

BY-LAWS
of
1199 HOUSING CORPORATION

Organized Pursuant to the Limited-Profit Housing Companies Law

ARTICLE I

Declaration of Purposes

SECTION 1. This corporation is organized under and pursuant to the Limited-Profit Housing Companies Law of the State of New York and with the approval of the Housing and Development Administration of the City of New York and the Commissioner of Housing and Community Renewal of the State of New York.

The object of the corporation is to construct, own and operate a limited profit housing project.

ARTICLE II

Capital Stock

SECTION 1. Classes of Stock. The corporation shall have two classes of capital stock: Class A common stock and Class B common stock.

SECTION 2. Class A Stock. Class A common stock shall be issued to the sponsors of the corporation as approved by the Housing and Development Administration of the City of New York. The entire voting power of the corporation shall be vested in such Class A common stock until the Housing and Development Administration of the City of New York shall certify the total actual project cost of the housing project to be developed by the corporation and shall issue a Certificate of Final Acceptance of the said housing project.

SECTION 3. Class B Stock. Class B common stock shall be issued to the tenant-cooperators who will occupy the residential units in the said housing project pursuant to leases with the corporation as approved by the Housing and Development Administration of The City of New York. Such Class B common stock shall not be issued until the Housing and Development Administration shall certify the total actual project cost of the said housing project and shall issue a Certificate of Final Acceptance of the said housing project, and until such time there will be no meetings of the subscribers to or owners and holders of said Class B common stock and no voting rights shall be vested in said Class B common stock.

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SECTION 4. Retirement of Class A Shares and Issuance of Class B Shares. Within 90 days after the Housing and Development Administration shall certify the total actual project cost of the said housing project and shall issue a Certificate of Final Acceptance of the said housing project:

(a) The Class A common stock shall be retired by the corporation and the corporation shall pay and the holders of such stock shall accept the price paid for such stock when originally issued; and

(b) The Class B common stock shall be issued to the subscribers therefor and the entire voting power of the corporation shall vest in said Class B common stock; and

(c) A special meeting of Class B stockholders for the election of directors and for the conduct of other business shall be called.

SECTION 5. References to Stock and Stockholders. Unless otherwise expressly limited, all references hereinafter to stock, shares, stockholders, and synonymous terms, shall be deemed (a) to refer only to Class A common stock and the holders thereof during the period prior to the time the Housing and Development Administration shall certify the total actual project cost of the said housing project and shall issue a Certificate of Final Acceptance of the said housing project, and (b) to refer only to Class B common stock and the holders thereof during the period subsequent to the time the Housing and Development Administration shall certify the total actual project cost of the said housing project and shall issue a Certificate of Final Acceptance of the said housing project.

SECTION 6. Issuance and Pledge of Class B Stock to New York State Housing Finance Agency. No provision of these By-Laws is intended to or shall prohibit the corporation from issuing, and the corporation shall have the right to issue, Class B common stock to the New York State Housing Finance Agency pursuant to the provisions of the Private Housing Finance Law of the State of New York, in accordance with and to effectuate the provisions of said Law relating to the leasing of apartments to the New York State Housing Finance Agency and subleasing by such Agency of such apartments to persons or families eligible therefor; and the corporation may enter into such agreements with the New York State Housing Finance Agency with respect to any Class B common stock issued to such agency as shall be determined by the Board of Directors of the corporation. Notwithstanding any provision to the contrary in these By-Laws and in exception thereto, any share or shares of Class B common stock may be pledged to the New York State Housing Finance Agency for the purpose of implementing Section 44, Subdivision 20 and Section 44-a of Article 3 of the Private Housing Finance Law.

SECTION 7. Certificates of Stock. Certificates of stock shall be numbered and issued in consecutive order, shall be signed by the President or the Vice-President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the corporation; and in appropriate books of record shall be entered the name of the person owning the shares represented by each certificate, the number of such shares and the date of issue. All

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certificates exchanged and returned to the corporation shall be marked "Cancelled", with the date of cancellation by the President, a Vice-President, the Secretary or the Treasurer, and shall be filed among the corporate records of the corporation.

