

DECLARATION OF CONDOMINIUM OWNERSHIP
FOR
PARTRIDGE RUN CONDOMINIUM
AND
BYLAWS
OF
PARTRIDGE RUN CONDOMINIUM
OWNERS' ASSOCIATION

Developed and Build by:
Partridge Run Corp., a Vermont corporation
West Dover, VT 05356



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Partridge Run Corp., a Vermont corporation
West Dover, Vermont 05356

(802) 464-2196

This Instrument is Prepared by:

John M. Ruggiero, Esq.
Abell, Kenlan, Schwiebert & Hall, P.C.
P.O. Box 578
71 Allen Street
Rutland, VT 05701
(802) 773-2754

TABLE OF CONTENTS

	<u>Page</u>
<u>ARTICLE I</u>	
- <u>Definitions</u>	2
<u>ARTICLE II</u>	
- <u>Establishment of Condominium Ownership</u> <u>and Division of Condominium Property</u> .	5
(A) Units and Homes	6
(B) Common Areas and Facilities	7
(C) Management, Maintenance, Repairs, Alterations and Improvements.	11
<u>ARTICLE III</u>	
- <u>Provisions as to Easements, Units and</u> <u>Common Areas and Facilities.</u>	13
(A) Roadway, Utility and Other Easements	13
(B) Encroachments	13
(C) Maintenance Easements	13
(D) Easements through Homes and Units and Limited and Common Areas.	14
(E) Owner's Right to Ingress and Egress and Support.	14
(F) Association's Right to Use of Common Areas.	14
(G) Reservation by Declarant of Easements	14
(H) Future Easements to Others.	15
(I) Easement Rights	15
(J) Reference to Easements in Deeds	15
(K) No Severance of Ownership	16
<u>ARTICLE IV</u>	
- <u>Owners' Association of Partridge Run</u> <u>Condominium</u>	16
(A) Membership.	16
(B) Administration of Condominium Property.	16
(C) Service of Process.	17
<u>ARTICLE V</u>	
- <u>Assessments</u>	17
(A) General	17
(B) Division of Common Expenses and Common Assessments.	17
(C) Non-Use of Facilities	18
(D) Lien of Association	18
(E) Priority of Associations' Lien.	18
(F) Dispute as to Common Expenses	18
(G) Non-Liability of Judicial Sale Purchaser for Past Due Common Expenses.	18
(H) Liability for Assessments Upon Voluntary Conveyance.	19
<u>ARTICLE VI</u>	
- <u>Insurance and Reconstruction.</u>	19
(A) Insurance	19
(B) Responsibility for Reconstruction or Repair	21

	(C) Procedure for Reconstruction or Repair.	21
	(D) Minor Repairs	23
	(E) Negligence of Owner	23
<u>ARTICLE VII</u>	- <u>Covenants and Restrictions as to Use and Occupancy.</u>	23
<u>ARTICLE VIII</u>	- <u>Rehabilitation of Existing Buildings, Structures and Other Improvements.</u> . . .	25
<u>ARTICLE IX</u>	- <u>Sale of Property.</u>	26
<u>ARTICLE X</u>	- <u>Remedies for Breach of Covenants, Restrictions and Regulations</u>	26
	(A) Abatement and Enjoyment	26
	(B) Involuntary Sale.	27
<u>ARTICLE XI</u>	- <u>Amendment of Declaration</u>	28
	(A) In General.	28
	(B) Amendment to Percentage Interests	28
	(C) Special Amendment	28
<u>ARTICLE XII</u>	- <u>Subdivision or Combination of Units</u> . . .	30
<u>ARTICLE XIII</u>	- <u>Condemnation.</u>	30
<u>ARTICLE XIV</u>	- <u>Rights of First Mortgagees.</u>	31
<u>ARTICLE XV</u>	- <u>Sale, Leasing or Other Alienation of Units</u>	32
	(A) Declarant's Right of First Refusal	32
	(B) Owner's Right to Lease Unit . . .	33
<u>ARTICLE XVI</u>	- <u>Removal from Condominium Ownership.</u> . . .	33
<u>ARTICLE XVIII</u>	- <u>Miscellaneous Provisions.</u>	33
	(A) Interest on Deposits.	33
	(B) Declarant's Obligation with Respect to Unsold Homes or Units. . . .	34
	(C) Transfer of Authority to Owners' Association	34
	(D) Right of Declarant to Act as Board of Managers	34
	(E) Record of Mortgagees of Units . . .	34
	(F) Rights of Mortgagees of Units to Receive Notices	34
	(G) Notices	34
	(H) Title to Units Subject to Declaration	35
	(I) Non-Liability of Declarant.	35
	(J) Non-Waiver.	35
	(K) Savings Clause.	36
	(L) Headings.	36
	(M) Gender.	36
	(N) Liberal Interpretation.	36

EXHIBITS TO DECLARATION

- Schedule A - Legal Description of Parcel
- Schedule B - Schedule of Percentage Interests
- Schedule B-1 - Floor Plans
- Schedule C - Site Plan
- Schedule D - Bylaws of Partridge Run Condominium Owners'
Association

DECLARATION OF CONDOMINIUM OWNERSHIP
AND EASEMENTS, RESTRICTIONS AND COVENANTS
FOR
PARTRIDGE RUN CONDOMINIUM

This Declaration is made at West Dover, Vermont, by Partridge Run Corp., a Vermont corporation with a principal place of business located in West Dover, Vermont hereinafter referred to as "Declarant,"

W I T N E S S T H: THAT

WHEREAS, the Declarant is the owner of the parcel of real estate described in Article I hereof ("Parcel"); and

WHEREAS, it is the desire and intention of the Declarant to enable the Parcel together with the buildings, structures, improvements and fixtures of whatsoever kind thereon, and all rights and privileges belonging or in anyway pertaining thereto (hereinafter called the "Property"), owned by Declarant and by each successor of the Declarant who stands in the same relation to the Property as the Declarant to be owned under that certain form of co-operative ownership commonly known as "CONDOMINIUM," and to submit the Property to the provisions of the "Condominium Ownership Act" of the State of Vermont, being Chapter 15 of Title 27 of the Vermont Statutes Annotated; and

WHEREAS, the Declarant is further desirous of establishing for its own benefit and for the mutual benefit of all future owners or occupants of the Property, or any part thereof, which shall be known as "Partridge Run Condominium" certain easements and rights in, over and upon the Property and certain mutually beneficial restrictions, reservations and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, the Declarant desires and intends that the several owner, mortgagees, occupants and other persons hereafter acquiring any interest in the Property shall at all times enjoy the benefits of and shall hold their interests subject to the rights, easements, privileges and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of ownership and to facilitate the proper administration of the Property and are established for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property; and

WHEREAS, the Declarant hereby establishes by this Declaration a plan for the individual ownership of the Property consisting of the area or space contained in each of the Units or

Homes, and the co-ownership by the individual and separate owners thereof, as tenants in common, of all of the remaining Property which is hereinafter defined and referred to herein as the "Common Areas and Facilities."

NOW, THEREFORE, Declarant hereby makes the following Declaration as to divisions, covenants, restrictions, limitations, conditions, easements, reservations and uses to which the Property may be put, hereby specifying that the provisions of this Declaration shall constitute covenants to run with the Property and shall be binding on Declarant and each successor of Declarant who stands in the same relation to the Property as Declarant and its respective heirs, executors, administrators, successors and assigns, and all Owners together with their grantees, heirs, executors, administrators, devisees, successors and assigns.

ARTICLE I

DEFINITIONS

The following words and terms used in this Declaration are defined as set forth in 27 V.S.A. Section 1301 et seq. of the Vermont Statutes Annotated, except as otherwise herein provided.

"Act" means the Condominium Ownership Act as contained in Chapter 15, Title 37 of the Vermont Statutes Annotated as the same may be amended or supplemented from time to time.

"Association" means the organization of all the owners of Units in the Condominium Property that administers the Condominium Property. The Association is hereinafter sometimes called the "Unit Owners' Association" or "Owners' Association."

"Board" means the Board of Directors of the Unit Owners' Association as the same may be constituted from time to time.

"Building or Buildings" means the buildings, structures, improvements and fixtures constructed on the Parcel limited to the cluster buildings in which Units are located, excluding Homes and any other Buildings outlined on the Site Plan, as the same are described and authorized in the Site Plan and Floor Plans.

"Commercial Unit" means a part of the Condominium Property consisting of one or more stories on one or more floors of a Building or in a single detached facility for use as a commercial, retail or recreational purposes and designated as a Commercial Unit in the Declaration and delineated as such on the Floor Plans.

"Common Areas and Facilities" includes, unless otherwise provided in this Declaration or lawful amendments hereto, the following parts of the Condominium Property:

- (1) The Parcel described in Exhibit 1 attached hereto and made a part hereof.

- (2) All other areas, facilities, places and structures that are not part of a Home or Unit, including, but not limited to:
- (a) Foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, entrances and exits of any Building;
 - (b) The yards, gardens, parking areas and storage spaces not designated as Limited Common Areas and Facilities or Exclusive Use Areas;
 - (c) Easements created for the benefit of the Condominium Property;
 - (d) Installations of central services such as power, light, gas, hot and cold water, heating, and air conditioning;
 - (e) Tanks, pumps, motors, fans, compressors, ducts, and in general, all apparatus and installations existing for common use;
 - (f) Such community facilities as may be provided for in the Declaration as shown on the Floor Plans; and
 - (g) All other parts of the Condominium Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or that have been designated as Common Areas and Facilities in the Declaration or Floor Plans.

"Common Assessments" means assessments charged proportionately against all Homes or Units for common purposes.

"Common Expenses" means those expenses designated as such in the Act or in accordance with the provisions of this Declaration, or both.

"Common Surplus" means the amount by which Common Assessments collected during any period exceed Common Expenses.

"Condominium Instruments" means this Declaration and accompanying Floor Plans and Site Plan, the Bylaws, any contracts pertaining to the management of the Condominium and all other documents, contracts or instruments establishing ownership of or exerting control over the Condominium, a Unit or a Home.

"Condominium Ownership Interest" or "Ownership Interest" means a fee simple estate in a Unit, together with an appurtenant undivided interest in the Common Areas and Facilities.

"Condominium" and/or "Property" means the Parcel, all buildings, improvements and structures on the Parcel, all easements, rights and appurtenances belonging to the Parcel, and all articles of personal property submitted to the provisions of the Act.

"Declaration" means the instrument by which the Property is submitted to Chapter 15, Title 27 of the Vermont Statutes Annotated and any and all amendments to the Declaration.

"Exclusive Use Area" means the Common Areas and Facilities other than the Limited Common Areas and Facilities, reserved for the use of a certain Unit or Home to the exclusion of other Units or Homes. Exclusive Use Areas include storage spaces, ski lockers, detached garages, parking spaces and such other parts or spaces as may be designated by the Declarant or the Association as Exclusive Use Areas.

"Floor Plans" means the Floor Plans attached hereto as Exhibit A as the same may be amended pursuant to the Declaration from time to time.

"Home" means a part of the Condominium Property consisting of one or more floors of a single family detached dwelling and designated as a Home in the Declaration and delineated on the Floor Plans. Home is more fully defined in Article II (13) and shall have the same meaning as "Apartment" under the Act.

"Limited Common Areas and Facilities" means the Common Areas and Facilities designated in the Declaration as reserved for certain Homes or Units.

"Occupant" means a person or persons, natural or artificial in possession of a Home or Unit.

"Parcel" means the real estate described in Exhibit 1 attached hereto and made a part hereof.

"Purchaser" includes both an actual and prospective purchaser of a Condominium Ownership Interest.

"Rules" means such rules and regulations governing the operation and use of the Condominium Property or any portion thereof as may be adopted from time to time by the Association or the Board.

"Sale of a Condominium Ownership Interest" means the execution by both parties of an agreement for the conveyance or transfer for consideration of a Condominium Ownership Interest except Sale of a Condominium Ownership Interest for the purposes of this Declaration shall not include a transfer of two or more Homes or Units from the Declarant to another developer, a subsidiary of the Declarant, or a financial institution for the purpose of facilitating the sale of or the development of the remaining or unsold portion of the Property.

"Schedule of Percentage Interest" means the Schedule of Percentage Interest attached hereto as Exhibit C and incorporated herein as the same may be amended from time to time.

"Site Plan" means the location plan attached hereto as Exhibit B and made a part hereof as the same may be amended from time to time.

"Unit" means a part of the Condominium Property consisting or one or more spaces on one or more floors of a Building and designated as a Unit in the Declaration and delineated on the Floor Plans. "Unit" is more fully defined in Article II (A) hereof and shall have the same meaning as "Apartment" under the Act.

ARTICLE II

ESTABLISHMENT OF CONDOMINIUM OWNERSHIP AND DIVISION OF CONDOMINIUM PROPERTY

Declarant, in order to establish a plan of condominium ownership for the Condominium Property hereby submits the Condominium Property, hereinbefore described, to the provisions of Chapter 15 of Title 27 of Vermont Statutes Annotated. The Condominium Property, containing an aggregate of fifteen separate Units and thirty-five separate Homes, is hereby divided into fifty separately designated and legally described freehold estates, and one freehold estate hereinafter described and referred to as "Common Areas and Facilities." Notwithstanding anything to the contrary in this Declaration, Declarant hereby reserves the right to amend this Declaration prior to transfer of authority to the Association to extend its provisions and the obligations, protections and benefits therein to Addition Land, Buildings, Common Areas and Facilities, Homes, Units and Owners and such Additional Lands, Buildings, Common Areas and Facilities, Homes, Units and Owners shall be subject to the Declaration except as amended.

Insofar as is possible, all the particulars of the land, buildings, and other improvements, including but not limited to, the layout, location, designations and dimensions of each Home or Unit, the layout, location and dimensions of the Common Areas and Facilities and Limited Common Areas and Facilities, and the location and dimensions of all appurtenant easements are shown graphically on the set of Floor Plans incorporated herein by reference as Exhibit A, and the Site Plan incorporated herein by reference as Exhibit B. The Floor Plans have been prepared and bear the certified statements of Harrington Engineers, Inc., Engineers and Surveyors, North Pomfret, Vermont 05053 as required by Section 1313 of the Act. The Site Plan has been prepared by the Dauchy Associates, Inc. of Jamaica, Vermont. Such Floor Plans and Site Plan are hereinafter referred to as the "Floor Plans" and "Site Plan" respectively and the separate Floor Plans comprising the set and the Site Plan are hereinafter referred to by reference to the exhibit designations thereon.

(A) Units and Homes. Each of the fifteen Units and thirty-five Homes hereinbefore declared and established as a freehold estate shall consist of all the space bounded by the undecorated interior surfaces of the perimeter walls, floors and ceilings of each such Unit or Home, projected, if necessary, by reason of structural divisions such as interior walls and other partitions, the layout, location, designation and dimensions of each such Unit and Home being shown on the Floor Plans, and include, without limitation:

All drywall or wood subfloor contiguous to the undecorated interior surfaces of the perimeter walls, floors and ceilings of a Unit or Home.

The decorated surfaces, including paint, laquer, varnish, wallpaper, tile and any other finishing materials applied to said perimeter walls, floors and ceilings, and also the aforesaid finishing materials applied to the interior walls, floors and ceiling.

All window sashes and doors exclusive of door frames in the interior and perimeter walls and space occupied thereby.

The receptacle and switch plates and covers, grills, vent covers, registers and other coverings of space, light fixtures and control knobs, within the bounds of a Unit and which serve only such Unit or Home.

The space within all fixtures located within the bounds of a Unit or Home and the spaces occupied by the fixtures themselves.

All unenclosed space, if any, within or occupied by structural parts of a Building which may project into the Unit, as defined above, from the unfinished perimeter floor level to the unfinished perimeter ceiling level and including by way of illustration, but not by way of limitation, the space between the shelves of built-in bookcases, if any, the space within built-in cabinets, if any, and the hearth lying within fireplaces, if any.

All non-structural interior walls (other than walls separating Units) and all space between interior walls, floors and ceilings, including the space occupied by structural and component parts of a Building and by utility pipes, wires and conduits.

But excepting therefrom all of the following items located within the bounds or the Unit as described above, but to the extent the following are Common Areas and Facilities or Limited Common Areas and Facilities as defined in this Declaration, are to be used and enjoyed by the Owner or Occupant of the Unit in or to which they are appurtenant:

All walls, floors and ceilings separating or delineating Units or Homes, except the drywall or the wood subfloor contiguous to the undecorated interior surfaces of the perimeter walls, floors and ceilings of each Unit or Home.

