

BY-LAWS
OF
RIVIERA CONDOMINIUM

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EXHIBIT C

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BY-LAWS

OF

RIVIERA CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Home Ownership. The property located at the Incorporated Village of Port Jefferson, Town of Brookhaven, Suffolk County, as specifically set forth in the Declaration and more commonly known as the Riviera Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the building and improvements thereon including the Condominium Homes (hereinafter referred to as "Homes"), and the common elements and the use and occupancy thereof, the Term "Building" as hereinafter used shall be defined as the exterior walls and roof of a Home or number of Homes all of which are constructed under a continuous roof or the entire interior and exterior of any building or structure which shall form a portion of the Condominium but which does not contain any of the Homes.

Section 3. Personal Application. All present or future Home Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Community in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Homes or the mere act of occupancy of any of said Homes will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

Section 4. Definitions. The definitions contained in the Declaration of Condominium shall be applicable to these By-Laws unless otherwise indicated.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The condominium shall be limited to Home Owners. "Home Owner" as referred to herein shall mean all of the owners of each Home.

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Section 2. Voting Each Home Owner (including the Board of Managers, if the Board of Managers shall then own or hold title to one or more Homes) shall be entitled to cast one vote at all Home Owners' meetings for each Home or Homes owned by such Home Owner, but in the event the Board of Managers acquires a Home on behalf of the Condominium it shall not cast any of its votes appurtenant to said Home for the election of any member to the Board.

Section 3. Quorum. So many Home Owners as shall represent at least 51 % of the total authorized votes of all Home Owners present in person or represented by written proxy shall constitute a quorum at all meetings of the Home Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Homes Owners, the Home Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Home Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Home Owners, unless the question is one upon which,

by express provisions of the Declaration, Statute, or 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 5. Right to Vote. At any meeting of Home Owners, every Home Owner having the right to vote shall be entitled to vote in person, or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. 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 7. Waiver and Consent. Whenever the vote of Home Owners at a meeting is required or permitted by any provision of the Declaration, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Home Owners may be dispensed with if all Home Owners 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 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Home Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings. The first annual meeting of the Home Owners to elect a Board of Managers will be held within ninety (90) days of the recording of the Declaration. Thereafter annual meetings shall be held on the anniversary of such date each succeeding year or on such other date as the Board determines. At such meetings there shall be elected by ballot of the Home Owners a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Home Owners may also transact such other business of the Condominium as may properly come before them.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Home Owners as directed by the Board of Managers or upon a petition signed by a majority of the Home Owners having been presented to the Secretary.

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Home Owner of record, at least five but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meetings shall be as follows:

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) Election of inspectors of election (in the event there is an election)
- (g) Election of managers (in the event there is an election)
- (h) Unfinished business
- (i) New business

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term. The affairs of the Condominium shall be governed by a Board of Managers. All Managers shall be Home Owners. The Managers shall be elected or designated at the annual meeting of the Home Owners. At the first annual meeting of Home Owners called pursuant to Section 9 of Article 11 a total of three (3) Managers shall be elected. The term of office of one (1) of the Managers shall be fixed for three (3) years, the term of office of one (1) of the Managers shall be fixed at two (2) years, and the term of office of one (1) of the Managers shall be fixed at one (1) year. Separate ballots shall be conducted for each of the three terms of office. Each Home Owner shall be entitled to cast one vote on each ballot for each Home he owns. The nominee on each of the ballots, as the case may be, receiving the highest number of votes on their ballot shall constitute the duly elected Board of Managers.

At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The Managers shall hold office until their successors have been elected and hold their first meeting.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, disqualification, removal from office or otherwise, a majority of the remaining managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

Section 3. Removal. Managers may be removed for cause by an affirmative vote of a majority of the Home Owners. No manager shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner.

Section 4. Powers.

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

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Home Owners pro-rata according to their respective common interest;

2. To collect, use, and expend the assessments collected to maintain, care for and preserve the Homes, Buildings, and other common elements;

3. To make repairs, restore or alter any Homes or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

4. To enter into and upon the Homes when necessary and at as little inconvenience to the Home Owners as possible in connection with the maintenance, care, and preservation of the property;

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5. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

6. To insure and keep insured the common elements and Homes in accordance with Article VI I of these By-Laws;

7. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Home Owners of the property for violations of the house rules or rules and regulations herein referred to;

8. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Home Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Home.

9. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of a manager in connection with the matters hereinabove set forth.

10. To bring and defend actions by or against more than one Home Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation.

11. To acquire Homes in foreclosure or as a result of abandonment and to take any or all steps necessary to repair or renovate any Home so acquired and to vote as a Home Owner, offer such Home for sale or lease or take any other steps regarding such Home as shall be deemed proper by the Board of Managers;

12. To make additions, alterations, or improvements to the common elements of the Community, the cost of which addition, alteration, or improvement does not exceed \$10,000. The Board of Managers may make additions, alterations or improvements to the common elements costing in excess of \$10,000 only with the approval of a majority of the Home Owners. While the Declarant is in control of the Board of Managers, the Board may make additions, alterations, or improvements to the common elements costing in excess of \$5,000 or enter into service or maintenance contracts the duration of which will extend more than one year after the Declarant loses control of the Board of Managers, only with the approval of a majority of the Home Owners, excluding the Declarant, voting at a duly held meeting of the Home Owners.

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13. To act as an agent for one or more Home Owners to file a single complaint and bring a special proceeding on behalf of Home Owners who wish to contest the real estate tax assessments of their Home pursuant to Section 339-y(4) of the New York Property Law. In such event, the Board could retain counsel on behalf of such Home Owners and charge each Home Owner for whom it is acting a pro rata share of expenses, disbursements and legal fees, the payment for which would be secured by a lien on each Home. The Board of Managers is not obligated to perform such services and it is necessary to obtain the written authorization of the Home Owners.

14. To grant utility or other easements over or to the common elements as may, at any time, be required for the benefit of the Condominium and the Home Owners without the necessity of the consent thereto, or joinder therein, by the Home Owners or any mortgagee (except that if the granting of such easement impairs the ability of one or more Home Owners who have the right to use such common elements to the exclusion of any other Home Owner, the consent of all such affected Home Owners shall be required in writing before such easement shall be granted);

B. The Board of Managers may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each of such committees to include at least one (1) manager which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business affairs of the Condominium and may have power to sign all papers which may be required, provided the said 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 Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 5. Repairs and Maintenance. Except as provided for in Section 10 of this Article III and the Declaration of Covenants, Restrictions, Easements, Charges and Liens and By-Laws of the Riviera Home Owners Association, Inc., filed in the Suffolk County Clerk's Office, all maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls, roof and roof members as well as all maintenance, repairs and replacements to any public utility lines as are located in the common elements and serve one or more Homes, and exterior maintenance shall be a common expense. All maintenance (including electrical and plumbing repairs in the Homes and painting and decorating of the inside of the Homes), repairs and replacements to the Homes including windows (including all glass breakage), doors, windows and doors which open from a Home (except painting and maintenance of the exterior surface which is performed by the Board of Managers), and repairs to any heating/air conditioning system servicing a unit, pipes, wires and conduits located within or without the same Home other than as set forth above shall be made by

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the respective Home Owners at their own expense. In addition, all costs and maintenance associated with a limited common element appurtenant to a Home (except heating and cooling systems) shall be the sole responsibility of the Board of Managers and the cost thereof shall be a common expense, except for minor repairs and general cleaning which shall be the sole responsibility of the Home Owner. However, the Board of Managers shall repair and replace any public utility lines located underground or overhead of any irrevocably restricted common element except where such repair or replacement is necessitated because of the negligence or misuse or neglect of the Home Owner to which the common element is restricted in use, in which event such Home Owner shall make such repairs or replacements at his own expense. The Board of Managers and its agents, employees and contractors shall have a right of access to any Home and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of the Condominium. All replacements, repairs, painting or maintenance, whether made by the Home Owner or by the Board of Managers to the doors, windows, or the exterior

surface of the Building, including roofs, or to any generally visible portion of the common elements shall be carried out in such a manner so as to conform to the materials, style and color initially provided by the Declarant and shall comply with the requirements of the Architectural Control provisions contained in Article XIV, Section 3, of the By-Laws of the Riviera Home Owners Association, Inc. In the event that a Home Owner fails to make any maintenance or repair which maintenance or repair is necessary to protect any of the common elements or any other Home, the Board of Managers shall have the right to make such maintenance or repair (after the failure of the Home Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of any emergency situation) and to charge the Home Owner for the cost of all such repairs and/or maintenance. In the event that the Board of Managers charges a Home Owner for repairs or maintenance to his Home or for repairs to any common element restricted in use to such Home Owner, and the Home Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Home Owner shall be liable for the reasonable Attorneys' fees and costs of such suit or proceeding together with interest on all sums due.