SECTION 8. Transfers. Shares represented by any certificate shall be transferable only as an entirety on the books of the corporation by the holder in person or by attorney, upon surrender of the certificate for such shares.

SECTION 9. Restrictions on Transfers.

A. No share or shares of the capital stock shall be sold, pledged, encumbered or otherwise disposed of without the prior written consent of the Housing and Development Administration of The City of New York.

B. (1) In the event that the consent of the Housing and Development Administration of The City of New York has been obtained, no share or shares of the capital stock shall be sold, pledged, encumbered or otherwise disposed of unless such share or shares are first offered for sale to the corporation for the aggregate sum which the stockholder paid for such share or shares.

(2) Such offer shall be made in writing, signed by such stockholder, and sent by mail to the corporation in a postpaid wrapper to the post office address of the corporation, at its principal place of business, and such offer shall remain good for acceptance by the corporation or a person designated by the corporation for a period of ninety days from the date of mailing such notice. Such offer shall constitute the corporation an agent for the sale of the shares of stock to the corporation or to such person as may be designated by the corporation.

(3) If the corporation, or person designated by it, within the said ninety-day period, shall indicate that it, or the person designated by it, desires to purchase said shares of stock and shall give notice thereof in writing to the retiring stockholder, the latter shall be bound, within thirty days thereafter to transfer such shares to the corporation or the person designated by the corporation, upon payment and receipt of the price herein provided.

(4) In the event that the corporation or the person designated by the corporation shall not purchase said share or shares of capital stock of the corporation within said ninety-day period, then and in such event only, the stockholder shall have the right or power to pledge, sell or otherwise dispose of said share or shares of the capital stock of the corporation to any person acceptable to the corporation, and to the Housing and Development Administration of The City of New York, provided such person shall, upon the transfer of said shares, enter into a lease with the corporation for the premises formerly occupied by the retiring stockholder, for a term and upon the same terms and conditions contained in the lease between the stockholder and the corporation. The corporation will not, however, unreasonably withhold its acceptance of any person to whom the stockholder proposes to sell such shares as aforesaid.

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In the event that the stockholder does not sell her or his stock to any person within six months after her or his right to do so has accrued, she or he must again notify the corporation of her or his intent to transfer her or his shares, and she or he shall again be bound by the provisions of this Paragraph B of Section 9 of this Article II.

(5) If in any case the retiring stockholder, after becoming bound to sell, convey or transfer her or his shares to the corporation or such other person as may be designated by the corporation, defaults in transferring said shares, the corporation or such other person as may be designated by the corporation shall, after notice to and approval by the Housing and Development Administration of The City of New York, hold the purchase money in trust for the retiring stockholder, or her or his executors, administrators or assigns, and shall substitute the name of the purchaser upon the books of the corporation in place of the name of the retiring stockholder. After the name of the purchaser has been entered on the books of the corporation in the exercise of the aforesaid powers, the validity of the proceedings shall not be questioned by any person and the corporation or such other person as may be designated by the corporation shall be deemed and taken to be the owner of such shares.

(6) In the event that the stockholder shall have defaulted in the payment of any obligation arising under her or his lease with the corporation or shall, apart from said lease, become indebted to the corporation; or in the event of the termination of the lease or the recovery of possession of the apartment by the lessor under any of the provisions of the lease, or in the event of the violation by the stockholder of any provision of this Section 9 of Article II of these By-Laws, the stockholder shall forthwith surrender to the corporation the certificate representing the shares of capital stock of the corporation owned by the stockholder, and upon the failure or refusal of the stockholder to so surrender said shares of stock, the same shall, after notice to and approval by the Housing and Development Administration of The City of New York, be automatically cancelled and rendered null and void, and the corporation may issue a new certificate or certificates in their place and stead, which new certificate or certificates shall represent the same shares as were represented by the original certificate or certificates. The stock represented by the certificate or certificates so surrendered or by such new certificate or certificates may be sold by the corporation at public or private sale without notice, and the proceeds applied toward all indebtedness of the stockholder, and the corporation shall remit any balance, after payment of the expenses of the sale, to the stockholder.

