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BY-LAWS
OF
SCRIBNER HOLLOW HOMEOWNER'S ASSOCIATION, INC.

**A NOT-FOR-PROFIT CORPORATION
INCORPORATED UNDER THE LAWS OF
THE STATE OF NEW YORK**

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**BY-LAWS
OF
SCRIBNER HOLLOW HOMEOWNER'S ASSOCIATION, INC.**

ARTICLE I

NAME, LOCATION AND MEMBERSHIP

Section 1.01 Name and Location. The name of the corporation is the SCRIBNER HOLLOW HOMEOWNER'S ASSOCIATION, INC. hereinafter referred to as the "Association". The principal office of the corporation shall be located in the Town of Hunter, County of Greene and State of New York. The Association may also have offices at such other places within or without this State as the Board may from time to time determine as the business of the corporation shall require.

Section 1.02 Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property within the jurisdiction of the Association and to the use thereof.

Section 1.03 Personal Application. All present and future Owners (hereinafter referred to as "Members"), mortgagees, lessees, occupants of Units, their employees and invitees, any person having a right to use all or a portion of Association Property (as hereinafter defined) by virtue of rights previously granted by deed and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration (as hereinafter defined) and the Rules and Regulations (as hereinafter defined).

ARTICLE II - PURPOSES

The purposes for which this corporation has been organized are as follows:

Section 2.01 To promote the health, safety and welfare of the residents of a residential community proposed and as developed by Whistle Tree Development Corp. a New York corporation, on lands situated at Scribner Hollow Road in the Village and Town of Hunter, Greene County, New York; and for this purpose:

- (a) To own, acquire, build, operate, furnish and maintain land and facilities for recreational, cultural and community use, including buildings, roads, parking areas, water and sewage facilities, structures and personal property incidental thereto, hereinafter referenced as the "Common Properties"; and

- (b) To enter into and enforce on behalf of said residents any and all covenants, restrictions and agreements applicable to the residential town house parcels within the above described community and the Common Property (the enforcement of which is not reserved to others), and particularly the Declaration of Covenants, Restrictions and Agreements which were heretofore recorded in the Office of the Clerk of Greene County, New York as presently in effect and as amended.

Section 2.02 To make and perform any contracts and do any acts and things, and exercise any powers suitable, convenient, proper or incidental for the accomplishment of any objectives enumerated herein and in the Declaration and By-Laws of the Corporation, but not for the pecuniary profit or financial gain of its members, directors or Officers except as permitted under Article 5 of the Not-For-Profit Corporation Law:

Section 2.03 The Corporation, in furtherance of its corporate purposes above set forth, shall have the powers enumerated in Section 2.02 of the Not-For-Profit Corporation Law, subject to any limitation provided in the Not-For-Profit Corporation Law or any other statute of the State of New York.

ARTICLE III - MEMBERSHIP

Section 3.01 QUALIFICATIONS FOR MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Townhouse lot which is subject by covenants or record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as a security for the performance of an obligation. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Townhouse lot which is subject to assessment by the Association. Ownership of such Townhouse lot shall be the sole qualification for membership. No member of the Association shall hold an interest in more than two Lots in the Properties. Should any member hold an ownership interest in more than two Lots at the time of enactment of this provision, said member's interest in those Lots shall not be affected by this provision, but he may not thereafter acquire an ownership interest in any other Lot in violation of this provision.

Section 3.02 MEMBERSHIP MEETINGS

The annual membership meeting of the corporation shall be held on the second or third day of Sunday in September of each year except that if such day be a legal holiday then in that event the directors shall fix a day not more than two weeks from the date fixed by these by-laws. The secretary shall cause to be mailed to every member in good standing at his address as it appears on the membership roll book of the corporation a notice stating the time and place of the annual meeting.

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All meetings of the corporation shall be held at such places either within or without the State, as the Board may from time to time determine to be in the best interests of the membership.

The presence at any membership meeting of not less than fifty-one percent (51%) of the members shall constitute a quorum and shall be necessary to conduct the business of the corporation; however, if a quorum is not achieved, the membership present may adjourn the meeting for a period of not more than five weeks from the date scheduled by the by-laws and the secretary shall cause a notice of the re-scheduled date of the meeting to be sent to those members who were not present at the meeting originally called. A quorum as hereinbefore set forth shall be required at any adjourned meeting.