All doors, door frames, glass doors, skylights, if any, and windows (and the glass and frames constituting or included therein) and window sashes affixed to the perimeter walls, floors and roofs or ceilings of a Unit or Home, which are hereby declared to be parts of said walls, floors and roofs.

All structural portions of a Building, lying within the bounds of a unit.

All heating, cooling and ventilating equipment, units and installations even if located within and serving only one Unit or Home, and all parts, installations and appurtenances thereto, including the thermostats and control devices, and all plumbing, electric, heating, cooking, ventilating and other utility or service lines, pipes, ducts, wires, plugs, outlets, conduits and valves existing within a Unit or Home to their place of connection to the toilets, sinks, valves, registers, grills, outlets, light fixtures, appliances and receptacles within a Unit or Home, and all such lines, pipes, ducts, wires, plugs outlets, conduits, and valves which serve or may serve more than one Unit or the Common Areas and Facilities, however, shall be considered a part of said Unit or Home as the case may be.

The valves, plugs and switches at the end of any lines, pipes and wires which constitute Common Areas and Facilities.

Without limiting the foregoing, all Common Areas and Facilities and Limited Common Areas and Facilities located within the bounds of a Unit.

The layout, location, designation and dimensions of all Units are shown on the Floor Plans.

(B) Common Areas and Facilities.

(1) Description of Common Areas and Facilities.

The entire balance of the land and improvements thereon, including but not limited to, all Buildings, foundations, roofs, main and supporting walls, patios or balconies of the Units or Homes and exterior parking spaces that are not exclusive use areas, pumps, trees, lawns, gardens, pavement, stoops, wires, conduits, utility lines and ducts now or hereafter situated on the Condominium Property, all as herein before more specifically

described in Article I hereof, are hereby declared and established as the Common Areas and Facilities. Specifically, all electric fixtures, utility pipes and lines, faucets, shower heads, plugs, connections or fixtures as defined by the laws of the State of Vermont and all replacements thereof shall be a part of the Common Areas and Facilities except for those contained within a Home. Unless otherwise provided by the Declarant or the Association, however, the care, maintenance, repair and replacement of all or any portion of such elements or fixtures located within a Unit or a Home shall be the responsibility of the Owner of such Home or Unit.

(2) Description of Limited Common Areas and Facilities.

Each Unit Owner is hereby granted an exclusive and irrevocable license to use and occupy to the exclusion of all others the Limited Common Areas and Facilities which are located within the bounds of his Home or Unit or which serve only his Home or Unit. The Limited Common Areas and Facilities with respect to each Home or Unit shall consist of such of the following as may be construed to be Common Areas and Facilities.

- (i) All structural interior walls and one half of any wall separating one Unit from the other, doors (including the entrance door to each Unit and all hardware attached thereto), floors, ceilings, skylights, if any, and rafter ceilings located within the bounds of such Unit, excluding the structural and component parts thereof;
- (ii) All glass and screens within window and door frames within or attached to the perimeter walls of such Unit, and all doors, hinges, locks, latches and hardware within or on the perimeter walls of such Unit or on the Limited Common Areas and Facilities belonging to such Unit;
- (iii) All ducts and plumbing, electrical and other fixtures, equipment and appurtenances, all other heating, heat pumps, air conditioning and ventilating equipment and systems located in a Home or Unit, thermostats and control devices, if any, and sanitary and storm sewer cleanouts located within the bounds of such Home or Unit or located outside the bounds of a Home or Unit but serving a particular Home or Unit, and the structure (and space thereof), if any, located outside such Home or Unit containing equipment serving only such Home or Unit;
- (iv) All electric, television antennas, telephone, intercom, mail boxes, water or other utility or service lines, pipes, wires and conduits located within the bounds of such Unit or Home and which serve only such Unit or Home;

- (v) Assigned storage spaces, if any; and
- (iv) All other parts of the Common Areas and Facilities located within the bounds of such Unit or Home and which serve only such Unit or Home.

(3) Use of Common Areas and Facilities

Each Unit Owner shall own an undivided interest in the Common Areas and Facilities as a tenant in common with all other such owners, and, except as otherwise limited in this Declaration and in the Bylaws attached hereto as Exhibit D each Owner shall have the right to use the Common Areas and Facilities for all purposes incident to the use and occupancy of his Home or Unit as a residence and such other incidental uses permitted by this Declaration and the Bylaws, including the non-exclusive easement, together with other Owners, to the use and enjoyment of the Common Areas and Facilities and for ingress and egress to and from the respective Homes or Units, which rights shall be appurtenant to and shall run with his Home or Unit. The extent of such ownership in the Common Areas and Facilities is hereby deemed and expressed by the percentage amount hereinafter set forth; such percentage amount shall remain constant and shall not be changed except as otherwise provided herein or except by an amendment to this Declaration unanimously approved by all Owners affected.

(4) Ownership of Common Areas and Facilities

The percentage of ownership of the Common Areas and Facilities attributable to the ownership interest in each Home or Unit, together with the percentage of interest in the Association for voting rights for the division of Common Expenses and Common Assessments as hereinafter described in Article V, Section (B) of this Declaration, shall be those percentages described in the Schedule of Percentage of Interests attached hereto as Exhibit C and incorporated herein.

The percentage interest in the Common Areas and Facilities is computed in the proportion that the nominal value of each Home or Unit bears to the aggregate nominal value of all Homes and Units and the percentage interest of each Home or Unit shall be determined by dividing the nominal fair market value of each Home or Unit by the total nominal fair market value of all Homes or Units; so that, notwithstanding any change in the designated percentage interest, the interest allocated to a Home or Unit relative to the interest of all Homes or Units reflected in the Schedule of Percentage Interest will remain constant (i.e. will not change relative to the value of the Project as a whole). The manner and formula for expressing the percentage interest of each Owner shall be consistently applied. For purposes of conveyance of title to Purchasers of Homes or Units, description by Home or Unit number and reference to this Declaration, amendments hereto and the Floor Plans shall be sufficient to

convey the Home or Unit and the Ownership Interest in the Common Areas and Facilities (including the Limited Common Areas and Facilities) appurtenant thereto.

Exhibit C reflects the Schedule of Percentage Interest of each Home or Unit representing the percentage interest of Common Areas and Facilities and the projected percentage share of Common Expenses of such Home or Unit.

(5) Partition

There shall be no partition of the Common Areas and Facilities through judicial proceedings or otherwise until this Declaration is terminated and the Condominium Property is withdrawn from its terms or from the terms of any statute applicable to Condominium Ownership; provided, however, that if any Home or Unit shall be owned by two or more co-owners as tenants in common or as joint tenants, nothing herein contained shall be deemed to prohibit a voluntary or judicial partition of such Home or Unit ownership as between such co-owners.

(6) Use of Common Areas and Facilities

(a) Regulation by Association. No person shall use the Common Areas and Facilities or any part thereof in any manner contrary to or not in accordance with such Rules pertaining thereto as from time to time may be adopted by the Association. Without in any manner intending to limit the generality of the foregoing, the Association shall have the right, but not the obligation, to promulgate Rules limiting the use of the Common Areas and Facilities to members of the Association and their respective families, guests, invitees, tenants, agents and servants.

(b) Management Agreement. Except as otherwise provided herein, management, repair, alteration and improvement of the Common Areas and Facilities shall be the responsibility of the Association. The Declarant, for and on behalf of the Association, shall enter into a Management Agreement with such entity or entities and upon such terms and conditions as Declarant shall in its discretion deem reasonable and appropriate.

(c) Use of Common Areas and Facilities. Subject to the Rules from time to time promulgated by the Association, all Owners may use the Common Areas and Facilities in such manner as will not restrict, interfere with or impede the use thereof by the other Owners.

(C) Management, Maintenance, Repairs, Alterations and Improvements.

(1) The Association.

The Association shall manage the Common Areas and Facilities and shall maintain and keep the same in a state of good working order, condition and repair, in a clean, neat, safe and sanitary condition, and in conformity with all laws, ordinances and regulates applicable to the Common Areas and Facilities, by promptly, properly and in a good and workmanlike manner, making all repairs, replacements, alterations and other improvements necessary to comply with the foregoing. The Association shall also be responsible for repairing all damage to a Unit caused by the Association, including damage caused by performance by the Association of its obligations hereunder. As provided in Article II(B) (6) (b) hereof, the Association may delegate all or any portion of its authority to discharge such responsibility to a manager or Managing Agent.

(2) Unit Owner.

Except as may otherwise be provided herein, the responsibility of each Unit Owner shall be as follows:

(a) To maintain, repair and replace at his expense all portions of his Home or Unit, and all internal installations of such Home Unit such as appliances, plumbing, electrical and air conditioning fixtures or installations, and any portion of any other utility service facilities located within the Home or Unit boundaries, other than such utility facilities serving other Homes or Units, and to assume the same responsibility with respect to the other Limited Common Areas and Facilities belonging to his Home or Unit.

(b) Not to make any alterations in the portions of the Home or Unit or the Common Areas and Facilities which are to be maintained by the Association or remove any portion thereof or make any additions thereto or do anything which would or might jeopardize or impair the safety or soundness of the Homes or Units or the Common Areas and Facilities without first obtaining the written consent of the Board, nor shall any Unit Owner impair any easement without first obtaining the written consents of the Association and of the person or persons for whose benefit such easement exists.

(c) Not to enclose, paint or otherwise decorate or change the appearance of any portion of the Condominium Property not within the interior perimeter walls of the Home or Unit, unless the written consent of the Association is first obtained.

(d) To report promptly to the Association or its agent any defect or need for repairs, the responsibility for the remedy of which is with the Association.

(e) To perform his responsibilities in such a manner so as not unreasonably to disturb other persons residing within the Condominium Property.

(f) To maintain, repair and replace at his expense all portions of the Condominium Property which may be damaged or destroyed by reason of his own act or neglect, the act or neglect of any Occupant of his Home or Unit, or the willful or uninsured act or neglect of any invitee, licensee or guest of such Unit Owner or Occupant, to the extent such damage or destruction is not covered by insurance maintained by the Association. Notwithstanding the foregoing obligation of the Owner, the Association (or other Owner in respect to his own Home or Unit) may, but shall not be obligated to, repair and replace the property damaged or destroyed by reason of the act or neglect of a Owner, an Occupant, or their invitee, licensee or guest, and charge and collect from such Owner the cost and expense paid or incurred in making any such repair or replacement. If the repair or replacement is made by the Association, the cost and expense thereof shall be a lien against the Owner's Ownership Interest which the Association may assert and collect in the same manner as the Association may assert and collect a lien against a Owner's Ownership Interest for non-payment of his share of assessments for Common Expense. The right herein of the Association to assert and collect upon a lien shall not be exclusive, but shall be in addition to all other rights and remedies available to the Association, herein, in law and in equity for recovery of the cost and expense so incurred.

(g) To pay all costs for utility services (such as, without limitation, gas, electricity, sewage, and the like) furnished to his Home or Unit or to the Limited Common Areas and Facilities designated for his use, unless any or all of such services are provided or paid for by the Association and charged to the Owner as part of the Common Expenses, in which case all or any of such services so provided by the Association shall be paid for by the Owner as part of his share of the Common Expenses.

(3) Rights Against Third Parties.

The obligation of the Association and of Owners to repair, maintain and replace the portions of the Condominium Property for which they are respectively responsible shall not be limited, discharged or postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in material or workmanship in the construction, repair, alteration or improvement of the Condominium Property. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor but such rights shall be specifically reserved.

Notwithstanding the fact that the Association and/or any Owner may be entitled to the benefit of any guarantee of material and workmanship for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any delay by the Association or any Owner in performing its or his obligation hereunder.

ARTICLE III

PROVISIONS AS TO EASEMENTS, UNITS AND COMMON AREAS AND FACILITIES

Declarant hereby creates by grant or reservation, as the case may be, in perpetuity, for its benefit and for the benefit of each Owner, each mortgagee in whose favor a mortgage shall be granted with respect to any Home or Unit, the Association, and to any other person now having or hereafter having an interest in the Parcel or any part thereof, and the respective heirs, devisees, executors, administrators, personal representative, successors and assigns of the foregoing persons, the following non-exclusive rights and easements:

(A) Roadway, Utility and Other Easements. The right and easement to construct, install, repair, replace, relocate, operate and maintain roadways, driveways, sidewalks, water mains with service connections, storm and sanitary sewer lines, steam, electric, gas and telephone lines, conduits and transmission and meter devices and other utilities, in, on, under and/or over the Condominium Property.

(B) Encroachments. If by reason of the construction, repair, restoration, partial or total destruction and rebuilding or settlement or shifting of any of the Homes, Units or Buildings or improvements constituting a part of the Condominium Property, any part of the Common Areas and Facilities shall encroach upon any part of a Home or Unit, or any part of a Home or Unit shall encroach upon any part of the Common Areas and Facilities, or any part of a Home or Unit shall encroach upon any part of any other Home or Unit, or if by reason of the design or construction or rebuilding of the utility systems comprised within the Condominium Property any pipes, ducts or conduits serving a Home or Unit shall encroach upon any other Home or Unit, easements in favor of the Owner or Association, as the case may be, for the maintenance of any such encroachment are hereby established; provided, however, in no event shall a valid easement for any encroachment be created in favor of a Owner if such encroachment occurred due to his willful misconduct.

(C) Maintenance Easements. Easements in favor of the Association over the Units and Limited Common Areas and Facilities for access as may be necessary for the purpose of maintaining the Common Areas and Facilities and easements in favor of each Owner over the Common Areas and Facilities for

access to his Home or Unit. Easements in favor of each Owner to and through the Common Areas and Facilities as may be necessary for the use of water, gas, storm and sanitary sewers, electric and telephone lines, and other utilities now or hereafter existing within the walls; easements for the use of intercom systems, television cable and closed circuit line and other televisions reception devices, subject to the provisions of Article VII(D) hereof; easements for the use of security alarms and other security devices; and easements in favor of each Owner to hang pictures, mirrors and the like upon the walls of his Home or Unit.

(D) Easements Through Units and Limited Common Areas.

Easements in favor of the Association through the Homes or Units and the Limited Common Areas and Facilities for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, public utility lines or structural components through the walls of the Homes or Units.

(E) Owner's Right to Ingress and Egress and Support.

Each Owner shall have the right to ingress and egress over, upon and across the Common Areas and Facilities necessary for access to his Home or Unit, to any Limited Common Areas and Facilities designated for use in connection with his Home or Unit, and shall have the right to the horizontal and lateral support of his Home or Unit, and such rights shall be appurtenant to and pass with the title to each Home or Unit.

(F) Association's Right to Use of Common Areas and Facilities.

The Declarant and the Association shall have a non-exclusive easement to make such use of the Common Areas and Facilities as may be necessary or appropriate to perform the duties and functions required or permitted pursuant to this Declaration, including the right to construct and maintain in the Common Areas and Facilities mechanical, maintenance and storage facilities for use by the Association.

(G) Reservation by Declarant of Easements for Ingress and Egress, Fireplace Installation and Installation of Storage Spaces.

The Declarant hereby reserves unto itself for as long as the Declarant owns a Condominium Ownership Interest in the Condominium Property the easement and right for the benefit of and use by Declarant, and its agents, officers, directors, employees, licensees, servants, tenants, personal representatives, successors and assigns for ingress and egress by foot, automobile and otherwise over, through and under the Condominium Property and any part thereof other than a Home or Unit not owned by the Declarant. The Declarant reserves the right to install storage spaces in the Common Areas and Facilities and to assign such storage spaces to certain of the Owners as a Limited Common Area and Facility.

(H) Future Easements to Others. Such easements as Declarant, or the Association if the same has been formed, from time to time may hereafter grant to others on behalf of the Condominium Property for roadway, access and utility purposes, including, but not limited to, the right to install, lay, maintain, repair and replace roadways, water mains and pipes, storm and sanitary sewer lines, gas mains, telephone wires and equipment and television and electrical conduits and wire over, under and along any portion of the Common Areas and Facilities (other than Limited Common Areas and Facilities) to the same condition as existed just prior to the installation of any such utility improvements. Each Unit Owner and his respective mortgagee by acceptance of a deed conveying such Condominium Ownership Interest or a mortgage encumbering such Condominium Ownership Interest, as the case may be, hereby irrevocably appoints the Declarant, or the Association if the same has been formed, his Attorney in Fact, coupled with an interest, and authorizes, directs and empowers such Attorney, at the option of the Attorney, to execute, acknowledge and record for and in the name or such Owner and his mortgagee such easements or other instruments as may be necessary to effect the foregoing.

