

COBB HILL COHOUSING BYLAWS

Article I

The Corporation

1. NAME:

The name of this corporation is Cobb Hill Cohousing, Inc. (the "Corporation").

2. PURPOSES:

The Corporation's purposes are to:

A. develop and promote the development of communities that utilize and practice environmentally sustainable building designs, energy systems, natural resource usage and consumption, land use activities and waste disposal methods;

B. create and foster the creation of cohousing communities that experiment with and employ environmentally sustainable and affordable practices and structures;

C. acquire and develop real estate in Hartland, Vermont (the "Property") to create and maintain a prototype cohousing community (the "Community") on the Property that will offer dwelling units (individually, a "Unit") and shares in common buildings, facilities, and land ("Common Shares") to persons without discrimination on account of race, creed, income, national origin, religious beliefs, sexual orientation, handicap or marital status. The Community will be formed and operated as a common interest community under Title 27A of the Vermont Statutes Annotated;

D. serve as the initial owners' association for the Community;

E. make available, on a case by case basis, portions of the Property and the improvements on the Property for small scale sustainable agricultural and commercial uses that will be carried on using environmentally sustainable practices;

F. develop and promote the development of innovative financing programs that will make Units and Common Shares in cohousing communities affordable to persons of low and moderate income [as defined in 10 V.S.A. § 601(11)]; and

G. provide advice about and promote environmentally sustainable land use practices and consumption of the earth's resources to other persons or entities that have formed or are exploring the formation of cohousing communities.

No part of the net earnings of the Corporation shall enure to the benefit of, or be distributable to, its directors, officers, members or other private persons PROVIDED, HOWEVER, the Corporation is authorized to pay reasonable compensation at the usual and customary rate to any person including a director, officer or member for services rendered to the Corporation by such person.

No part of the Corporation's activities shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in and is hereby prohibited from participating or intervening in any political campaign on behalf of or in opposition to any candidate for public office PROVIDED, HOWEVER, that the Corporation shall have the power to make the election provided for in Section 501(h) of the Internal Revenue Code of 1986 and the Treasury Regulations promulgated thereunder or any corresponding section of any future federal tax code (the "Code"), and, if it so elects, to make lobbying expenditures or grass roots expenditures that do not exceed the lobbying ceiling amount or the grass roots ceiling amount, as defined in Section 501(h) of the Code.

Notwithstanding any other provision of these Bylaws, the Corporation shall not carry on any activity that is not permitted to be carried on by an organization (a) that is exempt from federal income tax under Section 501 of the Code, or (b) to which contributions are deductible by the donors thereof under Section 170(c)(2) of the Code.

Upon the dissolution of the Corporation, its assets shall be distributed (after the satisfaction of its liabilities) to one or more organizations that (a) are engaged in activities that will further the purposes of the Corporation, and (b) have been determined to be exempt from the payment of income taxes under Section 501(c)(3) of the Code, or in the alternative shall be distributed to the State of Vermont or one of its political subdivisions for a public purpose.

3. MEMBERSHIP:

All persons who (i) are 16 years of age or older who are domiciled in the Community ("Residents"), and/or (ii) own title to a Unit and/or to a share of the common property ("Owners") are Members of the Corporation (the "Members") throughout the period of such domicile or ownership, as applicable. Members who singly or as a group are (i) Residents of a Unit and/or(ii) Owners of a Unit and Common Share or (iii) by vote of the Board Owners of a Common Share independently of being a Resident or Owner are, jointly, a "Household." Holders of Common Shares but not Units shall be considered Owners and Members in full.

4. APPLICABILITY OF THESE BYLAWS:

These Bylaws apply to the Corporation, its Board of Directors (the "Board"), its Members, and residents on and lessees of portions of the Property, and shall govern (i) their conduct on the Property, (ii) the Corporation's business and activities, (iii) dealings between or among Members that affect the Property, the Community, the Members, or the residents, and (iv) the activities of all other persons on the Property. The act of purchasing or leasing a Unit or any portion of the Property, or conducting business on the Property, constitutes acceptance and ratification of these Bylaws by such person.

5. PLACE OF BUSINESS:

The principal place of business of the Corporation shall be located on the Property, or at such other place as may be designated from time to time by the Corporation's Board of Directors.