A membership roll showing the list of members as of the record date, certified by the secretary of the corporation, shall be produced at any meeting of members upon the request therefore of any member who has given written notice to the corporation that such request will be made at least ten days prior to such meeting. All persons appearing on such membership roll shall be entitled to vote at the meeting.

Section 3.03 SPECIAL MEETINGS

Special meetings of the corporation may be called by the directors. The secretary shall cause a notice of such meeting to be mailed to all members at their addresses as they appear in the membership roll book at least ten days but not more than fifty days before the scheduled date of such meeting. Such notice shall state the date, time, place and purpose of the meeting and by whom called.

No other business but that specified in the notice may be transacted at such special meeting without the unanimous consent of all present at such meeting.

Section 3.04 FIXING RECORD DATE

For the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining the members entitled to receive any distribution or any allotment of any rights, or for the purpose of any other action, the board shall fix, in advance, a date as the record date for any such determination of members. Such date shall not be more than fifty nor less than ten days before any such meeting, nor more than fifty days prior to any other action.

ACTION BY MEMBERS WITHOUT A MEETING

Members are required or permitted to take any action by vote at any meeting or by action may be taken by written consent, setting forth the action so taken, signed by the requisite majority of all the members entitled to vote thereon.

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The presence at any membership meeting of not less than fifty-one percent (51%) of the members shall constitute a quorum and shall be necessary to conduct the business of the corporation; however, if a quorum is not achieved, the membership present may adjourn the meeting for a period of not more than five weeks from the date scheduled by the by-laws and the secretary shall cause a notice of the results of the meeting to be sent to those members who were not present at the meeting or, if called. A quorum as hereinbefore set forth shall be required at any adjourned meeting.

A membership roll showing the list of members as of the record date, certified by the secretary of the corporation, shall be produced at any meeting of members upon the request therefore of any member who has given written notice to the corporation that such request will be made at least ten days prior to such meeting. All persons appearing on such membership roll shall be entitled to vote at the meeting.

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No other business but that specified in the notice may be transacted at such special meeting without the unanimous consent of all present at such meeting.

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Section 3.05 ACTION BY MEMBERS WITHOUT A MEETING

Whenever members are required or permitted to take any action by vote, such action may be taken without a meeting by written consent, setting forth the action so taken, signed by the requisite percentage of all the members entitled to vote thereon.

Section 3.06 PROXIES

Every member entitled to vote at a meeting of members or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy.

Every proxy must be signed by the member or his attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing it, except as otherwise provided by law.

Section 3.07 ORDER OF BUSINESS

The order of business at all meetings of members shall be as follows:

1. Roll Call
2. Reading of minutes of the preceding meeting
3. Reports of committees
4. Reports of Officers
5. Old and unfinished business
6. New business
7. Good and welfare
8. Adjournments

Section 3.08 MEMBERSHIP DUES

Membership dues shall be in the form of an annual assessment which may be billed and be payable on a monthly basis and shall be in an amount to be determined by the Board of Directors.

ARTICLE IV - DIRECTORS**Section 4.01 MANAGEMENT OF THE CORPORATION**

The corporation shall be managed by the board of directors which shall consist of not less than three directors. Each director shall be at least nineteen years of age and be a member of the Association.

Section 4.02 ELECTION AND TERM OF DIRECTORS

At each annual meeting of members the membership shall elect directors to hold office until the next annual meeting. Each director shall hold office until the expiration of the term for which he was elected and until his successor has been elected and shall have qualified, or until his prior resignation or removal.

Section 4.03 INCREASE OR DECREASE IN NUMBER OF DIRECTORS

The number of directors may be increased or decreased by vote of the members or by a vote of a majority of all of the directors. No decrease in number of directors shall shorten the term of any incumbent director.

Section 4.04 NEWLY CREATED DIRECTORSHIPS AND VACANCIES

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board for any reason except the removal of directors without cause may be filled by a vote of a majority of the directors then in office, although less than a quorum exists, unless otherwise provided in the certificate of incorporation. Vacancies occurring by reason of the removal of directors without cause shall be filled by vote of the members. A director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of his predecessor.