Each grantee of a Home or Unit and each mortgagee in whose favor a mortgage with respect to any Home or Unit is granted shall be subject to and have the benefit of (as the case may be) each of the easements herein provided in the same manner and to the same extent as though such easements were expressly provided for and fully set forth in the deed of conveyance or mortgage (as the case may be), notwithstanding the omission from such deed of conveyance or mortgage (as the case may be) of reference to such easements.

(I) Easement Rights. The above easements are to be enjoyed in common with the grantees, their heirs, executors, administrators, successors and assigns, with the right reserved in the Declarant, its successors and assigns, to assign, convey or dedicate to public use all or a portion of the easement rights herein to one or more assignees or grantees as all appurtenance to the Condominium Property, without it being considered by the grantees, their heirs, executors, administrators, successors and assigns, as an additional burden on said easement and/or the Condominium Property. Any assignment, conveyance or dedication of said easement rights by the Declarant may be made at the same time or at successive times, and the residuary easement rights of the shall not cease or determine until the Declarant has no remaining interest of record, in the Condominium Development. However, the rights of all assignees or grantees in the reserved easements shall remain in full force and effect.

(J) Reference to Easements in Deeds. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described, or incorporated by reference in this Article, or described in any other part of this Declaration, shall be sufficient to create and reserve such easements and rights to the

respective grantees, mortgagees and trustees of such parcels as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

(K) No Severance of Ownership. No Owner shall execute any deed, mortgage, lease or other instrument affecting title to his Condominium Ownership Interest without including therein both his interest in the Home or Unit and his corresponding percentage of ownership in the Common Areas and Facilities, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to affect the one without including also the other shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein.

ARTICLE IV

OWNERS' ASSOCIATION OF PARTRIDGE RUN CONDOMINIUM

(A) Membership. Declarant shall cause to be formed a Vermont corporation not for profit to be called Partridge Run Condominium Owners' Association which shall administer the Condominium Property. Each Owner, upon acquisition of title to a Home or Unit, shall automatically become a member of the Association. Such membership shall terminate upon the same or other disposition by such member of his Ownership, at which time the new Owner of such Home or Unit shall automatically become a member of the Association. The Board of Directors and officers of the Association elected as provided in the Bylaws shall exercise the powers, discharge the duties and be vested with the rights conferred by operation of law, by the Bylaws and by this Declaration upon the Association, except as otherwise specifically provided; provided, however, that in the event any such power, duty or right shall be deemed exercisable or dischargeable by, or vested in, an officer or a member of the Board of Directors solely in his capacity as an officer or a member of the Board of Directors, he shall be deemed to act in such capacity to the extent required to authenticate his acts and to carry out the purposes of this Declaration and the Bylaws.

(B) Administration of Condominium Property. The administration of the Condominium Property shall be in accordance with the provisions of this Declaration and the Bylaws of the Association and each Owner, tenant or Occupant of a Home or Unit shall comply with the provisions of this Declaration, the Bylaws, decisions, rules, regulations and resolutions of the Association or its representative, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, rules, regulations, and resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief.

(C) Service of Process. Service of summons or other process upon the Association may be made in accordance with the provisions of the Vermont Statutes Annotated. The President, Vice President, the Secretary or Treasurer of the Association shall be designated by the Board of Directors as its statutory agent and the statutory agent so designated shall be a resident of the Condominium and an Owner of one of the Homes or Units. Until such time as a statutory agent is designated, service may be made upon John M. Ruggiero, Esq., Abell, Kenlan, Schwiebert & Hall, P.C., 71 Allen Street, Rutland, Vermont 05701. When and after the Association is lawfully constituted the statutory agent thereof shall be the person to receive service of process, and his name and address (and that of each successor) shall be filed with the Vermont Secretary of State on such forms as are prescribed for the subsequent appointment of a statutory agent for a Vermont corporation not for profit. Notwithstanding the foregoing, the Declarant reserves the right of the Association to designate a statutory agent to the extent permitted by the Act the applicable law of the State of Vermont.

ARTICLE V

ASSESSMENTS

(A) General. Assessments for the management, maintenance, repair and insurance of the Common Areas and Facilities and amounts determined by the Board of Directors for the establishment and maintenance of the reserve fund to meet the cost and expense of repair and replacement of the Common Areas and Facilities together with the payment of the Common Expenses, shall be made in the manner provided herein, and in the manner provided in the Bylaws.

(B) Division of Common Expenses and Common Assessments. The proportionate shares of the Owners of the Homes and Units in the Common Expenses and Common Assessments of the operation of the Condominium Property is based upon the percentage of interest in the Common Areas and Facilities of such Homes or Units expressed in Article II (B) (4) hereof. The acquisition or occupancy of any Home or Unit shall be conclusive evidence against the Owner or Occupant thereof that the percentage set forth opposite each Home or Unit in Exhibit C to this Declaration is in the proportion that the nominal value of the Home or Unit bears to the aggregate nominal value of all Homes or Units on the date this Declaration is filed for record, and the proportionate share of profits and expenses of each Owner shall be in accordance with said percentages as set for in Exhibit C. Notwithstanding anything to the contrary herein and in the Bylaws, Home Owners shall not be assessed or liable for any Common Expenses or Common Assessments, general or special, that may arise out of or in connection with the Common Areas and Facilities located within a Building. Such Common Expenses or Common Assessments shall be the sole obligation of the Owners and assessed in accordance with the Bylaws.

(C) Non-Use of Facilities. No Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of the Common Areas and Facilities, or by the abandonment of his Home or Unit.

(D) Lien of Association. The Association shall have the right to place a lien upon the estate or interest in any Home or Unit of the Owner thereof and his percentage of interest in the Common Areas and Facilities for the payment of the portion or the Common Expenses chargeable against such Home or Unit which remains unpaid after such portion has become due and payable. In addition, each Owner shall be personally liable for all assessments levied by the Association against his Home or Unit during the period he has an Ownership Interest therein, and any Common Assessment not paid within five days after the same shall become due and payable, shall bear interest at the maximum rate allowed by law until such time as the Common Assessment has been paid in full and the Association shall be entitled to levy against the delinquent Owner a service charge of five percent of the amount of the delinquent payment in order to defray the cost of collection.

(E) Priority of Association's Lien. The lien provided for in Section (D) of this Article V is prior to any lien or encumbrance subsequently arising or created. The lien provided for in Section (D) of this Article V may be foreclosed in the same manner as a mortgage on real property in an action brought on behalf of the Association by its president or any other chief officer pursuant to authority given to him by the Board of Directors. In the foreclosure action, the Association, or its agent, duly authorized by action of the Board of Directors, is entitled to become a purchaser at the foreclosure sale. Suit to recover for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing payment of the same.

(F) Dispute as to Common Expenses. A Owner who believes that the portion of Common Expenses chargeable to his Home or Unit, for which a certificate of lien has been filed by the Association, has been improperly charged against him or his Home or Unit may commence an action for the discharge of the lien. In the action, if it is finally determined that the portion of Common Expenses has been improperly charged to the Owner, the court shall make an order as is just, which may provide for a discharge of record of all or a portion of the lien.

(G) Non-Liability of Judicial Sale Purchaser for Past Due Common Expenses. Where the mortgagee of record or other purchaser of a Home or Unit acquires title to the Home or Unit as a result of a judicial sale resulting from litigation, or where the mortgagee of a first mortgage of record in lieu of the foreclosure of its mortgage acquires title to the Home Unit by accepting a deed to the Home or Unit, such acquirer of title and its successors and assigns, shall not be liable for the share or the Common Expenses or other assessments by the Association chargeable to such Home Unit which become due prior to the acquisition of title to such Home Unit by such acquirer. Such

unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from the owners of all of the Homes or Units, including the Home or Unit of such acquirer, his heirs, executors, administrators, successors or assigns at the time the first assessment next following the acquisition of title to such Home or Unit by such acquirer.

(H) Liability for Assessments Upon Voluntary Conveyance.

In a voluntary conveyance of a Home or Unit, other than by deed in lieu of foreclosure, the grantee of the Home or Unit shall be jointly and severally liable with the grantor for all unpaid assessments levied by the association against the grantor and his Home or Unit for his share of Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid assessments against the grantor due the Association, and such grantee shall not be liable for nor shall the Home or Unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the grantor in excess of the amount set forth in such statement for the period reflected in such statement.

ARTICLE VI

INSURANCE AND RECONSTRUCTION

(A) Insurance. The insurance which shall be carried upon the Condominium Property shall be governed by the following provisions:

(1) All insurable improvements comprising the Common Areas and Facilities and all personal property as may be owned by the Association or for which the Association is responsible shall be insured by the Association (except for the entire interior and exterior of Homes, including such exterior as may be deemed Common Areas and Facilities which shall be insured by the Homeowner as provided in A(4) below) in an amount not less than ninety percent or the insurable replacement value thereof, exclusive of excavation and foundations, as determined by a qualified appraiser, the amount determined and the insurance to be reviewed annually and adjusted if necessary. The cost of the appraisal shall be a Common Expense. Such coverage shall afford protection against the following:

- (a) loss or damage by fire and other hazards covered by standard extended coverage endorsement; and
- (b) such other risks as from time to time customarily shall be covered with respect to buildings similar to the buildings in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm and water damage, subject to such deductible amounts not in excess of Five Thousand Dollars (\$5,000.00) as the Board shall determine. The

deductible amounts shall be treated as a Common Expense. The policy or policies providing coverage (hereinafter called "Casualty Insurance") shall provide that notwithstanding any provision thereof which gives the carrier an option to restore damage in lieu of making a cash settlement therefore, such option shall not be exercisable in the case of removal of the Condominium Property from the provisions of Chapter 15, Title 27 as provided for in this Declaration and shall further provide that the coverage thereof shall not be terminated for non-payment of premiums without at least ten days written notice to each Home Unit mortgagee. All Casualty Insurance policies shall be purchased by the Association for the benefit of the Declarant, the Association, the Owners and their respective mortgagees, as their interests may appear, and shall provide (i) for the issuance of certificates of insurance with mortgagee endorsements to the holders of mortgages on the Homes or Units, if any, and (ii) that the insurer waives its rights or subrogation against Owners, Occupants of Homes and Units, and the Association.

(2) The Association shall insure itself, the members of the Board, the Owners and Occupants against liability for personal injury, disease, illness or death and for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Common Areas and Facilities, including without limitation, water damage, legal liability, hired automobile, non-owner automobile and off-premises employee coverage, such insurance to afford protection to a limit of not less than Five Hundred Thousand Dollars (\$500,000.00) in respect to personal injury, disease, illness or death suffered by any one person, and to the limit of not less than Five Hundred Thousand Dollars (\$500,000.00) in respect to damage to or destruction of property arising out of any one accident. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Owners as a group to a Owner. In the event the insurance effected by the Association behalf of the Owners and Occupants of Homes or Units who are not Owners against liability for personal injury or property damage arising from or relating to the Common Areas and Facilities shall, for any reason, not fully cover any such liability, the amount of any deficit shall be a Common Expense to the Owners, and any Owner who shall have paid all or any portion of such deficiency in an amount exceeding his proportionate share thereof based on his percentage of interest in the Common Areas and Facilities shall have a right of contribution from the other Owners according to their respective percentages of interest in the Common Areas and Facilities.

(3) Premiums on insurance policies purchased by the Association shall be paid by the Association at least thirty days prior to the expiration date of such policies and shall be assessed as Common Expenses.

(4) Each Owner may, at his own expense, obtain insurance covering the contents of his individual Home or Unit, including, but not limited to, all floor and wall coverings, furniture, fixtures and other betterments installed by each Owner, and any personal property which he stores elsewhere on the Condominium Property, and each Owner may, at his own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of his Unit and casualty insurance affording coverage upon his Home or Unit and property inasmuch as the same will not be insured by the Association, but such casualty insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Association or shall be written by the carrier of such casualty insurance and shall contain the same waiver of subrogation as that referred to in subsection (1) above. Each Homeowner shall maintain and pay for Homeowners' Insurance on his Home including the exterior of the Home that may be deemed Common Areas and Facilities.

(B) Responsibility for Reconstruction or Repair.

(1) If any portion of the Common Areas and Facilities shall be damaged by perils covered by the Casualty Insurance, the Association shall cause such damaged portion to be promptly reconstructed or repaired to the extent of the funds made available from the insurer and any such reconstruction or repair shall be substantially in accordance with the Floor Plans; provided, however, if such damage renders one-half or more of the Homes or Units which then comprises the Condominium Property untenable, the Owners may, by unanimous vote only, elect not to reconstruct or repair such damaged part at a meeting which shall be called within ninety days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within thirty days after such final adjustment. Upon such election all of the Condominium Property shall be subject to an action for sale as upon partition at the suit of any Owner. In the event of any such sale or a sale of the Condominium Property after such election by agreement of all Owners, the net proceeds of the sale together with the net proceeds of insurance, if any, and any other indemnity arising because of such damage or destruction, shall be considered as one fund and shall be distributed to all Home or Unit Owners in proportion to their respective percentages of interest in the Common Areas and Facilities. No Owner, however, shall receive any portion of his share of such proceeds until all liens and encumbrances on his Home or Unit have been paid, released or discharged.

(2) Each Owner shall be responsible for reconstruction and repair of his Unit after casualty.

(C) Procedure for Reconstruction or Repair.

(1) Immediately after a casualty causing damage to any portion of the Common Areas and Facilities the Board of Directors shall obtain reliable and detailed estimates of the cost to place

the damaged property in condition as good as the condition of the property before the casualty. Such costs may include professional fees or public adjuster firms and others and premiums for such bonds as the Board deems necessary.

(2) If the proceeds of the Casualty Insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association (including the aforesaid fees and premiums, if any,) one or more special assessments shall be made against all Owners in sufficient amounts to provide funds for the payment of such costs, and the proceeds of such special assessments shall be deposited with the Association.

(3) The proceeds of the Casualty Insurance referred to in Subsection (3) of Section (a) of this Article VI and the sums deposited with the Association from collection of special assessments against Owners on account of such casualty, shall constitute a construction fund which shall be disbursed to and be applied by the Association to the payment of the cost of reconstruction and repair of the Common Areas and Facilities from time to time as the work progresses, but not more frequently than once in any calendar month. The Board shall make such payments upon the written request of the Association, accompanied by a certificate, dated not more than fifteen days prior to such request, signed by a responsible officer of the Association and by an architect in charge of the work, who shall be selected by the Association, setting forth (a) that the sum then requested either has been paid by the Association or is justly due to contractors, subcontractors, materialmen, architects or other persons who have rendered services or furnished materials in connection with the work, giving a brief description of the services and materials, and that the sum requested does not exceed the value of the services and materials described in the certificate, (b) that except for the amount stated in such certificates to be due as aforesaid less any prescribed holdback of funds, and for work subsequently performed, there is no outstanding indebtedness known to the person signing such certificate after due inquiry which might become the basis of a vendor's mechanic's, materialmen's or similar lien arising from such work, and (c) that the cost as estimated by the person signing such certificate of the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining in the hands of the Association after the payment of the sum so requested. It shall be presumed that the first monies disbursed in payment of such costs of reconstruction and repair shall be from insurance proceeds, and if there is a balance in any construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be disbursed to the Association.

(4) Each Owner shall be deemed to have delegated to the Board his right to adjust with insurance companies all losses under the casualty insurance policies referred to in Subsection (1) of Section (A) of this Article VI.

(D) Minor Repairs.

(1) Notwithstanding the foregoing provisions of this article, if the aggregate amount of the estimated costs of repairing any damage to the Common Areas and Facilities is less than Ten Thousand Dollars (\$10,000.00), the instrument (or draft) by means of which any insurance proceeds are paid shall be endorsed by the Insurance Trustee and delivered to the Association and the damage shall be repaired in accordance with Article VI(D) (2) below.

(2) Such insurance proceeds shall be used by the Board to defray the cost of repairing the damage to the Common Areas and Facilities. If the cost of such repairs is less than the amount of such insurance proceeds, the excess shall be retained by the Board or its duly authorize agent and placed in the maintenance fund or contingency fund as the Board in its sole discretion may determine. If the cost of such repairs exceeds the amount of such insurance proceeds, such excess may be provided either by means of a Common Assessment levied by the Board against all Owners in proportion to their respective percentages of Ownership Interests in the Common Areas and Facilities or by means of an appropriation from the contingency fund or such other fund as may be established for the purpose of providing for the maintenance, repair and replacement of the Common Areas and Facilities, as the Board may determine.