Article II

The Board of Directors

1. CREATION:

There shall be a Board of Directors of the Corporation (the "Board"). All Members shall be members of the Board. The Board shall be divided into two committees, one to be known as the Residents' Committee, and the other to be known as the Owners' Committee. The Residents' Committee shall be comprised of all of the Members who are domiciled in the Community. The Owners' Committee shall be comprised of all Members who own or co-own a Unit and/or a share of the common property. A Member who owns and is domiciled in a Unit shall be a member of both Committees.

2. AUTHORITY OF THE COMMITTEES:

A. The Residents' Committee shall have the power to make decisions involving matters that affect living conditions in the Community. Such matters include, but are not limited to: trash removal; snow plowing; noise regulations; heating and water consumption practices; generating, storing, transporting and disposing of hazardous waste [as defined in 10 V.S.A. § 6602(4)] on, to or from the Property; regulating the use of any common house or other common facility that may be constructed on the Property; and all similar matters that affect day-to-day living in the Community.

B. The Owners' Committee shall have the power to make decisions involving matters that affect the Community's capital structure, finances, the maintenance of and repairs to and replacement of the Property, and investment in improvements in the property. Such matters include, but are not limited to:

a) preparation of an annual budget for adoption by the Members;

- b) allocation of the Corporation's expenses among the Members;
- c) determining the amount of money (an "Assessment"), and the frequency of the payment thereof (the "Assessment Period"), which shall be not less than once each quarter, that each Household shall pay to the Corporation for maintenance, repair, reconstruction and replacement of the Corporation's property, insurance premiums, taxes and other governmental assessments, heating, water and waste disposal expenses, professional fees, labor, and all other common expenses anticipated for the next ensuing year which are necessary for the operation of the Corporation and the Property;
- d) establishing the means and methods of collecting Assessments and enforcing the collection thereof. Each installment shall be due and payable in advance on the first day of an Assessment Period. The Owners of each Unit shall be personally and jointly and severally liable for the payment of all Assessments in respect to the Unit that they own. If the Unit is rented, the Owners shall be responsible for collecting appropriate assessments from renters;
- e) hiring and firing employees, contractors and other persons necessary for the construction, maintenance, operation, repair and replacement of the Property and the Community;
- f) granting permits, licenses, and easements over the Property;
- g) leasing portions of the Property or Units owned by the Corporation to Members or non-Members;
- h) prosecuting any legal proceedings on behalf of the Corporation or the Community;
- i) acquiring, maintaining and paying for insurance against liability and loss required by Article VIII of these Bylaws.
- j) constructing, operating, maintaining, expanding, repairing and replacing one or more common water supplies for the Community, and designing the plumbing systems that will be installed anywhere on the Property. All such systems shall at a minimum satisfy all of the requirements of 10 V.S.A. Chapter 61 and the Vermont Water Supply Rule and the applicable appendices thereto, which are set forth in Chapter 21 of the Environmental Protection Rules of the Department of Environmental Conservation of the Vermont Agency of Natural Resources, as amended from time to time. No drinking water supply other than the common water supplies identified in the immediately preceding sentence shall be allowed on the Property;
- k) constructing, operating, maintaining, expanding, repairing and replacing one or more common wastewater and septic disposal systems for the Community that satisfy all of the requirements of 10 V.S.A. Chapter 61, and of Subchapters 4 and 7 of Chapter 1 of the Environmental Protection Rules. No wastewater or septic disposal system other than the common waste water and septic disposal systems identified in the immediately preceding sentence shall be allowed on the Property other than those that the Community is required to maintain pursuant to prior legally binding agreements;

l) constructing, operating, maintaining, expanding, repairing and replacing one or more common heating systems for the Community, which shall in the opinion of the Board be the most non-polluting and environmentally sustainable heating systems within the Community's means. Any heating system other than the common heating systems identified in the immediately preceding sentence shall be allowed on the Property only as permitted on a case by case basis by the Owners Committee;

m) constructing, operating, maintaining, expanding, repairing and replacing all roads and parking areas on the Property; and

n) leasing or selling of any part of the common elements; the harvesting of timber; the maintenance and replacement of the Community's physical assets; the maintenance and investment of the Community's liquid assets; the payment of the Community's expenses such as taxes or assessments imposed on the common elements; and obtaining and maintain in force contracts of hazard and liability insurance on behalf of the Corporation and the Community.

o) taking on, administering, and repaying debts on behalf of the Community.