(7) The provisions of this Article II shall be binding upon the executors, administrators or other legal representatives, and successors and assigns of any stockholders. Any person, other than a surviving spouse, acquiring by will, descent, or conveyance to take effect at death, any share or shares of the corporation, shall be bound to offer the same for sale and transfer to the corporation upon the terms hereinabove set forth in this Section 9 of Article II of the By-Laws.

Notwithstanding the provisions of this subparagraph 7, the surviving spouse of a deceased stockholder shall have the right to continue to occupy the apartment as if the surviving spouse was the record holder of the stock, provided they were living together at the death of stockholder, and the stock was not specifically bequeathed to someone other than the surviving spouse, and the surviving spouse complies with the income limitations of the Housing and Development Administration of the City of New York, and the statutes applicable thereto.

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(8) The certificates of stock shall bear a legend to the effect that the right to pledge, encumber, sell, alienate or otherwise dispose of the share or shares represented by such certificate is restricted as provided in Sections 8 and 9 of this Article II.

(9) The provisions of this paragraph B of Section 9 shall be applicable only to Class B common stock.

SECTION 10. The corporation shall be entitled to treat the holder of record of any share or shares of the corporation as the holder in fact thereof, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by statute.

SECTION 11. The corporation shall have a lien upon the shares of stock of any stockholder and upon all moneys due and owing by the corporation to any stockholder for any and all debts owed to the corporation by such stockholder. The directors may refuse to approve a transfer of any share upon which the corporation has such a lien.

SECTION 12. As used in this Article, the words "shares of stock" shall include any interest in the corporation, and the word "stockholders" shall include the owner or holder of any such interest. The provisions of Sections 8 through 12, inclusive, of this Article II, shall be applicable to income debentures which may be issued by the corporation to its stockholders.

ARTICLE III

Stockholders' Meetings

SECTION 1. Annual Meetings. The annual meeting of the stockholders of the corporation for the election of directors and for the transaction of other business of the corporation shall be held at the office of the corporation in the City, County and State of New York, or such other place as may be designated in the notice of meeting, on the third Saturday of October, if not a legal holiday; and if a legal holiday, then on the next secular day following. Written notice of the annual meetings shall be mailed to each stockholder entitled to vote, at such address as appears on the stock book, not less than ten (10) nor more than forty (40) days prior to the date of the meeting; but any meeting at which all stockholders shall be present, or at which all stockholders not present have waived notice in writing, shall be deemed held on due notice.

SECTION 2. Special Meetings. Special meetings of the stockholders for any purpose or purposes may be called at any time by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors or at the request in writing of 25% of the stockholders who shall require the Secretary or other officer of the corporation to give notice of such meetings. Written notice of such meeting, setting forth the time and place of the holding of such meeting and the object thereof, shall be mailed to each stockholder entitled to vote, at such address as appears on the stock book, not less than ten (10) nor more than forty (40) days prior to the date of the meeting; but any meeting at which all stockholders shall be present, or at which all stockholders not present have waived notice in writing, shall be deemed held on due notice.

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SECTION 3. Additional Notice. The Housing and Development Administration of the City of New York shall be notified in writing of and shall have the right to designate a representative to attend all meetings of the stockholders of the corporation.

SECTION 4. Quorum. Presence in person or by proxy of one-third of the holders of the outstanding stock entitled to vote shall be necessary to constitute a quorum, but a lesser number may adjourn from time to time without notice other than an announcement at the meeting at which the requisite number of stockholders shall not be present.

SECTION 5. Voting. At all meetings of the stockholders, all questions the manner of deciding which is not specifically regulated by statute or by these By-Laws shall be determined by a vote of the majority of the stockholders present at the meeting. Each stockholder shall be entitled to one vote for any and all purposes regardless of the number of shares held by such holder. All voting shall be viva voce or secret ballot except as otherwise prescribed by statute or by these By-Laws.