(E) Negligence of Owner. Each Owner shall be liable for the expenses of any maintenance, repair or replacement rendered necessary by his negligence or by that of any member of his family or his or their guests, employees, agents or lessees, to the extent that such expense is not covered by the proceeds of insurance carried by the Association. A Owner shall pay the amount of any increase in insurance premiums occasioned by his use, misuse, occupancy or abandonment of his Home or Unit or its appurtenances or of the Common Areas and Facilities or Limited Common Areas and Facilities.

ARTICLE VII

COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

The Units and Common Areas and Facilities shall be occupied and used as follows:

(A) No part of the Property shall be used for other than residential use and the related common purposes for which the Property was designed. Each Home or Unit shall be used as a residence by the Owner and/or Occupant, or lessees or guest of the Owner and his family, except for such limited uses as the Declarant or the Board of Directors, upon application of an Owner or Occupant, from time to time may authorize as not being

inconsistent with the residential character of the Condominium Property provided that any such use does not violate zoning ordinances of the Town of West Dover.

(B) There shall be no obstruction of the Common Areas and Facilities nor shall anything be stored in the Common Areas and Facilities without the prior consent of the Board except as hereinafter expressly provided. Each Owner shall be obligated to maintain and keep in good order and repair his own Home or Unit.

(C) Nothing shall be done or kept in any Home or Unit or in the Common Areas and Facilities which will increase the rate of insurance on the Common Areas and Facilities without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Home or Unit or in the Common Areas and Facilities which will result in the cancellation of insurance on any Building or contents thereof, or which would be in violation of any law. No waste shall be committed in the Common Areas and Facilities.

(D) Owners shall not cause or permit anything to be hung displayed or placed on the outside of windows or on the outside walls of the Building and no sign, awning, canopy, shutter, radio or television antenna shall be affixed to or placed upon the exterior walls or roof or any part thereof, or exposed on, at or from any window, without the prior consent of the Board.

(E) No curtain, drapery, shades or blinds shall be displayed in or from any window or glass door of any Home, Unit or Building without the prior written consent of the Board unless the part thereof within view from the exterior of the Home, Unit or Building is white, near white or beige in color.

(F) No animals, including, but not by way of limitation, rabbits, reptiles, livestock, fowl or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Areas and Facilities.

(G) No noxious or offensive activity shall be carried on in any Home or Unit or in the Limited Common Areas and Facilities or in the Common Areas and Facilities nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Owners or Occupants.

(H) Nothing shall be done in any Home or Unit or in, on or to the Common Areas and Facilities which will impair the structural integrity of any Building or which would structurally change such Building except as is otherwise provided herein.

(I) The Common Areas and Facilities shall be kept free and clean of rubbish, debris and other unsightly materials.

(J) There shall be no parking of baby carriages or playpens, bicycles, wagons, toys vehicles, benches or chairs on any part of the Common Areas and Facilities as provided in the Rules, except that personal property may be stored in a common storage area designated for that purpose.

(K) No industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Property or in any Home or Unit therein, except as permitted in this Declaration. The right is reserved by the Declarant, or its agent, to place "For Sale" or "For Rent" signs on any unsold or unoccupied Homes or Units, and the right is hereby given to any mortgagee, who may become a Owner, to place such signs on any Home or Unit owned by such mortgagee. The right is reserved by the Declarant, or its agent, to use any unsold Homes or Units for sales or display purposes.

(L) Nothing shall be altered or constructed in or removed from the Common Areas and Facilities except upon the written consent of the Board.

ARTICLE VIII

REHABILITATION OF EXISTING BUILDINGS, STRUCTURES AND OTHER IMPROVEMENTS

The Association may by the affirmative vote of Owners entitled to exercise not less than eighty percent of the voting power, determine that the Condominium Property is obsolete in whole or in part, and elect to have the same renewed and rehabilitated. The Board shall thereupon proceed with such renewal and rehabilitation and the cost thereof shall be a Common Expense. In such event any Owner who does not vote for such renewal and rehabilitation may elect, in a writing served by him on the President of the Association within five days after receiving notice of such vote, to receive the fair market value of his Ownership Interest, less (a) the amount of any liens and encumbrances on his Home or Unit as of the date of such vote is taken and (b) the amount of any liens and encumbrances arising out of actions of said Owner filed during the period from the date of such vote to the date of conveyance, in return for a conveyance of his Ownership Interest subject to such liens and encumbrances, to the Board of Directors and their successors in office, or such nominee as they shall designate for the benefit of all the Owners. In the event of such election by a Owner to receive fair market value of his Ownership Interest, such conveyance and payment of the consideration therefor, which shall be a Common Expense to the Owners who have elected to renew and rehabilitate, shall be made within ten days thereafter, and, if such Owner and majority of the Board cannot agree upon the fair market value of such Home or Unit, such determination shall be made by the majority vote of three appraisers, one of whom shall

be appointed by the Board, one of whom shall be appointed by such Owner, and the third of whom shall be appointed by the first two appraisers.

ARTICLE IX SALE OF THE PROPERTY

The Owners by affirmative vote of not less than eighty-five percent of the total vote including the affirmative vote of Declarant, at a meeting of voting members duly called for such purpose, may elect to sell the Condominium Property as a whole. Such action shall be binding upon all Owners, and it shall thereupon become the duty of every Owner to execute and deliver such instruments and to perform all acts in manner and form as is necessary to effect such sale, provided, however, that any Owner who did not vote in favor of such action and who has filed a written objection thereto with the Board within twenty days after the date of the meeting at which such sale was approved shall be entitled to receive from the proceeds of such sale an amount equivalent to the value of his interest, as determined by a fair appraisal by an appraiser agreed to by such Owner and the Board, less the amount or any first mortgage lien and other encumbrances and less the amount of any unpaid assessments or charges due and owing from such Owner. In the absence of agreement by such Owner and the Board to select such an appraiser, such Owner and the Board shall each select an appraiser and the two so selected shall select a third appraiser, and the fair market value, as determined by a majority of the three so selected, shall control. If either party shall fail to select an appraiser, then the one designated by the other party shall make the appraisal. The appraisal expense shall be borne one-half by the Owner and one half by the Association. If the Condominium Property is sold, the proceeds of the sale shall be received and held by the Association in trust for the benefit of the Owners and their respective mortgagees as their respective interests may appear, and such proceeds shall be disbursed as soon as possible to satisfy first mortgage liens, unpaid assessments and other liens and encumbrances, with the balance to be disbursed to the Owners.

ARTICLE X REMEDIES FOR BREACH OF COVENANTS, RESTRICTIONS AND REGULATIONS

(A) Abatement and Enjoyment. If any Owner (either by his own conduct or by the conduct of any other Occupant of his Unit) shall violate any restriction or condition or Rule adopted by the Board, or the breach of any covenant or provision contained in this Declaration or the Bylaws, the Association shall have the right, in addition to the rights hereinafter set forth in this Article X and those provided by law:

- (1) to enter upon the portion of the Condominium Property which, or as to which, such violation or breach exists and to summarily abate and remove at the expense of the defaulting owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions of this Declaration or of the Bylaws or the Rules, and the Declarant, or its successors or assigns, or the Board, or its agents, shall not thereby be deemed guilty in any manner of trespass; or
- (2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

(B) Involuntary Sale. If any owner (either by his own conduct or by the conduct of any other Occupant of his Home or Unit) shall violate any of the covenants or restrictions or provisions of this Declaration or the Rules adopted by the Board, and such violation shall continue for thirty days after notice in writing from the Board, or shall occur repeatedly during any thirty day period after written notice or request to cure such violation from the Board, then the Board shall have the right, upon the giving of at least ten days prior written notice, to terminate the rights of such Owner to continue as an Owner and continue to occupy, use or control his Home or Unit and thereupon an action in equity may be filed by the members of the Board against the Owner for a decree or mandatory injunction against the Owner or Occupant or, in the alternative, a decree declaring the termination of the right of such Owner to occupy, use or control the Home or Unit owned by him, and agreeing that all the right, title and interest of the Owner in the Property shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the court shall enjoin and restrain such Owner from re-acquiring his interest at such judicial sale. the proceeds of any such judicial sale shall be paid to discharge court costs, mortgages and any other liens and encumbrances of record, in the order of their priority, and all such items shall be taxed against such Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments owing to the Association or any liens required to be discharged shall be paid to the Owner. Upon the confirmation of such sale, the purchaser thereat shall thereupon be entitled to a deed to the Ownership and to immediate possession of the Home or Unit sold and may apply to the court for a writ for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the Property sold subject to this Declaration.

ARTICLE XI

AMENDMENT OF DECLARATION

(A) In General. Except where otherwise provided in this Article XI or in any other articles of this Declaration or by the Act, the provisions of this Declaration may be amended by an instrument in writing setting forth specifically the item or items to be amended and/or any new matter to be added, which instrument shall have been duly authorized by the affirmative vote of those Owners having at least seventy-five percent of the voting power of the Association, such instrument shall be signed and acknowledged by any two officers of the Association and must contain the certification by the President or Secretary of the Association that a copy of the amendment has been mailed or hand delivered to all Owners and all first mortgagees of Homes or Units and that Owners having at least seventy-five percent of the voting power of the Association affirmatively approved the amendment. An amendment hereunder shall be executed with the same formalities as this instrument and must refer to the volume and page in which this instrument and amendments hereto are recorded. Upon written request, the Declarant shall furnish a copy of any such amendment to a Owner and a first mortgage of a Owner. No amendment by the Board or Owner shall have any effect, however, upon the Declarant, the sights of Declarant under this Declaration and upon bona fide mortgagees until the written consent of the Declarant and/or such mortgagees to such amendment has been secured. Such consents shall be retained by the Secretary of the Association or the Declarant, as the case may be, and the Secretary's certification in the instrument of amendment as to the consent or non-consent of Declarant and the names of the consenting and non-consenting mortgagees of the various Units may be relied upon by all persons for all purposes. No provision in the Declaration may be amended so as to conflict with the obligatory provisions of the Act.

(B) Amendment to Percentage Interests. No amendment shall be made to the percentage interests of each Home or Unit in the Common Areas and Facilities as set forth in Article II(B) (4) of this Declaration unanimously approved by all Owners affected.

(C) Special Amendment. Prior to the formation of the Association, Declarant shall have the right and power, and after the formation of the Association, the Board shall have the right and power, to record a special amendment ("Special Amendment") to this Declaration at any time, and from time to time, which amends this Declaration (1) to bring this Declaration into compliance with the Act, (2) to correct clerical or typographical errors in this Declaration or any exhibit hereto or any supplement or amendment hereto or (3) effecting any other change(s) not adverse to the Owners or to the holders of mortgages encumbering Homes or Units. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant and/or to the Board to vote in favor of, make or consent to a Special Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other

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evidence of obligation, or other instrument affecting a Home or Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment or, and a consent to the reservation of the power to the Declarant and/or the Board to vote in favor or, make and record Special Amendments.

Notwithstanding anything herein to the contrary, Declarant hereby reserves unto itself, its successors and assigns, in connection with the foregoing, the right and power to amend this Declaration so as to subject additional lands, Buildings, Homes, Units and Common Areas and Facilities to the provisions of this Declaration by the execution and recording of an appropriate amendment consistent with the foregoing provisions, notwithstanding any other general power of amendment existing in favor of the Association or its Board of Directors pursuant to the provisions of this Declaration.

Furthermore, if and in the event additional Phases are developed or other lands are annexed to the Development, Declarant expressly reserves to itself, its successors and assigns, the right to amend this Declaration from time to time so that the Interim or Final Percentage Interest of an Owner may be adjusted to take into account additional Homes or Units which have been added to the Condominium Property. Declarant may in its own name and as attorney-in-fact for the Owners, amend this Declaration from time to time to incorporate in the Condominium Units to be constructed in subsequent Phases of the project. The Declarant may, without the consent of the Owners dedicate Additional Land and amentities to the Property. Amendments required by 27 V.S.A. Section 1313 may be adopted by the Declarant without further consent of the Owners. If upon completion of any Buildings, Units, Homes or improvements as part of the Condominium, it is discovered that there are discrepancies between the Building, Units, Homes or improvements as planned (shown on the Site Plan, Floor Plans and Permits) and the Buildings, Units, Homes or improvements as completed, Declarant may amend the Site Plans, Floor Plans and Permits conforming them to the Buildings, Units, Homes or improvements as constructed may be adopted and filed by Declarant without the consent of the Owners. Declarant may change the layout of any Home or Unit or alter the boundaries between Homes and Units provided that each Home or Unit so changed or altered is owned by the Declarant and that a revised Site Plan and Floor Plan depicting such change or alteration is filed as an amendment to this Declaration. If the boundaries between Homes and/or Units are altered, the Declarant shall apportion between the Homes and Units the percentage of interests in the Common Areas and Facilities. An amendment depicting a change or alteration pursuant to this Section need only be signed, witnessed and acknowledged by Declarant and will be effective when recorded in the Dover Land Records. By the acceptance of a deed to a Home or a Unit, an Owner shall be deemed to have designated and appointed Declarant as his attorney-in-fact for the sole, limited and exclusive purpose of amending this Declaration in accordance with this Article, so that an amendment filed by Declarant pursuant hereto shall result in the reduction of such fractional interest without further

action or consent by Owner. Furthermore, the acceptance of a deed or mortgage of a Unit shall expressly constitute consent of the Grantees, or mortgagees of such Grantees, to the alteration of this undivided interest in the Common Areas and Facilities, and said Grantee or mortgagee shall, upon request, execute and deliver to the Declarant, its successors or assigns, such documents or releases as may be reasonably required to amend said Declaration to reflect the alteration of each Owner's purposes. The foregoing notwithstanding, each Owner shall, at the time of a purchase of a Home or a Unit, or at such other time as Declarant may request, execute a written Consent/Power of Attorney to Declarant to authorize any adjustment or percentage interests.

ARTICLE XII

SUBDIVISION OR COMBINATION OF UNITS

No subdivision or combination of Units is permitted.

ARTICLE XIII

CONDEMNATION

In the event that the entire Condominium Property is taken by eminent domain or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium shall terminate. The condemnation award shall be apportioned among the Owners in accordance with their respective percentage interests in the Common Areas and Facilities. The Association shall as soon as practicable determine the share of the condemnation award to which each Owner is entitled and each such share shall be paid into separate accounts and disbursed as soon as practicable to the Owners entitled to same.

In the event that less than the entire Condominium Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium Property hereunder shall not terminate. Each Owner shall be entitled to a share of the condemnation award to be determined in the following manner: As soon as practicable the Association shall, reasonably and in good faith, allocate the condemnation award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated among the Owners, as follows: (A) the total amount allocated to taking of or injury to the Common Areas and Facilities shall be apportioned among Owners in proportion to their respective percentages of interest in the Common Areas and Facilities; (B) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned; (C) the respective amounts allocated to the taking of or injury to a particular Home or Unit and/or improvements a Owner has made within his own Home or Unit shall be apportioned to the particular Home or Unit involved, and (D) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be

equitable under the circumstances. If an allocation of the condemnation award is already established in negotiation, judicial decree or otherwise, then in allocating the condemnation award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective first mortgagees.

In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association thereafter the Association shall reallocate the ownership, voting rights, assessment ratio and together rights determined in accordance with this Declaration according to the same principles employed in this Declaration and its inception and shall submit such reallocation of the Owners of the remaining Units for amendment of their Declaration and the amended Declaration shall be filed as required by law.

Any reconstruction and repair necessitated by condemnation shall be Governed by the procedures specified in Article VI hereof (Insurance and Reconstruction).

Notwithstanding anything to the contrary herein, in the event that any lands or additional lands have been dedicated by the Declarant to the Condominium Property for the development and construction of additional Homes or Units and that prior to such development and construction or prior to commencement of another phase of the development a condemnation award is made upon such addition, but yet undeveloped lands, then the Declarant shall be entitled to the full condemnation award without setoff, allocation among Owners, or apportionment according to percentage of interest, it being the intent hereby that the Owners have no interest in such an award.

