the Association shall be chosen by secret ballot of the Association Membership and shall be a President, a Vice President, a Secretary, a Treasurer, and an Assistant Treasurer.

Section 2. Election. The Association, shall elect a President, a Vice President, a Secretary, a Treasurer, and an Assistant Treasurer at each annual meeting. These officers shall constitute the Board of Directors.

Section 3. Appointive Officers. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall determined from time to time by the Board.

Section 4. Term. The officers shall hold office for a period of one year or until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed with or without cause, at any time, by the affirmative vote of a majority of the Board of Directors present at such meeting, provided prior notice was given to all Board members that this item was on the agenda for such meeting. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Association Members

and the Board of Directors, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Association, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a corporation organized under the Not-for-Profit Corporation Law of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a corporation organized under the Not-for-Profit Corporation Law of the State of New York.

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

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

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

He shall keep detailed financial records and books of account of the Association, including a separate account for each Member, which among other things, shall contain the amount of each assessment, the date when due, the amount paid thereon and the balance remaining unpaid.

Section 9. The Assistant Treasurer. The Assistant Treasurer shall assist the Treasurer in the performance of his duties and shall perform the duties of Treasurer in his absence.

Section 10. Agreements, etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Directors.

ARTICLE X. NOTICES

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

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

ARTICLE XI. ASSESSMENTS AND FINANCES

Section 1. Purpose of the Assessment. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Properties as a community and in particular for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties, including without limiting the foregoing, and payment of taxes (if any), insurance thereon and repair, replacement and additions thereto, and the cost of labor, equipment, materials services, management and supervision thereof.

Section 2. Assessments. The Association's Board of Directors shall annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Association and shall send a copy of the budget and any supplement to the budget to each Member prior to a vote of Association members for budget approval. The Board shall determine the total amount required, including the operational items such as insurance, repairs, reserves, maintenance and other operating expenses, as well as charges to cover any deficits from prior years and capital improvements approved by the Board. Any additional levies, assessments, or supplemental budgets must be approved by a majority of the Association members. The total annual requirements and any supplemental requirements shall be allocated between, assessed to and paid by the Members as follows: Each Member shall pay a portion of said requirements the numerator of which shall be one and the denominator of which shall be equal to the number of Members.

Section 3. Due Dates; Duties of the Board of Directors. All Assessments shall be payable in advance as ordered by the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Member and shall prepare a roster of the Members and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member. Upon the

written request of a Member, the Board shall promptly furnish such Member with a written statement of the unpaid charges due from such Member.

Section 4. Effect of Non-Payment of Assessment, the Personal Obligation of the Member; The Lien, Remedies of the Association. If an assessment is not paid on the date due, as fixed by the Board of Directors, then the Member will be automatically removed from the membership rolls and is not entitled to use any of the Common Properties. Reinstatement of membership will be considered upon request in writing to the Secretary and upon payment of the assessment and penalty fees.

Section 5. Checks. All checks, invoices, or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate.

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

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

ARTICLE XII. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called meeting of Association Members provided:

(1) that the notice of the meeting shall contain a full statement of the proposed amendment and (2) that the amendment shall be approved by vote of at least fifty-one percent (51%) of the Members.

ARTICLE XIII. INSURANCE

Common Areas. The Board of Directors shall maintain public liability insurance, to be the extent obtainable, covering each association Member, lessee and occupant and the managing agent, if any, against liability for any negligent act of commission or omission attributable to them which occurs on or in the Common Properties. To the extent obtainable, the Board of Directors shall also be required to obtain the following insurance: (a) fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring the facilities on the Common Properties, in an amount equal to their full replacement values and (b) workmen's compensation insurance. All insurance premiums for such coverage shall be paid for by the Association.

ARTICLE XIV GENERAL PROVISIONS

Section 1. Disposition of Assets Upon Dissolution of Association. Upon dissolution of the Association, its real and personal assets, including the Common Properties, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly practicable the same as those to which they were required to be devoted by the association. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No such disposition of the Association properties shall be effective to divest or diminish any right or title to any Member vested in him under the licenses, covenants and easements of this Declaration, or under any subsequently recorded covenants, deeds or other documents applicable to the Properties, except as may be otherwise provided in this Declaration or said covenants, deeds or other documents, as the case may be, nor shall any other party under any such deeds, covenants or other documents be deprived of any rights thereunder on account of such disposition.

Section 2. Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 3. Seal The Association seal shall have inscribed thereon the name of the Association and the year of its incorporation under the laws of the State of New York. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 4. Examination of Books and Records. Each Member, or their respective representatives and first mortgagees, shall be entitled to a reasonable examination of the books and records of the Association at any time upon reasonable notice to its Board of Directors. The Declaration, Certification of Incorporation and the By-Laws of the Association shall be available for inspection by any Member or first mortgagee at the principal office of the Association.

Section 5. Construction. Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so required.

In the case of any conflict between the Certificate of Incorporation and these By-Laws, the Certificate shall control; and in case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 6. Severability. Should any of the covenants terms or provisions herein imposed be or become unenforceable at law or in equity, the remaining provisions of these By-Laws shall nevertheless, be and remain in full force and effect. .