C. POWER AND DUTIES OF THE COMMITTEES: All activities and decisions of the Corporation shall be governed by the appropriate Committee, which shall have all the powers necessary and the obligation, as applicable, to conduct activities and business and make decisions consistent with these Bylaws. A Committee by resolution may designate one or more of its Members to execute documents on behalf of such Committee.

D. SUBCOMMITTEES: The board may create, delegate to, and dissolve subcommittees to oversee, investigate, handle, or make recommendations about ongoing or occasional concerns such as maintenance, membership, land use, building design and review, finance, and legal matters.

3. DECISION MAKING PROCESS:

Decisions by the Members shall be made by their unanimous consent achieved through the consensus decision making process described in the Common Rules and Agreements. A decision of a Committee that has been reached by consensus shall constitute the action of the Board, the Corporation and/or the Community, as applicable.

If the Members of a Committee are unable to reach consensus with respect to a particular decision AND if (i) a decision by the Board with respect thereto is required by these bylaws or law, or (ii) a third person requires action by the Board as a condition of carrying out an activity or conducting business with the Corporation or the Community, then such question shall be decided by the Board in the following manner:

- a 2/3 vote of all Members of the appropriate Committee shall constitute the decision of the Board, except under the following two conditions:

- a 3/4 vote of all members of the Owners' Committee shall be required to (i) amend the Articles of Incorporation or the Bylaws, (ii) dissolve the Corporation, or (iii) market and sell a Unit owned by the Corporation or any part of the Property.

- a 3/4 vote of all Members shall be required to amend the Common Rules and Agreements.

Members of any Committee who are not present at a meeting at which a decision is made may within one week thereafter inform the Community by fax, email, letter or telephone that they enter into the consensus, stand aside from the consensus, block the consensus, or cast a vote, as applicable. Such notice shall constitute the act of such Member as if the Member had been actually present and participating at such meeting. If a Member does not respond within one week, the Community will assume that he or she does not stand in the way of that decision.

4. VOTING:

Voting shall only take place under the conditions stated above, when consensus is not possible and a decision must be made in a timely fashion. Under such circumstances:

- In meetings of the Residents Committee, each Member shall have one vote.

- In meetings of the Owners Committee each Household that is in good standing shall have one vote. If a Household consists of several Members, each shall have an equal fractional vote, so that the Household's total vote adds up to one. An Owner may vote by proxy carried by another Owner of his or her Household. A Household is in good standing if, and only if (i) all Assessments in respect of that Household have been fully paid at least 3 days prior to the date of any meeting at which the Member proposes to vote, or has executed a payment agreement with the Board and is in compliance with that agreement, and (ii) it is in compliance with all of these Bylaws.

5. CONFLICT TRANSFORMATION PROCESS:

The Conflict Transformation Process is described in the Common Rules and Agreements. Members shall follow and complete the Conflict Transformation Process prior to initiating more formal means of conflict resolution.

6. NOTICE OF MEETINGS:

The Secretary shall give notice of each Board and each Committee meeting to all Members, regardless of their good standing, stating the date, time, place and agenda of the meeting, at least seven (7) days prior to such meeting. Notice shall be given according to Article XI below.

Business that was not identified in the agenda included in the notice may come up for discussion at a meeting, but final decisions may not be made.

7. PLACE OF MEETING:

Meetings of the Board shall be held in the common house on the Property or at such other place designated by the Board, PROVIDED, HOWEVER, such alternative meeting place shall be in a location that is convenient to the Members.

8. REGULAR MEETINGS:

The Board shall meet on the second Saturday of January, April, July and October.

9. SPECIAL MEETINGS:

The Board shall meet upon the written request of (i) one of the Clerks or (ii) any five Members. The notice for any such meeting shall include an agenda stating the reason the special meeting was requested, and any other business that may come before the meeting.

10. ANNUAL MEETING:

The Board shall hold an annual meeting on the second Saturday of January of each year. Notice of such meeting shall be given in accordance with the provisions of Section 6 of Article II. The business conducted at the annual meeting shall include the election of the Officers, a review of the Bylaws, formal adoption of the budget for the ensuing year, other items of business that are warned in the agenda, and such other business as may properly come before the meeting.