ARTICLE XIV

RIGHTS OF FIRST MORTGAGEES

The following Provisions inure to the benefit of each mortgagee holding a first mortgage encumbering a Home or Unit:

(A) the holder of any first mortgage encumbering a Home or Unit in respect of which the Owner shall be in default for a period of sixty days in the performance of his obligations under this Declaration, the Bylaws and/or the Rules shall be provided with notice of said default by the Association. Within sixty days after receiving said notice from the Association, the holder of the mortgage encumbering said Home or Unit may (but shall not be obligated to do so) cure said default. If, however, said default is not curable within said sixty day period by reason of delay(s) beyond the seasonable control of said mortgagee, then, providing said mortgagee has commenced to cure said default within said sixty day period and has continued thereafter with due diligence to complete the curing of said default, the time

within which said mortgagee shall be permitted to cure said default shall be extended for a period co extensive with said delay(s).

(B) A first mortgagee, upon written request to the Board, shall be given a written statement by the Board of the number of Owners who are more than one month diligent in the payment of monthly Assessments at the time said written request is received by the Board.

(C) Upon written request to the Association, each mortgagee shall have the right to receive notices of all meetings of the Association and to designate a representative to attend any such meeting.

ARTICLE XV

SALE, LEASING OR OTHER ALIENATION OF UNITS

(A) Declarant's Right of First Refusal. In the event a Owner ("Offering Owner") proposes to convey any Home or Unit owned or held by such Owner to any person, corporation, firm or entity, other than the Declarant: The Offering Owner shall first give written notice by affidavit to the Declarant of the proposed conveyance of such Home or Unit (the "Offered Unit"). Such written notice shall take the form of an affidavit by the Offering Owner which affidavit shall state in full all the terms and provisions of the proposed conveyance, including the Offering Owner's opinion as to the dollar value of the proposed consideration, and that proposed conveyance is based upon a bona fide agreement between the Offering Owner and a prospective transferee, which agreement shall be evidenced by a duly executed Purchase and Sale Agreement reflecting the Right of First Refusal described herein. Such affidavit shall be deemed an offer to convey the Offered Unit to the Declarant on the terms and conditions set forth in such affidavit. The Declarant shall have the right, but not the obligation, to acquire the Offered Unit upon the terms and conditions of such proposed conveyance to the third party purchaser (with any property being offered by the prospective transferee being deemed to be the cash equivalent thereof, such cash equivalent to be equal to the fair market value of such property which shall be that amount agreed upon by the Offering Owner and the Declarant.) The right of the Declarant to accept such offer shall expire thirty days after the date the Declarant received the aforesaid affidavit, unless within said period Declarant shall have given written notice to the Offering Owner of its decision to purchase. For purposes of this Paragraph a, in the event that Declarant has conveyed its authority and rights to act as the association to the Association, then the Association shall possess the right of first refusal provided herein.

(B) Owner's Right to Lease Unit. Any Owner shall have the right to lease all (but not less than all) of his Home or Unit upon such terms and conditions as the Owner may deem advisable. Any lease or sub-lease of a Home or Unit shall be in writing and shall provide: (1) that the lease or sub-lease shall be subject to the terms of this Declaration, the Bylaws and Rules and that a failure of a lessee to comply with the terms of this Declaration, the Bylaws and Rules shall be in default under the lease or sub-lease; (2) that the Association shall have the right to require the lessee or sub-lessee to deposit with the Association such amount as the Association shall consider appropriate as security to provide funds for repairs and to assure compliance with this Declaration, the Bylaws and Rules. The limitations with respect to the leasing of Homes or Units shall not apply to the Declarant or first mortgagee of a Home or Unit.

ARTICLE XVI

REMOVAL FROM CONDOMINIUM OWNERSHIP

The Owners by unanimous vote may elect to remove the Condominium Property from the provisions of the Act. In the event of such election, all liens and encumbrances, except taxes and assessments not then due and payable, upon all or any part of the Condominium Property, shall be paid, released or discharged, and a certificate setting forth that such election was made shall be filed with the Town Clerk of West Dover and by him recorded. Such certificate shall certify therein under oath that all liens and encumbrances, except taxes and assessments not then due and payable, upon all or part of the Common Areas and Facilities have been paid, released or discharged, and, shall also be signed by the Owners, each of who shall certify therein under oath that all such liens and encumbrances on his Unit or Units have been paid, released or discharged.

ARTICLE XVIII

MISCELLANEOUS PROVISIONS

(A) Interest on Deposits. Any deposit or down payment made in connection with the sale of a Home or Unit by the Declarant shall be used in connection with the construction of Partridge Run and delivered at settlement or returned to or otherwise credited to the purchase of such Home or Unit or forfeited to the Declarant, and no interest shall be credited to the Purchaser of such Home or Unit at settlement or upon return or other credit made to the Purchaser, or added to any forfeiture to the Declarant. Deposits and down payments held in trust or escrow pursuant to this Article shall not be subject of attachment by creditors of the Declarant or a Purchaser of a Home or Unit.

(B) Declarant's Obligation with Respect to Unsold Homes or Units. The Declarant will assume the rights and obligations of a Owner in its capacity as owner of unsold Homes or Units in the Condominium, including, without limitation, the obligation to pay Common Expenses attributable to such Homes or Units, from the date the Declaration is filed for record.

(C) Transfer of Authority to Owners' Association. Declarant reserves the right and exclusive authority to act for and as the Owners' Association until the sale and conveyance of 75% of the Homes or Units shown on the Schedule of Percentage Interests. Declarant may, however, in Declarant's sole discretion, prior to conveyance of 75% of such Homes or Units, transfer to the Owners the authority and responsibility for operation and management of the Owners' Association by appropriate resolution filed in the West Dover Land Records; copies of such resolution shall be sent to each Owner at least sixty days prior to the transfer of responsibility.

(D) Right of Declarant to Act as Board of Managers. Until the Declarant transfers authority to the Owners' Association in accordance with this paragraph the term "Owners' Association" shall be synonymous with the term "Declarant." Prior to such transfer of authority, all actions of the Owners' Association shall be the sole and exclusive responsibility of the Declarant, and no action by the Owners shall be effective unless and until ratified by the Declarant.

(E) Record of Mortgagees of Units. Any Owner who mortgages his Ownership Interest shall notify the Association in such manner as the Association may direct, of the name and address of his mortgagee and thereafter shall notify the Association of the payment, cancellation or other alteration in the status of such mortgage. The Association shall maintain such information in a record entitled "Mortgagees of Homes or Units."

(F) Rights of Mortgagees of Units to Receive Notices. Upon written request to the Board, the holder of any duly recorded mortgage or trust deed against any Ownership shall be given a copy of any and all notices permitted or required by this Declaration to be given to the owner or owners whose Ownership is subject to such mortgage or trust deed.

(G) Notices. All notices required or permitted hereunder, and under the Bylaws and the Act, to the Declarant, the Association, the Board of Directors and its delegates shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the Board of Directors or its delegates at the address of the Condominium Property or to such other address as the Board may designate from time to time by notice in writing to all Owners. All notices to the Declarant shall be sent by registered or certified mail, return receipt requested, to: Partridge Run Corp., Robert B. North, West Dover, Vermont 05356 or to such other address as the Declarant or its counsel may designate from time to time, in writing to the Board of

Directors. All notices shall be deemed to have been given and therefore effective not later than forty eight hours after the date that such notice is deposited in the U.S. Mail, except Notices of change of address which shall be deemed to have been given when received, and except notices of change in address which shall be deemed to have been given when received, and except as otherwise provided herein. Any notice required or permitted to be given to any Occupant other than a Owner shall effectively be given or hand delivered to such Occupant or placed in his mail box or placed under the door to such Occupant's Home or Unit.

(H) Title to Units Subject to Declaration. Each grantee of the Declarant, by the acceptance of a deed of conveyance, accepts the same subject to all easements, restrictions, conditions covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration and in the documents referred to in this Declaration, and all rights, benefits and privileges of every nature hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in the Condominium Property, and shall inure to the benefit of such owner in like manner as though the provisions of the Declaration were recited and stipulated at length in each and every deed of conveyance.

(I) Non-Liability of Declarant. Except as otherwise provided in the Act, neither Declarant nor its representatives, successors or assigns shall be liable for any claim whatsoever arising out of or by reason of any actions performed pursuant to any authorities granted or delegated to it by or pursuant to this Declaration or the Bylaws in Declarant's (or its representative's) capacity as owner, manager or seller of the Condominium Property whether or not such claim (1) shall be asserted by any Owner, an Occupant Unit or the Association, or by any person or entity clamminess through any of them; (2) shall be on account of injury to person or damage to or loss of property wherever located and however caused; or (3) shall arise ex-contractu or (except of the foregoing, the foregoing enumeration includes all claims for, or arising by reason of, the Condominium Property or any part thereof being or becoming out of repair or containing any patent or latent defects, or by reason of any act or neglect of any Owner, an Occupant, the Association, and their respective agents, employees, guests and invitees, or by reason of any neighboring Property or personal property located on or about the Condominium Property or by reason of the failure to function or disrepair of any utility services heat, air conditioning, electricity, gas, telephone, water or sewage).

(J) Non-Waiver. No covenants, restrictions, conditions, obligations, or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches may occur.

(K) Saving Clause. The invalidity of any covenant, restriction, condition, limitation or any other provision of this Declaration, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or affect of the rest of this Declaration.

(L) Headings. The heading of each Article and of each such paragraph in this Declaration and in the Bylaws is inserted only as a matter of convenience and for reference and in no way defines, limits or describes the scope or intent of this Declaration or the Bylaws nor in any way affects this Declaration or the Bylaws.

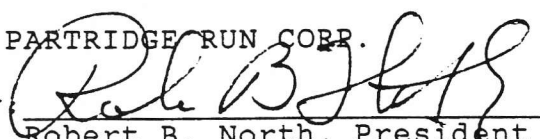
(M) Gender. The use of the masculine gender herein or in the Bylaws shall be deemed to include the feminine and the neuter genders, as the case may be, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

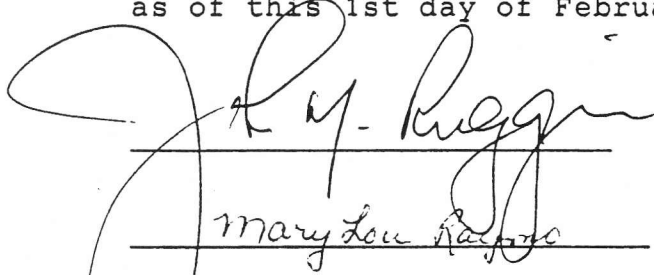
(N) Liberal Interpretation. The provisions of this Declaration shall be liberally interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a first-class Condominium Development.

IN WITNESS WHEREOF, the said Partridge Run Corp., as Declarant, as aforesaid, caused the execution of this Agreement as of this 1st day of February, 1989.

PARTRIDGE RUN CORP.

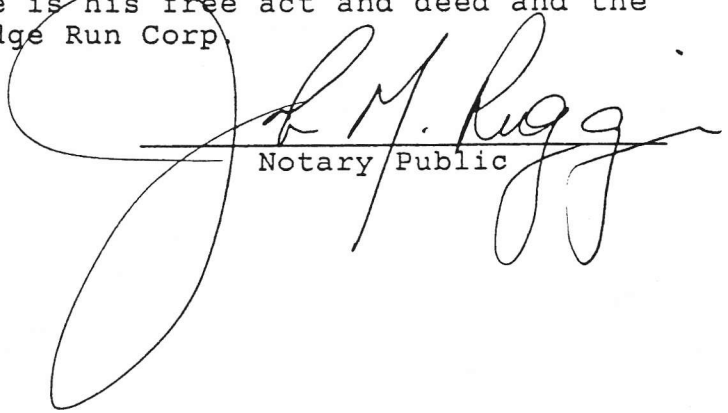
By:


Robert B. North, President



Mary Lou Rogers
STATE OF VERMONT)
COUNTY OF WINDHAM)SS.

On this 1st day of February, 1989, in and for said County and State, personally appeared the above named Robert B. North, President, who acknowledge that he did sign the foregoing instrument and that the same is his free act and deed and the free act and deed of Partridge Run Corp.



Notary Public

JMR5/PARTRIDG.DEC

SCHEDULE A

PROPERTY DESCRIPTION

Being a portion of the lands and premises conveyed to Partridge Run Corp. by Limited Warranty Deed of Mt. Snow, Ltd. (formerly Dover Corporation) dated July 24, 1986 and recorded in Book 77 at Page 578 of the Town of Dover Land Records and further being a portion of the lands and premises conveyed to Partridge Run Corp. by Airport Development Corp. by Corrective Warranty Deed dated February 1, 1989, and recorded simultaneously herewith. The property is described as follows:

PARCEL 1:

Beginning at an iron pipe found in the westerly boundary of Airport Road, so-called, located in the Town of Dover and being the point at which the lands now or formerly of Mount Snow, Ltd. meet with the lands of Partridge Run Corp.;

Thence S 20° 17' 28" W for a distance of 175.54 feet along the westerly line of said Airport Road to an iron pipe found;

Thence S 38° 29' 06" W a distance of 572.09 feet along said westerly line of said Airport Road to a point;

Thence N 76° 57' 02" W a distance of 6.37 feet to a point;

Thence N 05° 32' 14" E a distance of 626.39 feet along the easterly line of lands now or formerly of Airport Development Corp. to an iron pipe found;

Thence S 86° 28' 06" E for a distance of 421.91 feet along a stone wall to point and place of beginning.

PARCEL II

Beginning at an iron pipe found in the easterly boundary of Airport Road, so-called located in the Town of Dover on the westerly boundary of the property described herein;

Thence N 38° 29' 60" E for a distance of 520.74 feet along the easterly line of said Airport Road to an iron pipe;

Thence N 20° 57' 01" E for a distance of 185.51 feet along the easterly line of said Airport Road to an iron pipe;

Thence N 17° 03' 57" E for a distance of 391.04 feet along the easterly line of said Airport Road to an iron pipe;

Thence N 12° 31' 38" E for a distance of 68.30 feet along the easterly line of said Airport Road to an iron pipe;

Thence N 03° 56' 19" E for a distance of 83.39 feet along the easterly line of said Airport Road to an iron pipe;

Thence S 16° 31' 20" E for a distance of 1,045.01 feet along the westerly boundary line of lands now or formerly of Mt. Snow, Ltd. to an iron pipe;

Thence S 59° 47' 38" W for a distance of 199.58 feet to an iron pipe;

Thence S 09° 39' 09" W for a distance of 503.66 feet to an iron pipe;

Thence S 27° 26' 37" W for a distance of 309.31 feet to an iron pipe;

Thence N 78° 11' 41" W for a distance of 162.09 feet to an iron pipe;

Thence S 70° 46' 02" W for a distance of 122.73 feet to an iron pipe;

Thence S 05° 11' 04" W for a distance of 701.60 feet to an iron pipe located in the boundary line of the Town of Dover and the Town of Wilmington;

Thence N 72° 18' 35" W for a distance of 227.47 feet along said boundary line to a point;

Thence N 05° 32' 14" E for a distance of 783.17 feet along the easterly boundary line of said Airport Development Corp. to a point;

Thence N 19° 39' 05" E for a distance of 206.27 feet to a point;

Thence S 25° 56' 53" E for a distance of 342.15 feet to a point;

Thence northeasterly in a curve to the left bearing (Delta = 68° 23' 40", Radius = 152.32 feet, L = 93.99 feet);

Thence N 25° 56' 53" W for a distance of 434.34 feet to an iron pipe;

Thence N 05° 32' 14" E for a distance of 80 feet to a point;

Thence N 15° 44' 38" W for a distance of 239.29 feet to the point and place of beginning.

Parcel I described above contains 3.92 acres and Parcel II described above contains 21.09 acres and each is more particularly described on a survey entitled "Partridge Run Corp." dated August 22, 1988, prepared by Dauchy Associates, Inc., Registered Surveyors, and recorded in the Map Hangers of the Town of Dover.

SCHEDULE B

Schedule of Percentage Interests Partridge Run Condominium

Partridge Run Condominium plans listed below are hereby incorporated into the Partridge Run Condominium in accordance with the Partridge Run Declaration of Condominium. The Units Homes and the Common Areas and Facilities are shown on the Site Plan and Floor Plans referred herein which have previously been or are being filed simultaneously in the Sherburne Land Records:

1. Site Plan entitled "As-Builts" - Partridge Run Corp., Dover, VT., prepared by Dauchy Associates, Inc., which Site Plan is filed in Map Hanger ____, Pages _____ of the Dover Land Records.
2. Floor Plans: The Floor Plans references are listed on Schedule B-1 attached hereto.