Section 6. Compensation. Managers 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 Home Owners 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 Managers shall be held at the same place as the Home Owners meetings, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall take place.

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(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 two (2) days notice to each manager 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 three (3) managers.

(d) At all meetings of the Board, a majority of the managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, 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 meetings of managers, the managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

(f) Members of the Board may participate in a meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting.

Section 8. Annual Statement. The Board of Managers shall furnish to all Home Owners and their mortgagees and shall present annually (at the annual meeting, but in no event later than four months after the close of the fiscal year) and when called for by a vote of the Home Owners at any special meeting of the Home Owners, a full and clear statement of the business conditions and affairs of the Condominium, 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 Home Owner and a notice of the holding of the annual Home Owners meeting.

Section 9. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

Section 10. Appointment of Board of Directors of Association as Irrevocable Managing Agent. In order to provide uniformity of services in the Riviera Development (of which Riviera Condominium is a part), the Board of Managers shall be deemed to have irrevocably appointed the Board of Directors of the Riviera Home Owners

Association, Inc., to provide all services in connection with the maintenance, repair, and replacement to the common elements and to assess the Home Owners for the cost of such maintenance. All of the powers granted to the Board of Managers in connection with repairs and replacements of the common elements by this Declaration including, but not limited to, the power to make additions, alterations, or improvements to the common elements, repairs, maintenance and replacements to the common elements, collecting assessments or borrowing money to pay for such work shall remain the obligation of the Board of Managers but shall be performed by the Board of Directors of the Association as the irrevocably appointed Managing Agent of the Riviera Condominium. The Board of Managers may, at its option, delegate other powers set forth herein to the Board of Directors of the Association. The Board of Managers shall, however, be responsible for maintaining adequate fire and liability coverage for the Homes and common elements as set forth herein.

Section 11. Liability of the Board of Managers, Officers and Home Owners. Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers, as agent for the Home Owners as a group only and that no member of the Board of Managers, Officer of the Condominium nor individual Home Owners shall be liable for such contract, agreement or commitment. The Home Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Home Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Home Owners. The Board of Managers and Officers of the Condominium shall have no liability to the Home Owners in the management of the Community except for willful misconduct or bad faith and the Home Owners shall severally indemnify all members of the Board of Managers and Officers of the Condominium against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties as such member except acts of willful misconduct or acts made in bad faith. Such several liability of the Home Owners shall, however, be limited as to each Home Owner to such proportion of the total liability thereunder as such Home Owner's common interest bears to the common interest of all Home Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a

treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Home Owners, members of the First Board of Managers or designated members of the Board of Managers of the Declarant. Two or more offices may not be held by the same person.

Section 2. Election. The Board of Managers at its first meeting after each annual Home Owners Meeting shall elect a president, a vice president, a secretary and a treasurer. Only the president must be a member of the Board.

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 be determined from time to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Home Owners and Managers, he shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, 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 stock corporation organized under the Business Corporation 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 stock corporation organized under the Business 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 Home Owners meetings 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 Home Owners meetings and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

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

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, 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 Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Home which, among other things, shall contain the amount of each assessment of common charges against such Home, the date when due, the amounts paid thereon and the balance remaining unpaid.

Section 9. 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 Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any manager or Home Owner, 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 Managers, such manager or Home Owner at such address as appears on the books of the Condominium.

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 VI. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or

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officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and supplement to the budget to every Home Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Homes and prorated against each of said Homes according to the respective common interest appurtenant to such Homes. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Home or the common elements restricted to the use of the Home Owner of said Home. Said assessments shall be payable monthly or such other manner as ordered by the Board of Managers. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments.