Section 4.05 REMOVAL OF DIRECTORS

Any or all of the directors may be removed for cause by vote of the members or by action of the board. Directors may be removed without cause only by vote of the members.

Section 4.06 RESIGNATION

A director may resign at any time by giving written notice to the board, the president or the secretary of the corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

Section 4.07 QUORUM OF DIRECTORS

Unless otherwise provided in the certificate of incorporation, a majority of the entire board shall constitute a quorum for the transaction of business or of any specified item of business.

Section 4.08 ACTION OF THE BOARD

Unless otherwise required by law, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the board. Each director present shall have one vote.

Section 4.09 PLACE AND TIME OF MEETINGS

The board may hold its meetings at the principal office of the corporation or at such other places, either within or without the state, as it may determine.

Section 4.03 INCREASE OR DECREASE IN NUMBER OF DIRECTORS

The number of directors may be increased or decreased by vote of the members or by a vote of a majority of all of the directors. No decrease in number of directors shall shorten the term of any director.

Section 4.04 NEWLY CREATED DIRECTORSHIPS AND VACANCIES

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board for any reason except the death of a director without cause may be filled by any officer or any director then in office, although there is no quorum exists, and such director or officer shall hold office until the next meeting. Vacancies occurring by reason of the death of a director shall be filled by the members. A director elected to fill a vacancy shall hold office until the expiration of the term of the director he replaced.

Section 4.05 REMOVAL OF DIRECTORS

Any or all of the directors may be removed for cause by vote of the members or by action of the board. Directors may be removed without cause only by vote of the members.

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Unless otherwise required by law, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the board. Each director present shall have one vote.

Section 4.09 PLACE AND TIME OF BOARD MEETINGS

The board may hold its meetings at the office of the corporation or at such other places, either within or without the state, as it may from time to time determine.

Section 4.10 REGULAR ANNUAL MEETING

A regular annual meeting of the board shall be held immediately following the annual meeting of members at the place of such annual meeting of members.

Section 4.11 NOTICE OF MEETINGS OF THE BOARD, ADJOURNMENT

Regular meetings of the board may be held without notice at such time and place as it shall from time to time determine. Special meetings of the board shall be held upon notice to the directors and may be called by the president upon three days notice to each director either personally or by mail or by wire; special meetings shall be called by the president or by the secretary in a like manner on written request of two directors. Notice of a meeting need not be given to any director who submits a waiver of notice whether before or after the meeting or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to him.

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the adjournment shall be given all directors who were absent at the time of the adjournment and, unless such time and place are announced at the meeting, to the other directors.

Section 4.12 CHAIRMAN

At all meetings of the board the president, or in his absence, a chairman chosen by the board shall preside.

Section 4.13 EXECUTIVE AND OTHER COMMITTEES

The board, by resolution adopted by a majority of the entire board, may designate from among its members an executive committee and other committees, each consisting of three or more director. Each such committee shall serve at the pleasure of the board.

Section 4.14. AUTHORITY TO CONTRACT

The Board of Directors is empowered to enter into any contract which it deems appropriate for the management of the Corporation.

Notwithstanding the foregoing, any Management Agreement which the Association enters into pursuant to Article IV, Section 1(b) of the First Amendment To And Restatement Of The Declaration must be ratified by the membership.

Also, notwithstanding the foregoing, any contract or agreement on behalf of the Association which exceeds \$200,000 or causes the total expenditures of the Association to exceed the amount

of \$500,000 in any one calendar year, exclusive of any monies paid for a Management Agreement, or which involves a performance period in excess of five years, must be ratified by the membership.

ARTICLE V - OFFICERS

Section 5.01 OFFICES, ELECTION, TERM

Unless otherwise provided for in the certificate of incorporation, the board may elect or appoint a president, one or more vice presidents, a secretary and a treasurer, and such other Officers as it may determine, who shall have such duties, powers and functions as hereinafter provided. All Officers shall be elected or appointed to hold office until the meeting of the board following the annual meeting of members. Each Officer shall hold office for the term for which he is elected or appointed and until his successor has been elected or appointed and until his successor has been elected or appointed and qualified.