It is acknowledged and understood that, the Site Plan depicts the location and unit numbers of the Condominium Homes and Units built to date. The Floor Plans depict the proposed layout and dimensions of typical Units and Homes. The Site Plan and Floor Plans are subject to change in accordance with the rights reserved to the Declarant in the Declaration of Condominium. As and when construction of individual Condominium Homes and Units is completed (including Units constructed pursuant to subsequent amendments to existing plans and permits), and prior to the conveyance of such Homes and Units, Declarant shall file in the Dover Land Records an amendment to this Declaration containing a verified statement by a registered architect or a licensed professional engineer certifying that the Site Plan and Floor Plans fully and accurately depict the layout, location, Home or Unit numbers and dimensions of the Homes or Units as built. In the event Declarant amends the Site Plan and Floor Plans, such amended Site Plan and Floor Plans shall be filed as an amendment to this Declaration with a verified statement of a registered architect or licensed professional engineer certifying that such Site Plans and Floor Plans are an accurate copy of portions of the plans of the buildings as filed with and approved by the municipal or other governmental subdivisions having jurisdiction over the issuance of permits for the construction of the buildings.

Residential Units and Homes

The following represent the Home and Unit numbers, nominal value, percentage interest, and responsibility for Assessments of Homes and Units that are incorporated into and are part of Partridge Run Condominium as of the date of this Declaration:

<u>Unit #</u>	<u>Nominal Value</u> (1)	<u>Responsibility for Common Assessments</u> (2)	<u>Vote</u> (3)	<u>Interim Percentage Interest</u> (4)
A1	\$200,000	.0190	.0190	.0190
A2	\$200,000	.0190	.0190	.0190
A3	\$200,000	.0190	.0190	.0190
A4	\$200,000	.0190	.0190	.0190
A5	\$200,000	.0190	.0190	.0190
B1	\$200,000	.0190	.0190	.0190
B2	\$200,000	.0190	.0190	.0190
B3	\$200,000	.0190	.0190	.0190
B4	\$200,000	.0190	.0190	.0190
B5	\$200,000	.0190	.0190	.0190
C1	\$200,000	.0190	.0190	.0190
C2	\$200,000	.0190	.0190	.0190
C3	\$200,000	.0190	.0190	.0190
C4	\$200,000	.0190	.0190	.0190
C5	\$200,000	.0190	.0190	.0190

Home #

1	\$250,000	.0204	.0204	.0204
2	\$250,000	.0204	.0204	.0204
3	\$250,000	.0204	.0204	.0204
4	\$250,000	.0204	.0204	.0204
5	\$250,000	.0204	.0204	.0204
6	\$250,000	.0204	.0204	.0204
7	\$250,000	.0204	.0204	.0204
8	\$250,000	.0204	.0204	.0204
9	\$250,000	.0204	.0204	.0204
10	\$250,000	.0204	.0204	.0204
11	\$250,000	.0204	.0204	.0204
12	\$250,000	.0204	.0204	.0204
13	\$250,000	.0204	.0204	.0204
14	\$250,000	.0204	.0204	.0204
15	\$250,000	.0204	.0204	.0204
16	\$250,000	.0204	.0204	.0204
17	\$250,000	.0204	.0204	.0204
18	\$250,000	.0204	.0204	.0204
19	\$250,000	.0204	.0204	.0204
20	\$250,000	.0204	.0204	.0204
21	\$250,000	.0204	.0204	.0204
22	\$250,000	.0204	.0204	.0204
23	\$250,000	.0204	.0204	.0204
24	\$250,000	.0204	.0204	.0204
25	\$250,000	.0204	.0204	.0204
26	\$250,000	.0204	.0204	.0204
27	\$250,000	.0204	.0204	.0204
28	\$250,000	.0204	.0204	.0204
20	\$250,000	.0204	.0204	.0204
30	\$250,000	.0204	.0204	.0204
31	\$250,000	.0204	.0204	.0204
32	\$250,000	.0204	.0204	.0204
33	\$250,000	.0204	.0204	.0204
34	\$250,000	.0204	.0204	.0204

<u>35</u>	<u>\$250,000</u>	<u>.0204</u>	<u>.0204</u>	<u>.0204</u>
TOTAL:				
	\$11,750,000	.999	.999	.999

Notes - The following Notes apply to the tables set forth above for the Homes and Units:

- (1) Nominal Value: The Vermont Condominium Ownership Act requires that the Declarant set forth the "value" of Homes and Units in the Declaration, however, the value of the Unit bears no relationship to the establishment or administration of the Condominium. Accordingly, in order to satisfy the statutory requirement, the Declarant has established a nominal value for each Condominium Home and Unit in the Condominium. It is expressly intended and understood by the Declarant, however, that the "value" expressed herein is solely for the purpose of satisfying the statutory requirement and is not intended, nor should it be used in any way, to determine or establish the fair market value, taxable value, replacement costs or resale value of any Unit.
- (2) Responsibility for Assessments: As provided in the Declaration, Homes and Units shall be responsible for their percentage share of Common Assessments. The responsibility for Assessments is based upon the number of Homes or Units which have been incorporated into the Condominium.
- (3) Vote: The Vote of each Home or Unit shall be the same as the Common Area Percentage the Home or Unit as provided in the Declaration and Bylaws.
- (4) Percentage Interests: The Percentage Interest of each Home or Unit in the Common Areas is based upon the total number of Homes or Units which the Declarant proposes to construct as part of Partridge Run.

SCHEDULE B-1

DESCRIPTION

Home #17 - "As-Built Floor Plans, Unit No. PR17," prepared by Robert S. Harrington, P.E. and dated January 5, 1989.

Home #18 - "As-Built Floor Plans, Unit No. PR18," prepared by Robert S. Harrington, P.E. and dated January 11, 1989.

Home #19- "As-Built Floor Plans, Unit No. PR19," prepared by Robert S. Harrington and dated January 13, 1989.

Home #20 - "As-Built Floor Plans, Unit No. PR20," prepared by Robert S. Harrington and dated January 5, 1989.

Home #21 - "As-Built Floor Plans, Unit No. PR21," prepared by Robert S. Harrington and dated January 13, 1989.

Home #22- "As-Built Floor Plans, Unit No. PR22," prepared by Robert S. Harrington and dated January 18, 1989.

Home #23- "As-Built Floor Plans, Unit No. PR23," prepared by Robert S. Harrington and dated January 23, 1989.

Home #38- "As-Built Floor Plans, Unit No. PR38," prepared by Robert S. Harrington and dated January 5, 1989.

TABLE OF CONTENTS

PAGES

1	<u>ARTICLE I</u>	<u>The Association</u>
1	Section 1	Name and Nature of Association
1	Section 2	Membership
2	Section 3	Voting Rights
2	Section 4	Majority
2	Section 5	Proxies
3	Section 6	Establishment of Owners' Association and Meeting of Members
4	Section 7	Order of Business
5	Section 8	Actions Without a Meeting
5	<u>ARTICLE II</u>	<u>Board of Directors</u>
5	Section 1	Qualifications
5	Section 2	Number of Board Members
5	Section 3	Election of Board Members by Declarant and Owners Prior to the First Annual Meeting
6	Section 4	First Annual Meeting
6	Section 5	Election of Board Members from and after the First Annual Meeting
7	Section 6	Organization Meeting
7	Section 7	Regular Meetings
7	Section 8	Special Meetings
7	Section 9	Quorum; Adjournment
8	Section 10	Powers and Duties
8	Section 11	Removal of Board Members
9	Section 12	Vacancies
9	Section 13	Fidelity Bonds
9	Section 14	Initial Board of Directors
9	Section 15	Compensation
9	<u>ARTICLE III</u>	<u>Officers</u>
9	Section 1	Election and Designation of Officers
10	Section 2	Term of Office; Vacancies
10	Section 3	President
10	Section 4	Vice President
10	Section 5	Secretary
10	Section 6	Treasurer
10	Section 7	Other Officers
11	Section 8	Delegation of Authority and Duties
11	Section 9	No Compensation to Officers

Page

11	<u>ARTICLE IV</u>	<u>General Powers of the Association</u>
11	Section 1	Payments from Maintenance Funds
14	Section 2	Rules and Regulations
14	Section 3	No Active Business to be Conducted for Profit
14	Section 4	Special Services
15	Section 5	Delegation of Duties
15	Section 6	Applicable Laws
15	<u>ARTICLE V</u>	<u>Determination and Payment of Assessments</u>
15	Section 1	Payment of Assessments
16	Section 2	Preparation of Estimated Budget
17	Section 3	Reserve for Contingencies and Replacements
17	Section 4	Budget for First Year
17	Section 5	Failure to Prepare Annual Budget
17	Section 6	Books and Records of Association
18	Section 7	Status of Funds Collected by Association
18	Section 8	Remedies for Failure to Pay Assessments
19	<u>ARTICLE VI</u>	<u>Indemnification</u>
19	Section 1	In General
19	Section 2	Advance of Expenses
19	Section 3	Indemnification Not Exclusive; Insurance
20	Section 4	Indemnification by Unit Owners
20	Section 5	Cost of Indemnification
20	<u>ARTICLE VII</u>	<u>General Provisions</u>
20	Section 1	Copies of Notice of Mortgage Lenders; Rights of First Mortgagees
21	Section 2	Service of Notices on the Board of Directors
21	Section 3	Service of Notice on Divisees and Personal Representatives
21	Section 4	Non-Waiver Covenants
21	Section 5	Agreements Binding
21	Section 6	Notices of Mortgages
22	Section 7	Severability
22	Section 8	Definitions
22	Section 9	Amendments
22	Section 10	Captions

BYLAWS OF PARTRIDGE RUN
CONDOMINIUM OWNERS' ASSOCIATION

The within Bylaws are executed and incorporated in the Declaration of Partridge Run Condominium ("Declaration") pursuant to Chapter 15, Title 27 of the Vermont Statutes Annotated ("Act"). Certain of the terms used in these Bylaws have been defined in the Declaration and, when used herein, shall have the same meaning as set forth in the Declaration, unless the context clearly indicates a different meaning therefore. The purpose of the within Bylaws is to provide for the establishment of an Owners' Association for the government of the Condominium Property in the manner provided by the Declaration and by these Bylaws. This purpose shall be accomplished on a non-profit basis, and no part of the earnings of the Association shall inure to the benefit of any private person, firm, corporation, association or organization. All present or future owners or tenants or their employees, or any other person who might use the facilities of the Condominium Property in any manner shall be subject to the covenants, provisions or regulations contained in the Declaration and these Bylaws shall be subject to any restriction, condition or regulation hereafter adopted by the Association. The mere acquisition or rental of any of the Homes or Units located within the Condominium Property described in the Declaration, or the mere act of occupancy of any of the Homes Units will constitute acceptance and ratification of the Declaration and of these Bylaws.

ARTICLE I

THE ASSOCIATION

Section 1. Name and Nature of Association. The Association shall be a Vermont corporation not for profit and shall be called the Partridge Run Condominium Owners' Association in accordance with Article IV of the Declaration.

Section 2. Membership. Each Owner upon acquisition of title to a Home or Unit, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such member of his Home or Unit ownership, at which time the new owner of such Home or Unit shall automatically become a member of the Association. Membership in the Association shall be limited to Owners. In addition to any other rights the Declarant may have pursuant to the Declaration, the Declarant shall be a member of the Association with respect to all Home or Units owned by Declarant and shall have the right, without limitation, to exercise the voting power appurtenant to such Homes or Units and the power to vote the same.

Section 3. Voting Rights. Each Owner may exercise that percentage of the total voting power of all Owners on any question for which a vote is permitted or required that is equivalent to the percentage of interest in the Common Areas and Facilities appurtenant to his Home or Unit. In case of a Home or Unit owned or held in the name of a corporation or a partnership; a certificate signed by said Owners shall be filed with the Secretary of the Association naming the person authorized to cast votes for such Home or Unit, which certificate shall be conclusive until a subsequent substitution certificate is filed with the Secretary of the Association. If such certificate is not on file, the vote of such corporation or partnership, shall not be considered nor shall the presence of such Owner at a meeting be considered in determining whether the quorum requirement for such meeting has been met.

Fiduciaries and minors who are owners of record of a Home or Unit may vote their respective interests as a Owner. If two or more persons, whether fiduciaries, tenants in common or otherwise, own undivided interests in a Home or Unit, each may exercise that proportion of the voting power of all of the Owners of said Home or Unit that is equivalent to their respective proportionate interests in said Home or Unit. When any fiduciary or other legal representative of a Owner has furnished to the Association proof, satisfactory to it, of his authority, he may vote as though he were the Owner. The Declarant or its nominee shall be the voting member with respect to any Home or Unit owned by the Declarant. The vote of the Association with respect to any Homes or Units owned by the Association shall be determined by the Board.

Section 4. Majority. Except as otherwise provided in the Act, the Declaration or these Bylaws, all actions taken by the Owners shall require the affirmative vote of a majority of the voting power of the Association present at a meeting at which a quorum is present.

Section 5. Proxies. Owners may vote or act in person or by proxy. The person appointed as proxy need not be a member of the Association. Designation by a member or members of a proxy to vote or act on his or their behalf shall be made in writing to the Secretary of the Association (or if there is no Secretary, then with the person conducting the meeting for which the proxy is given) at or before the meeting and shall be revocable at any time by actual notice to the Secretary of the Association by the member or members making such designation. Notice to the Association in writing or in open meeting of the revocation of the designation of a proxy shall not affect any vote or act previously taken or authorized. The presence at a meeting of the person appointing a proxy does not revoke the appointment.

Section 6. Establishment of Owners' Association and
Meetings of Members.

(A) Establishment of Owners' Association. The Owners' Association shall be established no later than the date the deed or other evidence of ownership is filed for record following the first sale of a Condominium Ownership Interest in the Development. Until the Owners' Association is established, the Declarant shall act in all instances where action of the Owners' Association or its officers is authorized or required by law or in the Declaration.

(B) Annual Meeting. The annual meeting of members of the Association for the election of members of the Board of Directors, the consideration of reports to be laid before such meeting and the transaction of such other business as may properly be brought before such meeting shall be held at the office of the Association or at such other place in Bennington County as may be designated by the Board and specified in the notice of such meeting at 8 p.m. or at such other time as may be designated by the Board and specified in the notice of the meeting. The first annual meeting of the Association shall be held upon ten days written notice given by the Declarant not later than the time that Condominium Ownership Interests to which seventy-five percent of the undivided interests in the Common Areas and Facilities appertain have been sold and conveyed by the Declarant, unless the Declarant shall consent, in its sole discretion, to a lesser percentage. Thereafter, the annual meeting of members of the Association shall be held on the second Tuesday of January in each succeeding year, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day.

(C) Special Meeting. Special meetings of the members of the Association may be held on any business day when called by the President of the Association or by the Board of Directors of the Association or by member entitled to exercise at least twenty-five percent of the voting power of the Association or by the Declarant or any Owner when a meeting is required for the election of members to the Board of Directors pursuant to Article II, Section 5 hereof. Upon request in writing delivered either in person or by certified mail to the President or the Secretary of the Association by any persons entitled to call a meeting of members, such officer shall forthwith cause to be given to the members entitled thereto notice of a meeting to be held on a date not less than seven or more than sixty days after the receipt of such request as such officer may fix. If such notice is not given within thirty days after the delivery or mailing of such requests, the persons calling the meeting may fix the time of the meeting and give notice thereof. Each special meeting shall be called to convene at 8 p.m. and shall be held at the office of the Association or at such other place in Windham County as shall be specified in the notice of meeting.

(D) Notices of Meetings. Not less than seven nor more than sixty days before the day fixed for a meeting of the members of the Association, written notice stating the time, place and purpose of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Bylaws to give such notice. The notice shall be given by personal delivery or by mail to each member of the Association who is an owner of a Home or Unit of record as of the day next preceding the day on which notice is given. If mailed, the notice shall be addressed to the members of the Association at their respective addresses as they appear on the records of the Association. Notice of the time, place and purposes of any meeting of members of the Association may be waived in writing, whether before or after the holding of such meeting, by any members of the Association, which writing shall be filed with or entered upon the records of the meeting. The attendance of any member of the Association at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of property notice shall be deemed to be a waiver by him of notice of such meeting.

(E) Quorum; Adjournment. Except as may be otherwise provided by law or by the Declaration, at any meeting of the Association, the members of the Association entitled to exercise one-half (1/2) of the voting power of the Association present in person or by proxy shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Declaration, or by these Bylaws to be authorized or taken by a designated percentage of the voting power of the Association and provided further, that the members of the Association entitled to exercise a majority of the voting power represented at a meeting of members, whether or not a quorum is present, may adjourn such meeting from time to time; if any meeting is adjourned, notice of such adjournment need not be given if the time place to which such meeting is adjourned are fixed and announced at such meeting.