The Home Owner agrees to pay promptly when due the monthly common charges and all special assessments assessed against his own Home. In the event any Home Owner fails to make payment of his Common Charge, the Home Owner who owns such Home shall be obligated to pay (a) interest at the maximum permitted rate in the State of New York computed from the due

date thereof, and (b) all expenses, including, without limitation, attorneys' fees paid or incurred by the Board or by any Managing Agent in any proceeding brought to collect such unpaid Common Charges or in an action to foreclose the lien on such Home Owners Home arising from said unpaid Common Charges in the manner permitted by applicable law. All such "late charges", interest and expenses shall be added to and shall constitute Common Charges payable by such Home Owner. In addition, in the event of a default in payment of common charge assessments by any Home Owner, the Board, at its sole option, may declare the common charge assessment on said Home Owner's Home for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board shall send notice to the delinquent Home Owner and the mortgagee, if any, of such Home giving the Home Owner a five day grace period in which to make his payment. The Board may take action to collect any common charges due from any Home Owner which remains unpaid 90 days from its due date by way of foreclosure of the lien on such Home in accordance with Section 339 of the Real Property Law or otherwise.

No Home Owner shall be liable for any common charges which accrue against his Home subsequent to a sale, transfer or other conveyance by him of his Home in accordance with these By-Laws and the Declaration. A purchaser of a Home (other than

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a mortgagee or a purchaser at a foreclosure sale) shall be liable for the payment of all common charges assessed against the Home and unpaid at the time of the purchase.

Section 3. Foreclosures of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Home at a foreclosure sale resulting from any action brought by the Board to foreclose a lien on the Home because of unpaid common charges. In the event of such purchase, the Board shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Home. A suit to recover a money judgment for unpaid common charges shall also be obtainable separately without waiving the lien on the Home.

Section 4. Statement of Common Charges. Upon the written request of any Home Owner or his mortgagee, the Board shall promptly furnish such Home Owner or his mortgagee with a written statement of the unpaid common charges due from such Home Owner.

Section 5. Liability for Utilities. Any utility, including gas and electricity, consumed in the Homes shall be an expense of each individual Home Owner.

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 Homes. Disbursements from said account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Homes.

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

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fidelity insurance covering all officers, Board members, employees and the managing agent or agents who handle funds of the Condominium; fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring all of the Buildings in the Condominium (but not including furniture, furnishings or other personal property supplied or installed by Home Owners), together with all heating, air-conditioning and other service machinery, contained therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Building. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee

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of a Home which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if \$50,000 or less, shall be payable to the Board of Managers, and if more than \$50,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first Home in an amount as required by the mortgagee of such Home and such amount will be increased upon the closing of title to all Homes and until the first meeting of the Board of Managers following the first Home Owners meeting, such insurance will be issued on an agreed amount replacement cost basis.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Home Owners or of the invalidity arising from any acts of the insureds or any Home Owners, 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 insured, including all mortgagees of Homes. Duplicate originals of all policies of physical damage insurance and of all renewals thereof together with proof of payment of premiums, shall be delivered to all mortgagees of Homes at least ten (10) days prior to expiration of then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, 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, the managing agent and each Home Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Home Owners meeting, such public liability insurance shall be in a single limit of \$1,000,000 covering all claims for bodily injury and for property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Home.

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

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Section 2. The Insurance Trustee. A New York Bank or Trust Company shall be the Insurance Trustee and shall constitute a common expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Buildings as a result of fire or other casualty (unless 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration)-, the Board of Managers shall arrange for the prompt repair and restoration of the Buildings (including any damaged Homes, and any kitchen or bathroom fixtures initially installed therein by the Declarant, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Home Owners in the Homes), and the Board of Managers or the Insurance Trustee, as the case may be, 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 Home Owners for such deficit as part of the common charges.

If 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Home Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceed of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Home Owners in proportion to their respective common interests, after first paying out of the share of each Home Owner the amount of any unpaid liens on his Home, in the order of the priority of such liens.

ARTICLE VIII. HOUSE RULES

Section 1. In addition to the other provisions of these By-Laws, the following house rules and regulations together with such additional rules and regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Homes and the conduct of all residents thereof.

Section 2. All Homes shall be used for residential purposes.

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Section 3. Owners of a Home, members of their families, their employees, guests and their pets shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other said owners, or in such a way as to be injurious to the reputation of the Condominium.

Section 4. The common elements shall not be obstructed, littered, defaced or misused in any manner.

Section 5. Every Home Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Home Owner or such other person for whose conduct he is legally responsible.

Section 6.