SECTION 6. Order of Business. At all meetings of the stockholders the following order of business shall be observed so far as consistent with the purposes of the meeting:

1. Calling the roll of persons entitled to vote.
2. Proof of notice of meeting.
3. Reports, respectively, of President, Treasurer and Secretary.
4. Reports of committees, if any.
5. Election of directors.
6. Transaction of such other business as may properly come before the meeting.

ARTICLE IV

Directors

SECTION 1. Number and Term of Office. The number of directors shall be eleven. The directors shall be elected at the annual meeting of the stockholders in each year. Four directors elected at the first meeting (receiving highest number of votes) shall serve three years; four (receiving the next highest number of votes) shall serve for two years; and three (receiving the next highest number of votes) shall serve for one year. Directors elected at successive meetings shall serve for three years.

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SECTION 1A. Qualifications of Directors.

(a) Every person elected as a director of the corporation, in order to qualify and serve as a director, must have been a resident stockholder of the corporation for at least one year immediately preceding the date of his or her election; provided, that the aforesaid requirement shall not apply to any person who had previously served as a director of the corporation.

(b) Any person who is shown on the books or management accounts of the corporation to have been or to be more than thirty (30) days delinquent in payments due the corporation (including but not limited to carrying charges under the Occupancy Agreement and late payment charges) in an amount equal to at least one month of carrying charges at the then applicable rate or to have failed to submit recertification documents to the corporation in accordance with applicable rules of the regulatory agencies or to have failed to maintain insurance with respect to her or his apartment in the project in compliance with the Occupancy Agreement, during the twelve (12) month period preceding the date which is thirty (30) days prior to the date of his or her election as a director of the corporation or on the date of such election, shall not qualify as a candidate or take office as a director of the corporation.

(c) Any person who had previously been removed as a director pursuant to Section 9 of Article IV of these By-Laws shall not be eligible to serve as a director of the corporation for a period of three years from the date of such removal, and any person who had twice been so removed shall not be eligible to again serve as a director of the corporation.

(d) No employee of the corporation, and no spouse, parent, child, sister or brother of any such employee, shall be eligible to run for or serve on the Board of Directors of the corporation.

(e) Any director who is shown to have commenced an action against the corporation in a court of competent jurisdiction shall, upon five (5) days written notice issued by the Board President or Secretary, be suspended from the Board of Directors pending final disposition of the action.

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(f) If a person is elected as a director of the corporation but is not eligible to qualify and take office as a director under any of the provisions of this Section 1A (a)-(d), then the position shall be deemed vacant as of the date of such election and shall be subject to the provisions of Section 2 of Article IV of these By-Laws.

SECTION 2. Vacancies. Any vacancy occurring in the Board of Directors by reason of death, resignation, removal or otherwise of any director, or by reason of any increase in the number of members constituting the full Board of Directors, shall be filled, as of the effective date of such vacancy, by the person who received the next highest number of votes for the office of director in the preceding election of directors, provided such person then qualifies to serve as a director and agrees to such service. In the event there shall have been a tie between two or more persons who received the next highest vote for the office of director in said preceding election, then the vacancy shall be filled from among such persons by a majority vote of the remaining directors, even though they may constitute less than a quorum, which vote shall be held within thirty (30) days after the effective date of such vacancy. In the event there is no such person available from the preceding election of directors to fill the vacancy, then the vacancy shall be filled by a majority vote of the remaining directors, even though they may constitute less than a quorum, which vote shall be held within thirty (30) days after the effective date of such vacancy. A director designated or elected to fill a vacancy shall hold office until the next annual meeting of stockholders at which time a successor shall be elected to serve for the unexpired term, and until such successor has been duly elected and qualifies.

SECTION 3. Meetings. Meetings of the Board of Directors may be held at any time upon call of the President, the Vice-President, or any two members of the Board. Such meetings shall be held at the office of the corporation except as otherwise determined and fixed from time to time by the Board of Directors.

SECTION 4. Notice of Meetings and Waiver of Notice. Notice of each meeting, stating the time, place and objects thereof, shall be given by mailing at least forty-eight hours before such meeting, or by fax or email at least twenty-four hours before such meeting, a copy of such notice addressed to each director at her or his last known post office address. Notice may be waived in writing by any director. Any meeting at which every director is present, or of which those directors who are absent have waived notice, may be validly held without notice.