11. ACTION BY UNANIMOUS CONSENT:

Any action by the Board required or permitted to be taken at any regular meeting may be taken without a meeting if all of the members of the Board consent in writing to such action. Such written consent or consents shall be filed with the Secretary and kept with the minutes of the proceedings of the Board.

12. LIABILITY OF MEMBERS:

No Member shall be liable to other Members or to the Community for any mistake of judgment, decision, action or omission made or performed by such Member in the course of her or his duties, except for her or his own fraud, intentional misconduct or bad faith. In no event shall a Member have liability for her or his negligent acts or omissions, however gross such negligence may have been. The Corporation shall at its expense hold harmless, indemnify and defend any director from any claim that may be made against her or him by any person except for official acts that are established to have been the result of her or his own fraud, intentional misconduct or bad faith.

Article III

Officers

There shall be four officers of the Board consisting of two Clerks, a Secretary, and a Treasurer. The officers shall be elected by the Members at the annual meeting of the Members. The Secretary and Treasurer shall each serve for a one-year term. Clerks shall be elected for terms of two years, which terms shall be staggered, with the exception that during the first year one of the clerks shall be elected to serve a one year term. Members of a single Household may not hold more than one office at any time. The officers shall have the following authority and duties:

Clerks: shall provide overall coordination of the Board, preside at Board meetings, prepare and circulate general communication internal and external to the Corporation, and execute other duties assigned to them by the Board.

The Secretary: shall be responsible for:

- a. giving notice of meetings and keeping the minutes thereof,
- b. maintaining all corporate documents in good order, and presenting all documents at each meeting for review,
- c. executing documents on behalf of the Corporation and/or Community with the prior approval of the Board,
- d. providing all corporate information as authorized by the Board or required by law,
- e. maintaining transfer records of interests in the Community and the Corporation and a current list of all Members.

The Treasurer shall:

- a. have custody of all of the Corporation's funds and securities,
- b. keep full and accurate records of receipts and disbursements,
- c. assure the preparation of all required financial data and tax returns,
- d. deposit all money and other valuable effects in such depositories as may be directed by the Board,

e. disburse funds as ordered by the Board, and where possible provide to the Directors, at any meetings of the Board or a Committee thereof, or whenever they or one of them may require it, an account all of her or his transactions as Treasurer and of the financial condition of the Corporation,

f. execute all checks and drafts on the Corporation's accounts.

g. keep books and records (the "Books") with detailed accounts of the receipts and expenditures of the Corporation, or affecting the Property or the Community. The Books shall be available for examination by the Members or their duly authorized agents or attorneys. The Books shall be kept in accordance with such methods as are specified by the Members. At the request of 2/3 of the Members of the Owners' Committee, the Books shall be audited by a certified public accountant or firm thereof (no one of whom may be a Member) retained by the Corporation. The cost of such audit shall be an expense of the Corporation.

Article IV

Entering and Leaving the Community

1. INCOMING HOUSEHOLD:

The Secretary shall maintain a list (the "Waiting List") of individuals and families who have expressed an interest in becoming Members. The Board shall prepare and provide orientation materials describing the Community's goals, operating procedures, finances and organization to the individuals or families on the Waiting List.

When a Unit becomes available for occupancy, or when the Board receives notice that a Unit may become available, the Board shall offer that Unit to individuals and families whose names appear on the Waiting List. The Board shall decide which of those individuals or families may be accepted as Members in accordance with the Common Rules and Agreements.

The Board shall provide copies of the Bylaws, the Common Rules and Agreements, and the most recent annual budget to all persons who are accepted as Members.

2. OUTGOING HOUSEHOLD:

A) An Outgoing Household is a Household all of whose Members have decided to leave the Corporation. An Outgoing Household shall give the Corporation written notice of its intent to leave.

B) Outgoing Households shall remain Members of the Corporation and responsible for the Unit and all obligations related thereto until they vacate the Unit and the Property and surrender their interests in the Corporation and the Community. Outgoing Households shall remain Members of

the Board, and shall have all the privileges and obligations of membership until the Unit has been acquired by one or more new Members who have been accepted by the Board.

C) The Corporation shall have 90 days from the date of receipt ,of a first, or if applicable, second appraisal to designate a purchaser for the Unit and Common Share from the Waiting List or to enter into an agreement to purchase with the Outgoing Household. The Association's repurchase price will be determined with reference to a licensed appraiser who shall determine the full fair market value of the unit. If either party is displeased with the appraisal they may seek a second appraisal.