Section 5.02. REMOVAL, RESIGNATION, SALARY

Any Officer elected or appointed by the board may be removed by the board with or without cause. In the event of the death, resignation or removal of an officer, the board in its discretion may elect or appoint a successor to fill the unexpired term. Any two or more offices may be held by the same person, except the offices of president and secretary. The salaries, if any, of all officers shall be fixed by the board.

Section 5.03 PRESIDENT

The president shall be the chief executive officer of the corporation; he shall preside at all meetings of the members and of the board; he shall have the general management of the affairs of the corporation and shall see that all orders and resolutions of the board are carried into effect.

Section 5.04 VICE PRESIDENTS

During the absence or disability of the president, the vice president, or if there are more than one, the executive vice president, shall have all the powers and functions of the president. Each vice president shall perform such other duties as the board shall prescribe.

Section 5.05 TREASURER

The treasurer shall have the care and custody of all the funds and securities of the corporation, and shall deposit said funds in the name of the corporation in such bank or trust company as the directors may elect; he shall, when duly authorized by the board of directors, sign and execute all contracts in the name of the corporation, when countersigned by the president; he shall also sign all checks, drafts, notes, and orders for the payment of money, which shall be duly authorized by the board of directors and shall be countersigned by the president; he shall exhibit his

books and accounts to any director or member of the corporation at the office of the corporation or other agreed upon location upon request and at a mutually convenient time set by appointment. At the end of each corporate year, he shall have an audit of the accounts of the corporation made by a committee appointed by the president, and shall present such audit in writing at the annual meeting of the members, at which time he shall also present an annual report setting forth in full the financial conditions of the corporation.

Section 5.06 ASSISTANT TREASURER

During the absence or disability of the treasurer, the assistant treasurer, or if there are more than one, the one so designated by the secretary or by the board, shall have the powers and functions of the treasurer.

Section 5.07 SECRETARY

The secretary shall keep the minutes of the board of directors and also the minutes of the members. He shall have the custody of the seal of the corporation and shall affix and attest the same to documents when duly authorized by the board of directors. He shall attend to the giving and serving of all notices of the corporation, and shall have charge of such books and papers as the board of directors may direct; he shall attend to such correspondence as may be assigned to him, and perform all the duties incidental to his office. He shall keep a membership roll containing the names, alphabetically arranged, of all persons who are members of the corporation, showing their places of residence and the time when they became members.

Section 5.08 ASSISTANT SECRETARIES

During the absence or disability of the secretary, the assistant secretary, or if there are more than one, the one so designated by the secretary or by the board, shall have all the powers and functions of the secretary.

Section 5.09 SURETIES AND BONDS

In case the board shall so require, any officer or agent of the corporation shall execute to the corporation a bond in such sum and with such surety or sureties as the board may direct, conditioned upon the faithful performance of his duties to the corporation and including responsibility for negligence and for the accounting for all property, funds or securities of the corporation which may come into his hands.

Section 5.10 INDEMNIFICATION OF OFFICERS AND DIRECTORS

- (a) Every Director and Officer of the Association shall be, and is hereby, indemnified by the Association against all expenses and liabilities, including fees of counsel, reasonably incurred by or imposed upon such Director or Officer in connection with

any proceeding to which such Director or Officer may be a party, or in which such Director or Officer may become involved by reason of being or having been a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is guilty of willful misfeasance or malfeasance in the performance of duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement as being in the best interests of the Association.

- (b) The foregoing right of indemnification shall be in addition to, and shall not be exclusive of, any rights to which each such Director or Officer may otherwise be entitled. The Association shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless such contract shall have been made in bad faith or contrary to the provisions of law, or this Declaration. It is intended that the Board of Directors shall have no liability with respect to any contracts made by it on behalf of the Association.

ARTICLE VI - SEAL

The seal of the corporation shall be as follows:

ARTICLE VII - CONSTRUCTION

If there be any conflict between the provisions of the certificate of incorporation and these by-laws, the provision of the certificate of incorporation shall govern.

If there be any conflict between the provisions of the Declaration of Covenants, Restrictions and Agreements and these by-laws, the provision of the Declaration shall govern.

ARTICLE VIII - AMENDMENTS

The by-laws may be adopted, amended or repealed by a vote of two-thirds (2/3) of the members.