Section 7. Order of Business. The order of business at all meetings of Owners of the Association shall be as follows:

1. Calling of meeting to order.
2. Proof of notice of meeting or waiver of notice.
3. Reading of minutes of preceding meeting.
4. Report of Officers.
5. Reports of Committees.
6. Election of Inspectors of election.
7. Election of members of the Board of Directors.
8. Unfinished and/or old business.
9. New Business.
10. Adjournment.

The order of business at each special meeting shall be that business specified in the notice therefor.

Section 8. Actions without a Meeting. All actions which may be taken at a meeting of the Association, except an action for the removal of a Board member, may be taken without a meeting with the approval, and in a writing or writings signed by the members of the Association having the percentage of voting power required to take such action if the same were taken for a meeting. Such writing or writings shall be filed with the Secretary of the Association.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Qualifications. Except as otherwise provided herein, all Members of the Board of Directors (herein called "Board Members" or "Board") shall be Owners; spouses of Owners; mortgagees of Homes or Units; partners, agents or employees of partnerships owning a Home or Unit; officers, directors, agents or employees of corporations or associations owning a Home or Unit; or fiduciaries, officers, agents or employees of fiduciaries owning a Home or Unit. Board Members elected or designated by the Declarant need not fulfill the qualifications imposed by this Section 1 of this Article II or any other qualifications imposed on Board Members elected by Owners other than the Declarant, except as otherwise provided in these Bylaws or by law, and Board Members elected or designated by the Declarant may be removed only by the Declarant or as otherwise provided herein. If a Board Member shall cease to meet such qualifications during his term, he shall thereupon cease to be a member of the Board and his place on the Board shall be deemed vacant. No single Home or Unit may be represented on the Board by more than one person at any time.

Section 2. Number of Board Members. Subject to such limitations as are or may be imposed by Chapters 19 of Title 11 of the Vermont Statutes Annotated, the Declaration or these Bylaws, as any of the same may be lawfully amended from time to time, all power and authority of the Association shall be exercised by the Board of Directors consisting of five persons, one of which shall be elected by Declarant so long as Declarant owns a Home or Unit of the Condominium Property.

Section 3. Election of Board Members by Declarant and Owners Prior to the First Annual Meeting. Within thirty days after the earlier of either (A) three years following the date of the establishment of the Association; or (B) the date of the sale and conveyance of Condominium Ownership Interests to which appertain seventy-five percent or more of the undivided interests in the Common Areas and Facilities to purchasers in good faith for value, the Association shall meet (herein referred to as the "First Annual Meeting") and elect all five members of the Board and all officers of the Association and all persons previously elected or designated whether by the Declarant or by the other Owners shall immediately resign; provided, however, that such persons shall be eligible for re-election to the Board.

The persons so elected at the First Annual Meeting shall take office upon such election and shall serve such terms for which they are elected in accordance with Section 5 of this Article II.

Section 4. First Annual Meeting. Within thirty (30) days after the earlier of either (A) three (3) years following the date of the establishment of the Association; or (B) the date of the sale and conveyance of Condominium Ownership Interests to which appertain seventy-five percent (75%) or more of the undivided interests in the Common Areas and Facilities to purchasers in good faith for value, the Association shall meet (herein referred to as the "First Annual Meeting") and elect all five (5) members of the Board and all officers of the Association and all persons previously elected or designated whether by the Declarant or by the other Owners shall immediately resign; provided, however, that such persons shall be eligible for re-election to the Board. The persons so elected at the First Annual Meeting shall take office upon such election and shall serve such terms for which they are elected in accordance with Section 5 of this Article II.

Section 5. Election of Board Members from and after the First Annual Meeting. Except for the procedures set forth in Section 3 of this Article II for the election of Board members prior to the First Annual Meeting, Board Members shall be elected at the annual meeting of members of the Association, but when the annual meeting is not held or Board Members are not elected thereat they may be elected at a special meeting called and held for that purpose. Such election shall be by written secret ballot whenever requested by any member of the Association; but, unless such request is made, the election may be conducted in any manner approved at such meeting.

Any Board Member elected or designated prior to the First Annual Meeting shall hold office for a term not to exceed one year after his election or designation. Commencing with the First Annual Meeting, Board Members shall be elected for such terms so that the terms of office of not less than one third of the Board Members shall expire each year. Accordingly, at the First Annual Meeting of the Association, two Board Members shall be elected for a term of two years and two Board Members shall be elected for a term of one year and one Board Member shall be elected for a term of three years.

All Board Members shall be elected in accordance with the provisions of this Article II. At meetings of the Association subsequent to the First Annual meeting which are called for the purpose of electing Board Members, each Board Member shall be elected for terms of two years or to complete unfinished terms.

Except as otherwise provided herein, each Board Member shall hold office until expiration of his term and until his successor is elected, or until his earlier resignation, removal from office or death. Any Board Member may resign at any time by oral statement to that effect made at a meeting of the Board or by a

writing to that effect delivered to the Secretary of the Association; such resignation shall take effect immediately or at such other time as the Board may specify.

Each member of the Association may cast as many of his votes as there are Board Members to be elected. By way of example, if two Board members are to be elected, a member of the Association shall have the right to cast a maximum of two votes, but not more than one vote may be cast for any candidate. The candidates receiving the greatest number of votes shall be elected and those receiving the highest percentages of the total vote cast shall serve for the longest terms. Tie votes shall be decided by drawing of lots or by a flip of a coin.

Section 6. Organization Meeting. Immediately after each annual meeting of members of the Association, the newly elected Directors and those Directors whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined by a majority of the Board, but at least four such meetings shall be held during each fiscal year.

Section 8. Special Meetings. Special meetings of the Board of Directors may be held at any time upon call by the President or any two Directors. Written notice of the time and place of each such meeting shall be given to each Manager either by personal delivery or by mail, telegram or telephone at least two days before the meeting which notice need not specify the purposes of the meeting; provided, however, that attendance of any Manager at any such meeting without protesting (prior to or at the commencement of the meeting) the lack of proper notice shall be deemed to be a waiver by him of notice of such meeting and such notice may be waived in writing whether before or after the holding of such meeting by any Manager, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting.

Section 9. Quorum; Adjournment. A quorum of the Board of Directors shall consist of a majority of the Directors then in office; provided that a majority of the Directors present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time, if any meeting is adjourned, notice of such adjournment need not be given. If the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration or in these Bylaws.

Section 10. Powers and Duties. Except as otherwise provided by law, the Declaration or these Bylaws, all power and authority of the Association shall be exercised by the Board. In carrying out the purposes of the Condominium Property and subject to the limitations prescribed by law, the Declaration or these Bylaws, the Board, for and on behalf of the Association, may do the following:

(A) Maintenance, repair, replacement and surveillance of the Condominium Property and the Common Areas and Facilities and the Limited Common Areas and Facilities.

(B) Levy of Common Assessments against the Owners and the collection of the same.

(C) Designation and dismissal of the personnel necessary for the maintenance and operation of the Condominium Property, the Common Areas and Facilities and the Limited Common Areas and Facilities.

(D) In carrying out the purposes of the Association and subject to the limitations prescribed by law, the Declaration or these Bylaws, the Board for and on behalf of the Association, may:

(1) Purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell, exchange, transfer, and dispose of property of any description or any interest therein.

(2) Make contracts.

(3) Effect insurance.

(4) Borrow money, and issue, sell, and pledge notes, bonds, and other evidence of indebtedness of the Association, provided, however, if such borrowing is in excess of Three Thousand Dollars (\$3,000.00), the prior approval of the members of the Association entitled to exercise a majority of the voting power of the Association shall be obtained at a special meeting duly held for such purpose.

(E) Employ a managing agent to perform such duties and services as the Board may authorize.

(F) Employ lawyers and accountants to perform such legal and accounting services as the Board may authorize.

(G) Adopt Rules and Regulations.

(H) To do all things permitted by law and exercise all power and authority within the purposes stated in these Bylaws or the Declaration or incidental thereto.

Section 11. Removal of Board Members. Except as otherwise provided herein and in the Act, the Board may remove any Board Member and thereby create a vacancy in the Board if by order of

court such Board Member has been found to be of unsound mind, or if he is physically incapacitated, adjudicated a bankrupt, or fails to attend three consecutive meetings of the Board. At any regular or special meeting of members of the Association duly called at any regular or special meeting of members of the Association duly called at which a quorum shall be present, any one or more of the Board Members may be removed with or without cause by the vote of members entitled to exercise a majority of the voting Power of the Association, and a successor or successors to such Board Member so removed may be elected at the same meeting for the unexpired term for each such removed Board Member. Any Board Member whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting.

Section 12. Vacancies. Except as otherwise provided and subject to the provisions of the Act, vacancies in the Board may be filled by a majority vote of the remaining Board Member until an election to fill such vacancies is held. Members of the Association shall have the right to fill any vacancy in the Board (whether or not the same has been temporarily filled by the remaining Board Members) at any meeting of the members of the Association called for that purpose, and any Board Members elected at any such meeting of members of the Association shall serve until the next annual election of Board Members and until their respective successors are elected and qualified.

Section 13. Fidelity Bonds. The Board may require that all officers and employers of the Association handling or responsible for Association funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the Association and shall be a common expense.

Section 14. Initial Board of Directors. Notwithstanding any of the other provisions contained in this Article II, the Declarant may designate the initial Board of Directors to serve until the first meeting of the Owners. The members of the initial Board of Directors may be officers, directors, employees or other designated representatives of Declarant, and need not be owners or occupiers of Homes or Units.

Section 15. Compensation. The Board of Directors shall not receive any salary or compensation for their services, as such, provided nothing herein contained shall be construed to preclude any manager from having dealings with the Association in any other capacity and receiving compensation therefor.

ARTICLE III

OFFICERS

Section 1. Election and Designation of Officers. The Board of Directors shall elect a President, a Vice President a Secretary and a Treasurer, each of whom shall be a member of the Board of Directors. The Board of Directors may also appoint an

Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary who are not members of the Board of Directors but who are members of the Association.

Section 2. Term of Office; Vacancies. The officers of the Association shall hold office until the next organization meeting of the Board of Directors and until their successors are elected, except in case of resignation, removal from office or death. The Board of Directors may remove any officer at any time with or without cause by a majority vote of the Directors then in office. Any vacancy in any office may be filled by the Board of Directors.

Section 3. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Board of Directors. Subject to directions of the Board of Directors, the President shall have general executive supervision over the business and affairs of the Association. He may execute all authorized deeds, contracts and other obligations of the Association and shall have other authority and shall perform such other duties as may be determined by the Board of Directors or otherwise provided for in the Declaration or in these Bylaws. The President shall have the power to appoint committees from among the Officers and other Owners as he may deem necessary to assist with affairs of the Association.

Section 4. Vice President. The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board of Directors.

Section 5. Secretary. The Secretary shall keep the minutes of meetings of the Members of the Association and of the Board of Directors, shall give notices of meetings of the members or the Association and of the Board of Directors as required by law, or by these Bylaws or otherwise, and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

Section 6. Treasurer. The Treasurer shall receive and have in charge all money, bills, notes and similar property belonging to the Association, and shall do with the same as may be directed by the Board of Directors. He shall keep accurate financial accounts and hold the same open for the inspection and examination of the Directors Managers and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

Section 7. Other Officers. The Assistant Secretaries and Assistant Treasurers, if any, and any other officers whom the Board of Directors may appoint shall, respectively, have such authority and perform such duties as may be determined by the Board of Directors.

Section 8. Delegation of Authority and Duties. The Board of Directors is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

Section 9. No Compensation to Officers. None or the officers of the Association shall receive compensation for his services as such.

ARTICLE IV

GENERAL POWERS OF THE ASSOCIATION

Section 1. Payments from Maintenance Funds. The Association, for the benefit of all the owners, shall acquire, and shall pay for out of the maintenance fund hereinafter provided for all Common Expenses arising with respect to, or in connection with, the Condominium Property, including, without limitation, the following:

- (A) Utility Service for Common Areas and Facilities. Water, waste removal, electricity, telephone, heat, power and any other necessary utility service for the Common Areas and Facilities; and the expense of maintaining, repairing and replacing storm and sanitary sewers, water lines and other utilities situated on the Condominium Property or servicing the same;
- (B) Casualty Insurance. A policy or policies of fire insurance, with extended coverage, vandalism and malicious mischief endorsements, as provided in the Declaration, the amount of which insurance shall be reviewed annually;
- (C) Liability Insurance. A policy or policies insuring the Association, the members of the Board and the Owners against any liability to the public or to the Owners (of Homes or Units and or the Common Areas and Facilities, and their invitees, or tenants), incident to the ownership and/or use of the Common Areas and Facilities and Homes or Units, as provided in the Declaration, the limits of which policy shall be reviewed annually.
- (D) Workmen's Compensation. Workmen's compensation insurance to the extent necessary to comply with any applicable laws;
- (E) Wages and Fees for Services. The services of any person or firm employed by the Association, including, without limitation, the services of a person or firm to act as a manager or managing agent for the Condominium Property the services of any person or persons required

for the maintenance of or operation of the Condominium Property, and legal and/or accounting services necessary or proper in the operation of the Condominium Property or the enforcement of the Declaration and these Bylaws and for the organization, operation and enforcement of the rights of the Association;

- (F) Care of Common Areas and Facilities. Landscaping gardening, snow removal, painting, cleaning, tuck pointing, maintenance, decorating repair and replacements of the Common Areas and Facilities (but not including the interior surfaces of the Homes or Units, which a Owner shall paint, clean, decorate, maintain and repair); the operation of recreational facilities, if any, and such furnishings and equipment for the Common Areas and Facilities as the Association shall determine are necessary and proper, and the Association shall have the exclusive right and duty to acquire the same for the Common Areas and Facilities.
- (G) Additional Expenses. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the Association is required to secure or pay for pursuant to the terms of the Declaration and these Bylaws or by law of which in its opinion shall be necessary or proper for the maintenance and operation of the Condominium Property as a first class condominium property or for the enforcement of the Declaration and these Bylaws;
- (H) Discharge of Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrances levied against the entire Condominium Property or any part thereof which may in the opinion of the Association constitute a lien against the Condominium Property or against the Common Areas and Facilities, rather than merely against the interests therein of particular owners; it being understood, however, that the foregoing authority shall not be in limitation of any statutory provisions relating to the same subject matter. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Association by reason of said lien or liens shall be specially assessed to said Owners;
- (I) Certain Maintenance of Units. maintenance and repair of any Home or Unit if such maintenance or repair is necessary, in the discretion of the Association, to protect the Common Areas and Facilities, or any other portion of a Building, and the Owner or Owners of said Home or Unit have failed or refused to perform said maintenance or repairs within a reasonable time after written notice of the necessity of said maintenance or

repair delivered by the Association to said Owner or Owners, provided that the Association shall levy a special assessment against such Owner for the cost of said maintenance or repair.

- (J) Association's Right to Enter Units. The Association or its agents may enter any Home or Unit when necessary in connection with any maintenance or construction for which the Association is responsible. It may likewise enter any balcony for maintenance, repairs, construction or painting. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association from insurance proceeds, or, in the event that the damage is not covered by insurance, the damage shall be repaired by the Association at the expense of the maintenance fund. The Association reserves the right to retain a pass key to each Home or Unit and no locks or other devices shall be placed on the doors to the Homes or Units to obstruct entry through the use of such pass key without the consent of the Association. In the event of any emergency originating in or threatening any Home or Unit at a time when required alterations or repairs are scheduled, the management agent or his representative or any other person designated by the Board of Directors may enter the Home or Unit immediately, whether the Owner is present or not;

- (K) Limitation on Capital Additions and Improvements. The Association's powers hereinabove enumerated shall be limited in that the Association shall have no authority to acquire and pay for out of the maintenance fund any capital additions and improvements, or structural alterations to the Common Areas and Facilities (other than for purposes of maintaining replacing, restoring or repainting portions of the Common Areas and Facilities, subject to all the provisions of the Declaration and these Bylaws) having a total cost in excess of Three Thousand Dollars (\$3 000.00), nor having an aggregate cost in any one calendar year period in excess of Ten Thousand Dollars (\$10,000.00), without in each case the prior approval of the members of the Association entitled to exercise a majority of the voting power of the Association provided, however, so long as Declarant has the authority to elect or designate the Board Members, the Declarant's prior written consent to such expenditure shall be required. The limitations of expenditures by the Association contained in this Section shall not apply to repair of the Condominium Property due to casualty loss, emergency repairs immediately necessary for the preservation and safety of the Condominium Property or for the safety of persons or to avoid suspension of any necessary services. The foregoing Provisions of this

Section 1(K) also shall not apply to the rehabilitation and renewal of obsolete property which shall be governed by the Declaration;

- (L) Certain Utility Services to Units. The Association may pay from the maintenance fund for waterlines, waste removal and/or any utilities which are not separately metered or otherwise directly charged to Owners. However, the Association may discontinue such payments at any time, in which case each Owner shall be responsible for direct payment of his share of such expenses as shall be determined by the Board of Directors. The Association reserves the right to levy additional assessments against any Owner to reimburse it for excessive use, as shall be determined by the Board of Directors, by such Owner of any utility service, the expense of which is charged to the maintenance fund;
- (M) Miscellaneous. The Association shall pay such other costs and expenses designated as "Common Expenses" in the Declaration and in these Bylaws.