The Housing and Development Administration of The City of New York shall be notified in writing of and shall have the right to designate a representative to attend all meetings of the Board of Directors.

SECTION 5. Quorum. A majority of the Board of Directors shall constitute a quorum, and a majority of the members in attendance at any meeting of the Board shall, in the presence of a quorum, decide its action. A majority of the members present at any meeting may, in the absence of a quorum, adjourn to a later date, but may not transact any other business.

SECTION 6. Committees. The Board of Directors may, from time to time, appoint from among its members committees with such powers and duties as it shall determine.

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SECTION 7. Duties and Powers. The Board of Directors shall have entire charge of the property, interests, business and transactions of the corporation, and may adopt such rules and regulations for the conduct of its meetings and management of the corporation as it may deem proper, not inconsistent with law or these By-Laws. The Board of Directors may delegate to the officers of the corporation such powers and authority and assign to them such duties as the Board may deem necessary, proper or appropriate to the effective prosecution of the business of the corporation.

SECTION 8. Vote by Unanimous Written Consent. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board of Directors consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consent thereto by the members of the Board of Directors shall be filed with the minutes of the proceedings of the Board.

SECTION 9. Removal

A. Any director may be removed from the Board of Directors for cause by the affirmative vote of two-thirds of the entire Board of Directors.

B. In addition to, and without in any way limiting the foregoing, any director who is absent without a valid excuse from three consecutive meetings of the Board, or who is absent without a valid excuse from a total of five meetings of the Board within a consecutive twelve month period, or who is shown on the books or management accounts of the corporation to be more than thirty (30) days delinquent in payments due the corporation under his/her Occupancy Agreement, or who commits any acts of fraudulent or illegal behavior detrimental to the corporation which are proven, may be removed from the Board of the affirmative vote of a majority of the entire Board of Directors.

C. Notice of a vote on the removal of a director shall be included in the notice of the Board meeting at which such vote is to be taken. Any director with respect to whom a removal vote is to be taken shall be afforded the opportunity to be heard at the meeting of the Board at which such vote is to be taken.

D. This section shall not apply to any director designated by a governmental agency having supervisory authority over the corporation.

ARTICLE V

Officers

SECTION 1. Election. The Board of Directors at its first meeting after the election of directors in each year shall elect from its number a President, and shall also elect a Vice-President, a Treasurer and a Secretary. It may elect an Assistant Treasurer and an Assistant Secretary, and such other officers as in its discretion it may determine that the needs of the corporation may from time to time require.

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SECTION 2. Term of Office. All officers of the corporation shall be appointed to hold their respective offices during the pleasure of the Board of Directors, and any vacancy occurring in the office of President, Vice-President, Treasurer or Secretary or any other office shall be filled by the Board of Directors.

SECTION 3. President. The President shall preside at all meetings of the Board of Directors, and shall act as chairperson at, and call to order, all meetings of the stockholders. Subject to the supervision and direction of the Board of Directors, the President shall have the general management of the affairs of the corporation and perform all the duties incidental to the office.

SECTION 4. Vice-President. The Vice-President shall, in the absence, disability or incapacity of the President, have the powers and perform the duties of the President, and those duties which the Board of Directors may assign to her or him from time to time.

SECTION 5. Secretary. The Secretary shall keep the minutes of the meetings of the directors and stockholders; shall attend to the serving of notices of the meetings of the directors and stockholders; shall affix the seal of the corporation to such documents, certificates and papers as may require it, except that from time to time the Board of Directors may direct such seal to be affixed by any other officer or officers or person; shall have charge of the stock certificate book and of such other books and papers as the Board of Directors may direct; shall attend to such correspondence as may be assigned to him; and shall perform all the other duties incidental to the office and those which the Board of Directors may from time to time designate.

SECTION 6. Treasurer. The Treasurer shall be the chief financial officer of the corporation and shall perform all the duties incidental to the office, including but not limited to providing periodic reports to the corporation's Board of Directors, and those duties which the Board of Directors may from time to time designate.