If any by-law regulating an impending election of directors is adopted, amended or repealed by the board, there shall be set forth in the notice of the next meeting of members for the election of directors the by-law so adopted, amended or repealed, together with a concise statement of the changes made.

ARTICLE IX - INSURANCE AND RECONSTRUCTION

Section 9.01. INSURANCE TO BE CARRIED BY BOARD OF DIRECTORS

To the extent reasonably obtainable, and to the extent obtainable at a reasonable cost, and in such amounts as the Board of Directors of the Association shall determine to be appropriate, unless otherwise required herein, the Board of Directors of the Association shall obtain and maintain (i) fire and casualty insurance, (ii)

liability insurance, (iii) Directors' and Officers' liability insurance, (iv) fidelity bond, and (v) workers' compensation insurance, with coverages to be as follows:

(a) Fire and Casualty.

(i) The policy shall cover the interests of the Association, the Board of Directors and all Members and mortgagees as their interests may appear. Coverage shall be for the full replacement value (without deduction for depreciation) of all improvements on the Property, excluding the land, with a maximum deductible of \$1,000, under the "single entity" concept, i.e. covering the Units as initially built and including the wall-to-wall carpeting, lighting fixtures, bathroom fixtures, kitchen appliances, wall coverings and all machinery servicing the Units and common facilities, excluding the personal property of the members and occupants. The coverage shall also include all reasonable fees and disbursements incurred by the Insurance Trustee referred to in Section 9.02, except for damage to Association Property, in which event the amount of the deductible shall be an Assessment, each Member shall be liable for the amount of the deductible for each occurrence as may be applicable to such Unit owned. Each Member shall be responsible for adequately insuring the personal property contained in the Unit. (See Section 9.03 of these By Laws.)

(ii) The policy shall have the following provisions, endorsements and coverages: (i) extended coverage, including debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damages; (ii) inflation guard; (iii) minimum of \$100,000 coverage for loss of Assessment from Members forced to vacate their Units because of fire or other insured against casualty; (iv) waiver of any right to claim by way of subrogation against individual Members and the members of their households and families, the Association, the Officers and Directors of the Association, and the managing agent, if any, for the Association; (v) an exclusion from the "no-other insurance" clause of individual Members' policies so that the insurance purchased by the Board of Directors shall be deemed primary coverage and any policies obtained by individual Members or mortgagees shall be deemed excess coverage and that the insurance obtained by the Board of Directors shall in no event be brought into "contribution" with insurance purchased by individual Members or mortgagees; (vi) a provision that the policy cannot be

cancelled, invalidated or suspended because of the act or neglect of someone over whom the insured has no control; (vii) cross-liability giving the Members the right to sue the Board of Directors and vice versa with the insurance carrier agreeing to defend the defendant; (viii) a provision that the policy may not be cancelled (including a cancellation for the non-payment of premium), substantially modified, invalidated or suspended, without at least sixty (60) days prior written notice to all of the insureds, including all mortgagees of Units reported to the insurance carrier or its agent; (ix) a provision requiring review at least once a year with the agent to

assure the sufficiency of coverage; and (x) a provision that adjustment of loss shall be made by the Board of Directors.

(iii) Prior to obtaining any new fire and casualty insurance policy, the Board of directors shall obtain an appraisal from an insurance company or from such other source as the Board of Directors shall determine to be acceptable as to the full replacement value (without deduction for depreciation) of the improvements on the Property (exclusive of land and foundations) for the purpose of determining the amount of fire and casualty insurance to be effected pursuant to this Section.

(iv) Each Member and his known mortgagee shall be named insured on the policy and shall receive, at the time of purchase and at the time of a new policy is obtained or an existing policy is renewed, a certificate evidencing proof of insurance coverage.

(v) Flood Insurance. No portion of the Initial Property is located in a flood Hazard Zone. However, if in the future any portion of the Property is determined to be located in an area subsequently identified by the Federal Secretary of Housing and Urban Development as having special flood hazards, the Board of Directors shall obtain, if available, a policy of flood insurance covering the Units and other insurable improvements on the Property or portion thereof located entirely or partially in the flood hazard area. Such coverage shall be the maximum coverage available under the National Flood Insurance Program, or 100% of the current replacement cost of all such Units and other insurable property, whichever is less.