(a) Every Home Owner must perform promptly all maintenance and repair work to his own Home which, if omitted, would affect the Community in its entirety or in a part belonging to other Home Owners, or the building of which his Home forms a part, he being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs to internal installations of the Home located in and servicing only that Home, such as telephones and sanitary installations shall be at the Home Owner's expense.

Section 7. A Home Owner may not make any alterations to any part of the common elements nor may any structure be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Home which would impair the structural soundness of the building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. All work done pursuant to this Section must be done in accordance with all applicable rules, regulations, permits and zoning ordinances of any governmental agencies having jurisdiction thereof. All necessary approvals must be obtained and submitted to the Board of Managers upon submission of the written request for consent to do the work to the Board of Managers. Any interior alterations or improvements made to a Unit shall be made in accordance with all applicable rules, regulations and zoning ordinances of any governmental agencies having jurisdiction thereof. This paragraph shall not apply to Declarant.

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Section 8.

(a) No Home Owner shall paint the exterior surfaces of the windows, walls or doors opening out of his Home.

(b) No person shall park an automobile, boat, trailer, off-track vehicle, camper, bus, truck, snowmobile or other commercial or recreational vehicle (collectively "Vehicles") or otherwise obstruct any Home Owner's use of ingress or egress to any driveway, garage, or parking space, nor may any Vehicle be parked on the Common Areas except in designated parking areas. The driveway in front of each garage is restricted in use to the owner of the Home in which such garage is located.

(c) No repair of a Vehicle as referred in (e) above shall be made in any of the roadways, driveways or parking areas of the Condominium, nor shall such areas be used for storage or overnight parking of any Vehicle as referred to in (e) above, except for a Members automobile, without the written permission of the Board.

(d) All dogs, cats, and other pets must be leashed and shall not be permitted to run loose. Home Owners shall be responsible for picking up and disposing of their pet's waste and for any damage caused by their pets to the Common Areas. No cages or "runs" shall be constructed on the Common Areas.

(e) No television or radio antenna or any other type of receiving or transmitting antenna or structure shall be erected on the exterior Home without the prior written consent of the Board of Managers.

(f) No building, deck, patio, fence, gate, sign, statuary, wall or other structure, or change or alteration to the exterior of the Homes or color of the Homes or in the landscaping shall be commenced, erected, replaced, repaired or maintained, nor shall any exterior addition to, or change or alteration thereto, be made unless the Home Owner complies with requirements of the Architectural Control provisions contained in Article XIV, Section 3 of the By-Laws of the Riviera Home Owners Association, Inc.

(g) Any Home Owner who mortgages or sells his Home shall immediately notify the Board of Managers, providing the name and address of his mortgagee or new Home Owner.

(h) The Board of Managers shall, at the request of the mortgagee of the Home, report any delinquent assessments due from the Owner of such Home.

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(i) Every Member shall be liable for any and all damage to the Common Area and the property of the Association, which shall be caused by said Member, its permitted lessees and occupants of Homes, their respective family members and guests and such other person for whose conduct the Member is legally responsible.

0) No Home Owner shall make or permit any disturbing noises in any Home or do or permit anything to be done therein, which will interfere with the rights, comforts or conveniences of other Home Owners.

(k) Upon receipt, by the President of the Board of Managers or by the Managing Agent, of a signed written complaint alleging violation of any of the House Rules or other provisions of the By-Laws as herein established or hereafter established or adopted by the Board of Managers, the President of the board, or in his absence, the Vice President together with a minimum of two (2) other members of the Board, without a formal meeting of the Board, shall make a determination as to the validity of the complaint. If in their determination the complaint is valid and justified the Managing Agent shall be directed to send written notice to the violator. If the violation is not corrected or eliminated within a period of three (3) days from the date of receipt of such notice, another notice will be sent levying a fine of up to \$50.00 upon the violator; such fine is to be considered as an additional common charge to the account of the violator and shall be treated as such regarding late penalties and a lien upon the property as elsewhere provided for in the Declaration of Condominium, By-Laws or Offering Plan. If after imposition of a fine the violation is not corrected or eliminated, the Board of Managers may assess additional fines of up to \$50.00 each after serving written notice upon the violator as provided for above. If the violation results in loss of or damage to property classified as common area, the Board of Managers shall itself or direct the Managing Agent, if employed, to have said loss or damage repaired or replaced and the actual cost of said repair or replacement shall be assessed to the violator as an additional common charge.