SECTION 7. Assistant Secretary and Assistant Treasurer. The Assistant Secretary and the Assistant Treasurer shall, respectively, in the absence, disability or incapacity of the officer to whom he is an assistant, have the powers and perform the duties of such officer, and shall perform such other duties as may be assigned to her or him from time to time by the Board of Directors.

SECTION 8. Other Officers. Other Officers shall perform such duties and have such powers as may be assigned to them from time to time by the Board of Directors.

SECTION 9. Secretary-Treasurer. The Treasurer may at the same time hold the office of Secretary but no other office in the corporation.

ARTICLE VI

Operation Of The Project As A Cooperative

Subject to the provisions of statute, the corporation will operate the project which it will develop in the Borough of Manhattan, City and State of New York, as a cooperative, and, in accordance therewith, may pay, or allow, as and when determined by the Board of Directors, with the

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approval of the Housing and Development Administration of The City of New York, after the payment of obligations, expenses, taxes and assessments, or after making suitable provision therefor, a rebate or rebates of rent to each tenant-cooperator in proportion to the rental payments made by him during the period in respect of which such rent rebate or rebates are allowed or paid. The monthly rentals paid by the tenant cooperators shall be deemed to be payment on account of their annual obligation, which shall be finally determined by the Board of Directors in the light of each year's operating experience, subject, however, in all respects to the approval of the Housing and Development Administration of The City of New York.

ARTICLE VII

Signature of Instruments

Checks, notes, drafts and orders for the payment of money and obligations of the corporation, and all contracts, mortgages, deed and other instruments, except as otherwise in these By-Laws provided, shall be signed by such officer, officers, individual or individuals as the Board of Directors may from time to time designate.

ARTICLE VIII

Interested Directors

SECTION 1. No contract or other transaction between the corporation and one or more of its directors, or between the corporation and any other corporation, firm, association or other entity in which one or more of its directors are directors or officers, or are financially interested, shall be either void or voidable for this reason alone or by reason alone that such director or directors are present at the meeting of the Board of Directors, or of a committee thereof, which approves such contract or transaction, or that her, his or their votes are counted for such purpose:

(a) if the fact of such common directorship, officership or financial interest is disclosed or known to the Board of Directors or committee, and the Board of Directors or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested director or directors;

(b) if such common directorship, officership or financial interest is disclosed or known to the shareholders entitled to vote thereon, and such contractor transaction is approved by vote of the shareholders; or

(c) if the contract or transaction is fair and reasonable as to the corporation at the time it is approved by the Board of Directors, a committee or the shareholders.

SECTION 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which approves such contract or transactions.

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ARTICLE IX

Indemnification

SECTION 1. Any person connected with the corporation as an officer, director or employee who shall be made a party to any action, suit or proceeding by reason of the fact that she, he, her or his testator or intestate, is or was a director, officer or employee of the corporation shall be indemnified by the corporation against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such officer, director or employee is liable for negligence or misconduct in the performance of her or his duties.

SECTION 2. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this provision. The amount of indemnity shall be determined as provided by the applicable provisions of law. Where indemnity shall be paid as herein provided otherwise than pursuant to court order or action by the stockholders, the corporation shall, within eighteen months of the date of such payment, mail to its stockholders of record at the time entitled to vote for the election of directors, a statement specifying the persons paid, the amounts of the payments, and the final disposition of the litigation.

ARTICLE X

Amendments

These By-Laws may be amended, repealed or altered by an affirmative vote of a majority of the stockholders voting at any meeting of the stockholders, if notice of the proposed amendment be contained in the notice of meeting; or by an affirmative vote of a majority of the Board of Directors at any meeting of the Board, if notice of the proposed amendment be contained in the notice of meeting. All amendments and proposed changes in these By-Laws shall be subject to the approval of the Housing and Development Administration of the City of New York.

ARTICLE XI

Seal

The seal of the corporation shall be circular in form and shall bear the name of the corporation, the words "Corporate Seal", the year of incorporation, and the words "New York".

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