D) The Corporation shall have the power, through the Common Rules and Agreements, to establish a procedure or formula for determining the sale price of a Common Share and/or housing Unit in the Community. For any Outgoing Household the applicable pricing procedure or formula shall be the same procedure or formula that applied when that Household entered the Community, unless an alternative is negotiated that is agreeable both to the Outgoing Household and the Owners Committee.

E) If after 90 days from the acceptance of the appraisal a new buyer has not been designated or the Corporation has not entered into an agreement to purchase the Unit, the owner of the Outgoing Household may attempt to sell the Unit and Common Share to the general public at market price, subject to the right of refusal created in the immediately following sentence. When the Outgoing Household enters into a purchase and sale agreement, whether orally or in writing, for the Unit and Common Share with any person, the Outgoing Household shall give notice thereof to the Corporation. The notice shall include the identity of the prospective purchaser, and all of the terms and conditions of the agreement of sale including but not limited to the purchase price and any financing terms. The Corporation shall have the right to purchase the Unit and Common Share on the same terms and conditions by giving notice of such election within 15 business days after its actual receipt of the notice. If the Corporation does not elect to purchase the Unit and Common Share, it shall execute such documents that are reasonably requested by the Outgoing Household to evidence its failure to so elect.

F) Outgoing Households shall pay all debts related to the Household, such as utilities or Assessments, in full, at least seven days before sale of the Unit is scheduled to occur. At any reasonable time within seven days before sale of the Unit by the Outgoing Household the Corporation shall have the right to contact utility providers and other potential claimants to confirm compliance with this obligation. In the event that an Outgoing Household fails to satisfy this obligation, the Board, not including the Outgoing Household, shall determine an amount of money ("Escrow Money") that will be required to cover the cost of satisfying all debts, and the Corporation shall be paid 125% of that amount from the sale proceeds of the Unit and Common Share. That amount shall be held in a separate escrow account and shall be used to pay for the debts, charges and costs that are obligations of the Outgoing Household. Upon satisfaction of all such obligations, any excess monies left in the Escrow Account shall be returned without interest to the Outgoing Household. If the Outgoing Household disputes any of the obligations, then the disputed obligation will be resolved according to the Conflict Transformation process as defined in the Common Rules and Agreements Document.

3. EXPULSION OF A HOUSEHOLD:

The Owners' Committee (minus the Household in question) may expel any Household (the "Expelled Household") or any Member whose activity in the Corporation or the Community impairs the effective operation of the Corporation, or who breaches the terms and conditions of these bylaws or the Common Rules and Agreements. Written notice of the grounds for expulsion and reasonable opportunity for a hearing shall be provided prior to expulsion. An Expelled Household shall not be in good standing and shall not be entitled to voting privileges or representation on the Board.

Within 20 days of the decision to expel, the Expelled Household shall have the right to request a meeting of the Board at which the Expelled Household may appeal the decision. The Board must schedule that meeting within 20 days of a request by the Expelled Household. The Expelled Household shall have the right to be heard in its own defense by a member of the Household and by counsel.

Except as provided in this section, the Expelled Household shall be treated for all purposes as an Outgoing Household.

The Expelled Household shall be responsible for all costs associated with the expulsion and shall remain liable for all Assessments.

4. DEATH OF ALL MEMBERS IN A HOUSEHOLD:

In the event of the deaths of all the Owners of a Household, the Corporation shall have the option to purchase the Household's Unit and Common Share from the estate(s) of the Members. If the Corporation does not purchase the Unit and Common Share, the estate(s) of the deceased Members shall remain liable for maintaining the Unit and paying all Assessments, carrying charges and other expenses related to the Unit and Common Share. Heirs and beneficiaries of the deceased Member's interest shall have priority over any person on the Waiting List to become a Member and to own and/or occupy the Unit, provided such heirs and/or beneficiaries satisfy the then applicable conditions for Membership in the Community.

Article V

Guests, Subletting/Renting and Sabbatical

1. GUESTS:

A guest is any non-paying visitor to a Household. Guests shall not reside in a Unit for more than 6 months within any contiguous 12 month period without approval of the Board. Households are responsible for assuring that their guests abide by the Common Rules and Agreements and the terms of all applicable documents, including these bylaws.