The above provisions shall not apply to the Declarant unless required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation.

ARTICLE IX. DEFAULT

In the event a Home Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers, acting in behalf of the Board shall notify the Home Owner and the mortgagee, if any, of such Home. If such sum, charge or assessment shall remain unpaid for 90 days after the giving of such notice, the Board may foreclose the lien encumbering the Home as a result of the non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the owner of a Home does

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not pay the assessment required to be paid by him on its due date, the Board of Managers may collect said fees and take such action as is provided in Article VI Section 2 of these By-Laws and said Home Owner shall be liable for the Condominium's reasonable costs and a reasonable attorney's fee incurred by it incident to the collection or enforcement of such lien.

ARTICLE X. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called Home Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by sixty-six and two-thirds percent (66 2/3%) of the Home Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Home Owners' interest and the interests of holders of a mortgage encumbering a Home or Homes.

In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least 51 % of the votes of Homes that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of common areas; responsibility for maintenance and repairs; reallocation of interests in the general or limited common areas, or rights to their use; boundaries of any Home; convertibility of Homes into common areas or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; leasing of Homes; imposition of any restrictions on a Home Owners right to sell or transfer his or her unit; a decision by the Condominium to establish self management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors.

An addition or amendment to these By-Laws shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any eligible mortgage holder who received a written request to approve amendments who does not deliver to the Condominium a negative written response within 30 days of the receipt of the request shall be deemed to have approved such amendment.

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ARTICLE XI. SELLING AND LEASING HOMES

Section 1. Selling and Leasing Homes. Any Home may be conveyed or leased, subject to local zoning ordinances, by its Home Owner free of any restrictions except that no Home Owner shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all unpaid common charges assessed against his Home shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from the sale of a Home, or by the Grantee.

The provisions of this Section shall not apply to the acquisition or sale of a Home by a mortgagee who shall acquire title to such Home by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagees.

ARTICLE XII. CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than \$50,000 and to the Board of Managers if the award is \$50,000 or less, to be distributed in accordance with Section 3 of Article V11 but in the following amounts:

(a) so much of the award as is applicable to unrestricted common elements, to the Home Owners pro rata according to the respective common interest appurtenant to the Homes owned by such Home Owners.

(b) So much of the award as is applicable to irrevocably restricted common elements to the Home Owner having general use of such common element.

In such eminent domain or condemnation proceeding the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and to each irrevocably restricted common element. In the event the award does not set forth such allocation then the question of such allocation shall be submitted to the arbitration in accordance with the Arbitration Statutes of the State of New York.

ARTICLE XIII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Home Owner permit or suffer anything to be done or left in his Home which will increase the insurance rates on his Home or any other Home or on the common elements.

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Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Home Owner who mortgages his Home, shall notify the Condominium through the management agent, if any, or the President of the Board of Managers in the event there is no management agent, of the name and address of his mortgagee; and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Homes".

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgagee of a Home, report any unpaid assessments due from the Home Owners of such Home.

Section 5. Examination of Books and Records. Every Home Owner or his representative and mortgagee shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board but not more often than once a month.

Section 6. Construction. Wherever 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; wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws 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 the Statute or of the Declaration, whichever the case may be, shall control.

EXHIBIT B

UNIT TYPE	UNIT #	PERCENTAGE OF COMMON INTEREST EXPRESSED AS A FRACTION	APPROXIMATE AREA IN SQUARE FEET	TYPE AND NUMBER OF ROOMS
				I

SCHEDULE A

DESCRIPTION OF PROPERTY

ALL that certain plot, piece or parcels of land located in the Incorporated Village of Port Jefferson, Town of Brookhaven County of Suffolk, State of New York, described as follows:

Lot Nos. 3, 5, 6, 7, 8, 9, 10, 11, 12 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 28, 29, 30, 31, 32, 34,35, 36, 37, 81, 38,39,40,41,42,45,46,47,48,49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 62, 63, 64, 65, 66, 67, 68, 71, 72, 73, 74, 75, 76, 77, 78, 80, 82, 69, 70, 89, 90, 91, 92, 93, 94, 95, 87, 86, 85 and 84, as shown on the Map of the Riviera at Port Jefferson, filed in the Office of the Clerk of Suffolk County on _____, as Map No. _____.