(vi) Proceeds of Physical Damage Insurance. The proceeds of all policies of physical damage insurance shall be payable to the Association, unless an Insurance Trustee (as defined in Section 9.03 hereof) has been appointed by the Board of Directors in which case any proceeds from any loss in excess of \$150,000 shall be payable to the Insurance Trustee. Any such proceeds received are to be applied for the purpose of repairing, restoring or rebuilding, unless otherwise determined by the Members pursuant to Section 9.03 of these by-laws. This \$150,000 limitation shall increase automatically by eight percent (8%) each calendar year after the year 1990.

and may be further raised or lowered from time to time upon approval of not less than two-thirds (2/3) of the entire Board of Directors.

(vii) The policy shall contain the standard mortgagee clause in favor of mortgagees which shall provide that any loss shall be payable to a mortgagee as its interest shall appear, subject, however, to the loss-payment provisions in favor of the Board of Directors. The obligation to restore or reconstruct after damage due to fire or other casualty supersedes the customary right of a mortgagee to have the proceeds of insurance coverage applied to the mortgage indebtedness.

(b) Liability

(i) The liability insurance shall cover the Directors and Officers of the Association, and all Members, but not the liability of the Members arising from occurrences within such Member's Unit or on such Member's Lot. The policy shall include the following endorsements: (i) comprehensive general liability (including libel, slander, false arrest and invasion of privacy); (ii) personal injury; (iii) medical payments; (iv) cross liability under which the rights of a named insured under the policy shall not be prejudiced with respect to such insured's action against another named insured; (v) "severability of interest" precluding the insurer from denying coverage to a Member because of negligent acts of the Association or any other Member; (vi) contractual liability; (vii) water damage liability; (viii) hired and non-owned vehicle coverage; (ix) liability for the property of others; (x) host liquor liability coverage with respect to events sponsored by the Association; and (xi) deletion of the normal products exclusion with respect to events sponsored by the Association.

(c) Directors' and Officers' Liability

(i) The Directors' and Officers' liability insurance shall cover the wrongful or negligent acts of a Director or Officer of the Association as well as any error or omission. The policy shall be on a "claims made" basis so as to cover all prior Officers and Members of the Board of Directors and any deductible provision shall apply only to each occurrence and not to each item of damage. If obtainable at reasonable cost, the policy shall not provide for "participation" by the Association or by the Officers or Directors of the Association.

(d) Fidelity Bond

(i) The fidelity bond shall cover all Directors, Officers and employees of the Association, if any, who handle Association funds. The bond shall name the Association as Obligor and be in an amount not less than the estimated maximum amount of funds, including reserves, in the custody of the Association at any given

time, but in no event less than a sum equal to six months' aggregate Assessments on all Units, plus the reserves and other funds on hand. In the event a professional property manager is employed or retained by the Association under the contract (not as the employee of the Association) shall maintain a fidelity bond in the same amounts as the Association. The professional property manager (unless an employee of the Association) may not be covered under the Association fidelity bond.

- (e) Workers' Compensation. To the extent deemed reasonable and necessary by the Board of Directors, workers' compensation insurance shall be obtained. Such insurance shall cover any employees of the Association as well as any other person working as employees on behalf of the Association, including the Directors and Officers of the Board of Directors.

- (f) Other.

- (i) The Board of Directors may also obtain such other insurance as it shall deem necessary or desirable from time to time, including "umbrella" catastrophe coverage.

- (ii) The Board of Directors shall not be liable for failure to obtain any of the coverages required by this Section or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available, only at a cost which in the Board's sole judgment is unreasonable.

- (iii) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be the responsibility of the Member owning each Unit affected except in the event of damage to Association Property, in which event it will be an Assessment. The Board of Directors of the Association may assess any deductible amount necessitated by the gross negligence or malicious act of a Member or occupant or a Member's Unit against such Member. The Association may pay the deductible portion for which such Member is responsible, and the amount so paid, together with interest and costs of collection (including attorney's fees), shall be a charge and continuing lien upon the Unit involved, shall constitute a personal obligation of such Member and shall be collectible in the same manner as Assessments under Article IV of the Declaration.

Section 9.02 INSURANCE TRUSTEE.