2. SUBLETTER/RENTER:

Subletting and renting a Unit shall be governed by the Common Rules and Agreements. The subletter/renter shall execute a lease in form approved by the Corporation, and shall abide by all the rules provided in these Bylaws and the Common Rules and Agreements. The Unit Owners are responsible to the Community and the Corporation for a subletter/renter's failure to comply with the terms of the lease or to comply with such rules. If a Household Owner refuses to enforce a decision of the Board with respect to a subletter/renter, then that refusal is grounds for expulsion of the Household.

Article VI

Land Use

All Members, lessees, invitees and guests shall use the Property in an environmentally sustainable manner to preserve and protect the natural environment and the Property. All Members must adhere to the requirements and restrictions of any conservation easement and/or development restrictions that may encumber the property.

- a) All Members must respect and maintain the natural and managed habitats found on the Property:
- b) All lawn maintenance, gardening and agricultural, horticultural, and/or silvicultural activities on the property shall be carried out in an environmentally sustainable manner. Insofar as possible only organic pest control methods, fertilizers, herbicides, fungicides, and pesticides may be used on the Property. Only practices approved by the applicable organic certification process may be used on the agricultural fields. Subject to the foregoing two sentences, such activities shall be governed by the Common Rules and Agreements.
- c) The Board or its designees must approve any use of pest control methods in and around buildings on the Property.
- d) All Members must adhere to the "Domestic Pets Policy" established in the Common Rules and Agreements.
- e) There shall be no dumping, injection or burial on any of the Property of materials known to be environmentally hazardous, including vehicle bodies and parts and caustic, poisonous or toxic household chemical products. Such materials must be disposed of outside the bounds of the Property in an environmentally sustainable and lawful manner.
- f) No trash shall be dumped, injected, or buried on the Property:

g) Paper, plastic and other recyclable products shall be recycled whenever possible to reduce the consumption and waste of natural resources. All Members must adhere to the recycling policy established in the Common Rules and Agreements.

h) To avoid potential environmental damage to the Property and physical health risks of Members due to overflow of, or damage to, the septic system, all Residents, renters and visitors must strictly adhere to the requirements in the "Septic System Use Policy" established in the Common Rules and Agreements. Any activities that may produce toxic by-products must be approved by the Board or its designees and all precautions shall taken to prevent such by-products from entering the septic system or the ground or the natural environment.

i) No outdoor advertising structures such as signs or billboards shall be displayed on the Property except as necessary in the accomplishment of agricultural, forestry, habitat and wildlife conservation, non-commercial outdoor recreational uses of the Property, or circumstances deemed acceptable by the Board.

Article VII

Operation of the Corporation, the Community, and the Property

1. FINANCIAL ADMINISTRATION

A) Fiscal Year. The fiscal year of The Corporation shall consist of a twelve (12) month period commencing on January 1st of each year and terminating on December 31st of the same year.

B) Budget. Each year the Board shall adopt a budget for the Corporation containing itemized estimates of the costs of maintenance, management, operation, repair and replacement of the Corporation's Property and containing an estimate of the Corporation's anticipated income and anticipated Member contributions.

The Board shall deliver a copy of the budget to each Household at least fifteen (15) days in advance of the Annual Meeting for the fiscal year to which the budget applies.

Upon the Board's failure to prepare the annual budget in a timely fashion, or upon any other delay to timely approval of the new annual budget, each Household shall continue to pay their Assessment (defined below) at its most recent rate until the budget for the new year is approved.

C) Common Expenses. The anticipated annual contributions of Households shall be assessed in installments ("Assessments") occurring not less frequently than once per calendar quarter against each Household in proportions established in the Common Rules and Agreements. If the Corporation experiences cash shortages during the year, it may increase Assessments until the cash shortage is alleviated. The Board shall serve notice of any such increase to all Households

by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective thirty (30) days after the delivery or mailing of such notice.

All Assessments which remain unpaid for more than 30 days from their due date, shall be subject to interest at a rate of 12% per annum from the date on which they first became delinquent, and shall remain due and payable by the Household until paid in full. Upon sale of a Unit, the new Owners shall become liable for all amounts due and owing in respect of such Unit. Upon a 3/4 vote, the Board may abate part or all of a Household's outstanding obligations to the Corporation.