Section 2. Rules and Regulations. The Board of Directors, by vote of the members entitled to exercise a majority of the voting power of the Board, may adopt such reasonable rules and regulations and from time to time amend the same supplementing the rules and regulations set forth in the Declaration and these Bylaws as it may deem advisable for the maintenance, conservation and beautification of the Condominium Property, and for the health, comfort, safety and general welfare of the Owners and Occupants of the Condominium Property. Written notice of such rules and regulations shall be given to all owners and occupants and the Condominium Property shall at all times be maintained subject to such rules and regulations. In the event such supplemental rules and regulations shall conflict with any provisions of the Declaration and of these Bylaws the latter two documents shall govern.

Section 3. No Active Business to be Conducted for Profit. Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all the Owners or any of them.

Section 4 Special Services. The Association may arrange for the provision of any special services and facilities for the benefit of such Owners and/or Occupants as may desire to pay for the same, including without limitation, cleaning, repair and maintenance of Homes or Units. Fees for such special services and facilities shall be determined by the Board of Directors and may be charged directly to participating Owners, or paid from the maintenance fund and levied as a special assessment due from the participants.

Section 5. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board of Directors and officers, from delegating to persons, firms or corporations of its choice, including any manager of managing agent, such duties and responsibilities of the Association as the managers of the Association shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

Section 6. Applicable Laws. The Association shall be subject to and governed by the provisions of any statute adopted at any time and applicable to property submitted to the Condominium form of ownership (including without limitation, Chapter 35, Title 27, Vermont Statutes Annotated); provided, however, that all inconsistencies between or among the permissive provisions of any statute and any provision of the Declaration and these Bylaws, and inconsistencies between any statute applicable to associations formed to administer property submitted to the Condominium form of Ownership, and the Articles or Bylaws of the Association shall be resolved in favor of the statute. In the event of any conflict or inconsistency between the provisions of the Declaration and the Articles or Bylaws of the Association, the terms and provisions of the Declaration shall prevail and the Owners and all persons claiming under them covenant to vote in favor of such amendments in the Articles or Bylaws as will remove such conflicts or inconsistencies.

ARTICLE V

DETERMINATION AND PAYMENT OF ASSESSMENTS

Section 1. Payment of Assessments. Following the establishment of the Association and prior to the preparation of the estimated budget in accordance with Section 2 of this Article V, monthly assessments shall be paid by Owners, including Declarant in its capacity as Owner of any unsold Homes or Units, in an amount estimated by the Board of Directors as being sufficient to cover the initial working capital requirements for the Association (the respective amounts payable by each Owner being based upon such Owners' percentage of interest in the Common Areas and Facilities as set forth in the Declaration) and if such monthly assessments shall be less than required to meet current Common Expenses, all Owners, including the Declarant in its capacity as Owner of any unsold Homes or Units, shall make up any deficiency on a pro rata basis in accordance with their respective percentages of interest in the Common Areas and Facilities as set forth in the Declaration.

In addition to such regular monthly assessments, each purchaser of a Home or Unit from the Declarant will be required to make, at the time such purchaser acquires title to a Unit, an initial capital contribution to the Association equal to the estimated monthly assessment for Common Expenses for each Home or Unit purchased. The general purpose of this contribution is to provide the Association with a portion of the necessary initial

working capital and a contingency reserve. Such funds may be used for certain prepaid items (e.g., insurance premiums, utility deposits and organizational, equipment and supply costs) and for such other purposes as the Board may determine. This initial capital contribution is not an escrow or advance, is not refundable and shall not be required of the Declarant, only from those persons who or which purchase a Home(s) or Unit(s) from the Declarant.

Regular monthly assessments shall be paid to the Association commencing on the first day of the calendar month immediately following the date on which the first Home or Unit is sold and the deed evidencing such sale shall have been filed for record with the Clerk's Office of the Town of Dover and shall continue to be due and payable on the first day of each and every calendar month thereafter. Said assessments shall be deposited when received by the Association in an account established in the name of the Association at a bank or savings and loan association in Bennington, County, Vermont. Owners (including Declarant as to unsold units) shall continue to apply such monthly assessments as aforesaid until revised assessments are made by the Board of Directors in the manner herein provided.

Section 2. Preparation of Estimated Budget. Each year on or before December 1st, the Association shall estimate the total amount necessary to pay the cost of wages, materials, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all services, together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements, and shall on or before December 15th notify each Owner in writing as to the amount of such estimate, with reasonable itemization thereof. Said "estimated cash requirement" shall be assessed to the Owners according to each Owner's percentage of Ownership in the Common Areas and Facilities as set forth in the Declaration. On or before January 1st of the ensuing year, and the 1st of each and every month of said year, each Owner shall be obligated to pay to the Association or as it may direct one-twelfth ($1/12$) of the assessment made pursuant this section. On or before the date of the annual meeting of each calendar year, the Association shall supply to all Owners an itemized accounting of the maintenance expenses for the preceding calendar year actually incurred and paid together with a tabulation or the of the amounts collected pursuant to the estimate provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to each Owner's percentage of ownership in the Common Areas and Facilities to the next monthly installments due from owners under the current year's estimate, until exhausted, and any net shortage shall be added according to each Owner's percentage of ownership in the Common Areas and Facilities to the installments due in the succeeding six months after rendering of the accounting.

Section 3. Reserve for Contingencies and Replacements. The Association shall build up and maintain a reasonable reserve to finance the cost of repair or replacement of the components of the Common Areas and Facilities. Upon the sale of a Home or Unit by any Owner, such Owner shall have no right to any portion of the funds in the reserve account; nor shall any such Owner have any claim against the Association with respect thereto. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall be charged first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including non-payment of any Owner's assessment, the Association shall prepare an estimate of the additional cash requirements then necessary, or necessary for the balance of the year, which additional amount of cash requirements shall be assessed to the Owners according to each Owner's percentage of ownership in the Common Areas and Facilities. The Association shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the monthly maintenance payment which is due not more than ten days after the delivery or mailing of such notice of further assessments. All Owners shall be obligated to pay the adjustment monthly amount.

Section 4. Budget for First Year. When the first Board of Directors elected hereunder takes office, the Association shall determine the "estimated cash requirement" as hereinabove defined, for the period commencing thirty days after said election and ending on December 31st of the calendar year in which said election occurs. Assessments shall be levied against the Owners during said period as provided in Section 2 of this Article V.

Section 5. Failure to Prepare Annual Budget. The failure or delay of the Association to prepare or serve the annual or adJusted estimate on the Owners shall not constitute a waiver or release in any manner of such Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Owner shall continue to pay the monthly maintenance charge at the existing monthly rate established for the previous period until the monthly maintenance payment which is due not more than ten days after such new annual or adjusted estimate shall have been mailed or delivered.

Section 6. Books and Records of Association. The Association shall keep full and correct books of account and the same shall be open for inspection by any Owner or any representative of an Owner duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by the Owner. Upon ten days' notice to the Board of Directors and upon payment of a reasonable fee, any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

Section 7. Status of Funds Collected by Association. All funds collected hereunder shall be held and expended solely for the purposes designated against less than all of the Owners, and for such adjustments as maybe required to reflect delinquent or prepaid assessments) shall be deemed to be held for the use, benefit and account of all of the Owners in proportion to each Owner's percentage Ownership in the Common Areas and Facilities as provided in the Declaration.

Section 8. Remedies for Failure to Pay Assessments. If an owner is in default in the monthly payment of the aforesaid charges or assessments for 30 days, the members of the Board of Directors may bring suit for and on behalf of themselves and as representatives of all Owners, to enforce collection thereof or to foreclose the lien therefor as provided in the Declaration; and, there shall be added to the amount due the costs of said suit, together with legal interest and reasonable attorneys' fees to be fixed by the Court. To the extent permitted by the Declaration, any decision or any statute or law now or hereafter effective, the amount of any delinquency provided shall be and become a lien or charge against the Home or Unit by an action brought in the same of the Board of Directors as in the case of foreclosure of liens against real estate, as provided in the Declaration. As provided in the Declaration, the members of the Board of Directors and their successors in office, acting on behalf of the other Owners, shall have the power to bid in the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Any mortgagee shall be entitled to written notice of such failure to pay such assessment. The Board of Directors shall have the power to suspend the voting rights and the right to use of any facilities of an Owner during any period in which such Owner shall be in default in the payment of any assessment levied by the Association. In addition, each Owner shall be personally liable for all assessments levied by the Association against his Home or Unit during the period he has an ownership interest therein, and any Common Assessment not paid within ten days after the same shall become due and payable, shall bear interest at the maximum rate allowed by law until such time as the Common Assessment has been paid in full and the Association shall be entitled to levy against the delinquent Owner a service charge of five percent (5%) of the amount of the delinquent payment in order to defray the cost of collection.

Any encumbrancer may from time to time request in writing a written statement from the Board of Directors setting forth the unpaid Common Expenses with respect to the Home or Unit covered by his or its encumbrance and unless the request shall be complied with within 20 days, all unpaid Common Expenses which become due prior to the date of the making of such request shall be subordinate to the lien of such encumbrance. Any encumbrancer holding a lien on a Home or Unit may pay any unpaid Common Expenses payable with respect to such Home or Unit and upon such payment such encumbrancer shall have a lien on such Home or Unit

and upon such payment such encumbrancer shall have a lien on such Home or Unit for the amounts paid at the same rank as the lien of his encumbrance.

ARTICLE VI

INDEMNIFICATION

Section 1. In General. The Association shall indemnify any member of the Board, officer, employee, or agent of the Association or any former member of the Board, officer, employee or agent of the Association and/or its or their respective heirs, executors and administrators, against reasonable expenses, including attorneys' fees, judgments, decrees, fines, penalties or amounts paid in settlement actually and necessarily incurred by him or in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of being or having been such member of the Board, officer, employee or agent of the Association, provided it is determined in the manner hereinafter set forth (A) that such member of the Board, officer, employee or agent of the Association was not, and is not, adjudicated to have been negligent or guilty of misconduct in the performance of his duty to the Association, (B) that such member of the Board acted in good faith in what he reasonably believed to be in the best interest of the Association, (C) that, in any matter the subject of a criminal action, suit or proceeding, such Board member had no reasonable cause to believe that this conduct was unlawful, and (D) in case of settlement, that the amount paid in the settlement was reasonable. Such determination shall be made either by the members of the Board of the Association acting at a meeting at which a quorum consisting of members of the Board who are not parties to or threatened with any such action, suit or proceeding is present, or, in the event of settlement, by a written opinion of independent legal counsel selected by the members of the Board.

Section 2. Advance of Expenses. Funds to cover expenses, including attorneys' fees, with respect to any pending or threatened action, suit or proceeding may be advanced by the Association prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amounts unless it shall ultimately be determined that he is entitled to indemnification hereunder.

Section 3. Indemnification Not Exclusive; Insurance. The indemnification provided for in this Article VI shall not be exclusive, but shall be in addition to any other rights to which any person may be entitled under the Articles of Association, Rules and Regulations of the Association, any agreement, any insurance provided by the Association or otherwise. The Association may purchase and maintain insurance on behalf of any person who is or was a member of the Board, officer, agent or employee of the Association against any liability asserted against him or incurred by him in any such capacity or arising

out of his status as such whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

Section 4. Indemnification by Owners. The members of the Board and officers of the Association shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board and officers of the Association against all contractual liability to third parties arising out of contracts made on behalf of the Association except with respect to any such contracts made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board and officers of the Association shall have no personal liability with respect to contracts entered into on behalf of the Association. Every agreement made by any members of the Board, officer, employee or agent of the Association or by a management company, if any, on behalf of the Association, shall provide that such members of the Board, officer, employee or agent of the Association, or management company, as the case may be, is acting only as agent for the Association and shall have no personal liability thereunder (except as an Owner), and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Areas and Facilities bears to the total percentage interest of all Owners in the Common and Facilities.

Section 5. Cost of Indemnification. Any sum paid or advanced by the Association under this Article VI shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article VI; provided, however that the liability of any Owner arising out of any contract made by or other acts of any member of the Board, officer, employee or agent of the Association, or out of the aforesaid indemnity in favor of such member or the Board, officer, employee or agent of the Association, shall be limited to such proportion of the total liability hereunder as said Owner's percentage of interest in the Common Areas and Facilities bears to the total percentage interest of all the Owners in the Common Areas and Facilities.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Copies of Notice to Mortgage Lenders; Rights of First Mortgagees.

- (A) Upon written request to the Board of Directors by the holder of any duly recorded mortgage or trust deed against any Ownership, the Board of Directors shall give such mortgage holder a copy of any and all notices

permitted or required by the Declaration or these Bylaws to be given to the Owner or Owners whose Home or Unit is subject to such mortgage or trust deed.

- (B) A first mortgagee of a Home or Unit shall be entitled to written notice from the Association of any default by its mortgagor Owner which is not cured within 60 days. Any first mortgagee may from time to time request in writing a written statement from the Board of Directors setting forth any and all unpaid assessment due and owing from its mortgagor Owner with respect to the Home or Unit subject to the lien of its mortgage and such request shall be complied with within 15 days from receipt thereof. Any first mortgagee holding a mortgage on a Home or Unit may pay any unpaid Common Expenses assessed with respect to such Home or Unit and upon such payment, such first mortgagee shall have a lien on such Home or Unit for the amounts so paid at the same rank as the lien of its mortgage.

Section 2. Service of Notices on the Board of Directors. Notices required to be given to the Board of Directors or to the Association may be delivered to any member of the Board of Directors or officer of the Association either personally or by mail addressed to such member or officer at his Home or Unit.

Section 3. Service of Notices on Devisees and Personal Representatives. Notices required to be given any devisees or personal representatives of a deceased Owner may be delivered either personally or by mail to such party at his, her or its address appearing on the records of the court wherein the estate of such deceased owner is being administered.

Section 4. Non-Waiver of Covenants. No covenants, restriction, conditions, obligations or provisions contained in the Declaration or these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breached which may occur.

Section 5. Agreements Binding. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Declaration and these Bylaws shall be deemed to be binding on all Owners, and their respective heirs, executors, administrators, successors and assigns.

Section 6. Notice of Mortgages. Any Owner who mortgages his Home or Unit shall notify the Association, in such manner as the Association may direct, of the name and address of his mortgagee and thereafter shall notify the Association of the payment, cancellation or other alteration in the status of such mortgage. The Association shall maintain such information in a book entitled "Mortgagees of Homes or Units."

Section 7. Severability. The invalidity of any covenant, restriction, condition, limitation or any other provision or these Bylaws or any part of the same, shall not impair or affect in any manner the validity, enforcement or effect the rest of this Declaration.

Section 8. Definitions. The terms used in these Bylaws (except as herein otherwise expressly provided or unless the context otherwise required) for all purposes of these Bylaws and of any amendment hereto shall have the respective meanings specified in Article I of the Declaration.

Section 9. Amendments. Provisions or these Bylaws may be amended by the Owners at a meeting held for such purpose by the affirmative vote of those entitled to exercise not less than seventy-five percent (75%) of the voting power, provided, however, that no amendment shall have any effect upon Declarant, the rights of Declarant under these Bylaws and the rights of bona fide mortgagees of Homes or Units until the written consent of Declarant and/or such mortgagees to such amendment has been secured.

Section 10. Captions. The captions used in these Bylaws are inserted solely as a matter of convenience and shall not be relied upon and/or used in construing the effect or meaning of any of the text hereof.

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