The Board of Directors may designate an Insurance Trustee which may be any bank, trust company, or law firm as determined by the Board of Directors. Any fees and disbursements of the Insurance Trustee shall be paid by the Association.

Section 9.03 RESTORATION OR RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

- (a) In the event of damage to or destruction of any Unit or Units or Property insured through insurance obtained by the Board of Directors as a result of fire or other casualty, the insurance proceeds, if any, shall be payable to the Board of Directors or the Insurance Trustee as provided in Section 9.01(a) (vi) hereof. The Board of Directors shall notify all mortgagees of Units as indicated on the records of the Association and shall arrange for the prompt repair and restoration of the Unit or Units. The Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute an Assessment and the Board of Directors shall assess all the Members for such deficit and for a completion bond for such deficit as part of the Assessments.
- (b) In the event of any damage or destruction as hereinabove described, the Board of Directors shall promptly send written notification of the casualty to all mortgagees of Units as they appear on the books and records of the Association.
- (c) If there shall have been a repair or restoration pursuant to the first paragraph of this Section, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all the Members, subject to the rights of the holders of mortgages encumbering such Units, in proportion to their respective common interests after first paying out of the share due each Member such amounts as may be required to reduce unpaid liens on such Unit in order of priority of such liens.
- (d) Any repair or restoration as hereinabove described shall be in substantial accordance with the plans and specifications of the damaged improvements, with the proviso that any repair or restoration shall meet or exceed all applicable current building codes and standards.

Section 9.04 INSURANCE CARRIED BY MEMBERS

Each Member has the right, at such Member's expense, to obtain for such Member's benefit (i) fire, casualty and theft coverage for Member's personal property, and (ii) such Member's personal liability within Member's Unit and on such Member's Lot. All such policies shall contain waivers of subrogation, if available, and the liability of the carriers issuing insurance procured by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by the Member.

Section 9.05 ACTIONS WHICH MAY INCREASE INSURANCE RATES PROHIBITED

Under no circumstances shall a Member permit or suffer anything to be done or left in such Member's Unit or storage area which will increase insurance rates on such Unit or on any other Unit or on the Association Property.

ARTICLE X - SPECIAL RULES GOVERNING OPERATIONS

Section 10.01 RESTRICTIONS ON OCCUPANCY AND PARKING

The occupancy limits set forth below designate the maximum number of overnight occupants permitted in each unit. The parking space limits designate the number of motor vehicle parking spaces to be assigned to each unit. Additional guest parking will be permitted only if available and as designated by the Association.

<u>Unit #</u>	<u>Occupancy Limits</u>	<u>Parking Space Limits</u>
A1	10	4
A2	10	4
A3	10	4
A4	10	4
A5	10	4
A6	10	4
B1	10	4
B1E	6	3
B2	10	4
B2E	6	3
B3	10	4
B3E	6	3
B4	10	4
B4E	6	3
C1	10	4
C2	10	4
C3	10	4
C4	10	4
C5	10	4
	10	4
	10	4
	6	3
	10	4
	6	3
D3	10	4
D4	10	4

<u>Unit #</u>	<u>Occupancy Limits</u>	<u>Parking Space Limits</u>
D5	10	4
D6	10	4
E1	10	4
E1E	6	3
E2	10	4
E2E	6	3
E3	10	4
E3E	6	3
E4	10	4
E4E	6	3

Section 10.02 UNIT RESERVE FUND

In addition to an operating fund or any other fund deemed appropriate and necessary for the management of the Association, the Association shall maintain a fund identified as the Unit Reserve Fund. Assessments received for deposit to this account shall be used for the betterment of the individual unit accounts and the repairs of the building exteriors, but may, upon approval of the Board of Directors, be used for other purposes appropriate for the promotion of the recreation, health, safety and welfare of members or for the improvement in the maintenance of the Common Area.

Section 10.03 LIEN FOR UNPAID COMMON CHARGES

The Board of Directors shall cause a lien for unpaid common charges to be filed against any Lot which is in arrears in an amount exceeding one thousand dollars. In the event the Board of Directors receives notice that any Lot which is in arrears in any amount is in the process of being sold, the Board shall act immediately to file a lien against that Lot. The Board shall not agree to any payment plan for delinquent charges that provides for a payment schedule that exceeds a one year period from the date that said charges became due.