D). Reserves. The Board shall create and maintain an adequate operating reserve equal to at least three (3) months estimated expenses.

2. MAINTENANCE AND REPAIR:

The Property shall be maintained in an appropriate and sustainable manner, meeting or exceeding the requirements of all state and local permits and regulations. Each Household shall keep its unit in good order and condition. All repairs and replacements shall be substantially similar or superior to the original construction and installation, especially with regard to energy efficiency, water efficiency, and environmental impact, meeting or exceeding all state and local permits, building codes, and regulations.

3. ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY HOUSEHOLDS:

Any addition, alteration or improvement to a Unit must meet or exceed the requirements of all state and local permits, building codes and regulations, and may not be undertaken without such permits first having been obtained. In addition any such addition, alteration or improvement must comply with the design review policy specified in the Common Rules and Agreements.

4. RESTRICTIONS ON USE OF UNITS:

The Board is hereby empowered to create rules and regulations and to control the use of the Property and Units. Copies of such rules and regulations shall be furnished by the Board to each Household prior to the time when the same shall become effective. Members shall obey and abide by all such rules and regulations, as well as all applicable governmental laws, ordinances and regulations.

5. RIGHT OF ACCESS:

Upon reasonable notice, Members shall grant access to their Unit to the Board, or to any other person authorized by the Board for the purpose of making inspections or for the purpose of correcting a condition originating in her or his Unit that threatens another Household or the Property or is in violation of any rule applicable to the Unit, or for the purpose of performing installation, alteration or repair to the mechanical or electrical services or other areas in that Unit

or elsewhere in a building, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Household. In case of an emergency creating an unreasonable risk to persons, animals or property, such right of entry shall be immediate and unconditional.

Article VIII

Insurance

The Board shall obtain:

- a). A casualty policy affording fire and extended coverage in an amount equal to the full replacement value of the structures owned by the Corporation;
- b). A liability policy insuring the Corporation, the Board, the agents or employees of the foregoing with respect to the Corporation, and all Households and other persons entitled to occupy a portion of the Corporation's Property against liability due to the injury to or death of any person or injury to property. In no event shall the limits of liability be less than \$1,000,000.00 for bodily injury and property damage per occurrence, insuring the Corporation and all individuals against any liability to anyone, and with cross liability coverage with respect to liability claims of any one insured thereunder against any other insured thereunder;
- c). Fidelity bonds covering all officers, agents and employees of the Corporation handling or responsible for funds exceeding One Thousand Dollars (\$1,000.00). The premiums on such bonds shall constitute an expense of the Corporation; and
- d). Such other insurance the Board determines from time to time is in the interests of the Corporation and the Community.
- E). The Board shall require all lessees or licensees of common land or buildings to purchase and maintain insurance to protect the corporation and all persons on the property. Lessees shall name the Corporation as an additional insured under their insurance policies.

Article IX

Repairs and Reconstruction after Fire or other Casualty

1. WHEN REPAIR AND RECONSTRUCTION ARE REQUIRED:

In the event of damage to or destruction of all or part of a common building or facility as a result of fire or other casualty, the Board shall arrange for and supervise the prompt repair and restoration of the damaged or destroyed portion of such building.

2. PROCEDURE FOR RECONSTRUCTION AND REPAIR:

A). Immediately after a fire or other casualty causing damage to Corporation Property, the Board shall obtain reliable and detailed estimates of the cost of repairing and restoring the damage to a condition as good as that existing before such casualty.

B). If the proceeds of insurance are not sufficient to pay the estimated costs of reconstruction and repair, or upon completion of reconstruction and repair, Assessments in sufficient amounts to provide payment of the balance of such costs shall be made against each Household.

C). Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the damaged building was originally constructed unless the Board decides otherwise.

3. DISBURSEMENTS OF CONSTRUCTION FUNDS:

A). The net proceeds of insurance collected on account of a casualty and the funds collected by the Board from assessments against Households on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair by the Board.

B). If there is a balance in the construction fund after the payment of all of the cost of the reconstruction and repair for which the fund is established, such balance shall be returned to the Households in proportion to their respective assessments.

Article X

Condemnation, Destruction, and Liquidation

1. PROCEDURE FOR HANDLING LOSSES OR PROCEEDS:

The Corporation shall represent itself, the Households or any other interested persons in any proceeding, settlement or agreement concerning losses or proceeds from condemnation, destruction or liquidation of all or a part of the Corporation's Property or from the termination of the Corporation.

2. PROCEEDS:

Any proceeds recovered by the Corporation on account of condemnation, destruction or liquidation of all or a part of the Corporation's Property shall be payable to the Corporation for

the benefit of the Households and the mortgage holders. Any distribution of funds shall be made pro rata to or for the benefit of the Household Owners in accordance with their respective interests therein.

Article XI

Notice

1. MANNER OF NOTICE:

All notices, demands, bills, statements or other communications provided for or required under these Bylaws shall be in writing and shall have been deemed to have been served if delivered personally in hand, or if sent by United States Mail, certified mail, return receipt requested, first class postage prepaid, or by e-mail:

- if to a Household, at the address of the Household or at such other address as the Household may have designated in writing to the Secretary, or;

- if to the Corporation or the Board at the principal office of the Corporation.

Notices shall be posted in the Common House, written legibly on an 8.5 by 11 in sheet of paper. Posting of a notice is not service of a notice.

2. WAIVER OF NOTICE:

Whenever any notice is required to be given under these Bylaws or by statute, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent to service of notice.

Article XII

Compliance and Default

1. RELIEF:

Each Household and the Corporation shall be governed by, and shall comply with, all of the terms of these Bylaws, and the Common Rules and Agreements and any amendments to the same. A default by a Household or the Corporation shall entitle the Corporation acting through the Board and any aggrieved Household to the following relief:

2. LEGAL PROCEEDINGS:

Failure to comply with any of the terms of these Bylaws, and the Rules shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, and other relief provided for in these Bylaws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Corporation, the Board, or, if appropriate, by any aggrieved Household .

3. ADDITIONAL LIABILITY:

Each Member shall be liable to The Corporation for the expenses of all maintenance, repair or replacement rendered necessary by his or her intentional acts, neglect or carelessness or the intentional act, neglect or carelessness of any member of his or her family or guests, employees, agents or invitees. For negligent acts, Members shall be liable only to the extent that such damage is not covered by insurance policies held by The Corporation. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of the Property or its appurtenances. Nothing contained herein, however, shall be construed as waiving any claim by an insurance company for recovery for the loss.

4. COSTS AND ATTORNEY'S FEES:

In any proceeding arising out of the fault of a Member or Household , The Corporation shall be entitled to recover the costs of the proceeding, and reasonable attorneys' fees.

5. NO WAIVER OF RIGHTS:

The failure of the Corporation, the Board or of a Household or Member to enforce any right, provision, covenants, or conditions which may be granted by these Bylaws or the Common Rules and Agreements shall not constitute a waiver of the right of the Corporation, the Board or any Household or Member to enforce such right, provision, covenants, or condition in the future. All rights, remedies and privileges granted to the Corporation, the Board, or any Household or Member pursuant to any term, provision, covenant, or condition of the Bylaws or the Common Rules and Agreements shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by these Bylaws or the Rules, or at law or in equity.

6. INTEREST:

Except as otherwise provided herein in the event of a default by any Household which continues for a period in excess of 30 days, such Household shall pay interest on the amounts due, at 12% per annum from the due date thereof. In addition, the Board shall have the authority to impose a late payment charge on such defaulting Household.

7. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY HOUSEHOLDS:

The violation of any Rule adopted by the Board or the breach of any section of these Bylaws shall give the Board the right, in addition to any other rights set forth in these Bylaws, to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Household, any structure, thing or condition that may exist therein contrary to the intent and meaning of provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or to suspend or limit the right of the Household committing the violation to use any part of the Property during the continuance of such violation.

Article XIII

Miscellaneous Provisions

1. SEVERABILITY:

If any of these Bylaws are conflict with the provisions of any of Vermont statute or regulation, the provisions of such statute or regulation will apply. If any provisions of these Bylaws or any Section, sentence, clause, phrase or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby and are severable.

2. WAIVER:

No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by any reason of any failure of failures to enforce the same.

3. CAPTIONS:

The captions contained in these Bylaws are for convenience only and are not part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

4. CONTEXT.

Whenever in these Bylaws the context so requires, the use of either gender shall be deemed to include both genders.