

BYLAWS OF THE STERLING TOWNHOUSES 1-10 ASSOCIATION

ARTICLE I: Generally

Section 1.01. Applicability. These Bylaws provide for the governance of the Association.

Section 1.02. Compliance. Every Member of the Association shall comply with these Bylaws.

Section 1.03. Office. The Office of the Association shall be located at The Village at Smugglers' Notch or such other place as may be designated from time to time by the Board of Directors.

Section 1.04. Definitions.

(a) Each capitalized term used herein without definition shall have the meanings specified in the Declaration or as hereinafter defined.

(b) As used in these Bylaws,

(i) "Association" shall mean the Sterling Townhouses 1-10 Association, a Vermont, non-profit, unincorporated association.

(ii) "Declaration" shall mean the Declaration of Protective Covenants for Sterling Townhouses 1-10, as the same is of record in Volume____ at Page____ in the Land Records of the Town of Cambridge and as the same may be amended from time to time.

(iii) "Member" shall mean the owner of a townhouse at The Village at Smugglers' Notch which is subject to the Declaration of Protective Covenants for Sterling Townhouses 1-10, as the same is now of record in the Land Records of the Town of Cambridge or may hereafter be amended, whether or not such owner is an individual, more than one individual, corporation, partnership, trust or other entity of any kind or nature.

(iv) "Property" shall mean the land and premises, including all buildings, structures and improvements, subject to the Declaration of Protective Covenants for Sterling Townhouses 1-10 and the covenants, conditions, restrictions, liens or charges imposed thereby.

ARTICLE II: Sterling Townhouses 1-10 Association Meetings

Section 2.01. Annual Meetings. The annual meeting of the Association shall be held on the same day as the Annual Meeting of the Smugglers' Notch Homeowners' Association, Inc. At such Annual Meetings the Board of Directors shall be elected by vote of the Members, which vote shall be by ballot if any Member so requests. If, in any given year, an Annual Meeting is not held, a Special Meeting may be held in lieu thereof, and elections or business transacted at such Special Meetings shall have the same effect as if held or transacted at an Annual Meeting.

Section 2.02. Place of Meetings. Meetings of the Association shall be held at the principal Office of the Association or at such other suitable place convenient to the lot owners as may be designated by the Board of Directors.

Section 2.03. Special Meetings. The President shall call a Special Meeting of the Board of Directors upon a petition signed and presented to the Secretary by lot owners, with not less than one-third (1/3) of the aggregate votes in the Association. The Notice of any Special Meeting shall state the time, place and purpose thereof. No business shall be transacted at a Special meeting except as stated in the Notice.

Section 2.04. Notice of Meetings. The Secretary shall mail to each member a Notice of the place, date, hour and purpose or purposes of each annual or regularly scheduled meeting of the lot owners. The Notice shall be mailed not less than seven (7) days before the date of such meeting.

Section 2.05. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Members having a majority of the votes who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than twelve (12) hours after the time the original meeting was called.

Section 2.06. Voting. If more than one person or entity holds an interest jointly or as tenant in common or partner of another, the vote shall be cast as they among themselves shall determine, all to the end that there shall be one vote for each Property subject to the Declaration. Voting Members may vote in person or by written proxy delivered to the president of the Board prior to any meeting.

Section 2.07. Quorum. Except as may otherwise be provided in these Bylaws, the presence in person or by proxy of fifty percent (50%) or more of the Members who are entitled to cast votes in accordance with Section 2.06 above shall constitute a Quorum at all meetings of the Association.

Section 2.08. Conduct of all Meetings. A member of the Board of Directors designated by the Board shall preside over each meeting of the Association, and an individual designated by the Board of Directors as secretary shall keep the minutes of each meeting in a permanent minute record book.

Section 2.09. Action Without a Meeting. Any action by the Members required or permitted to be taken at any meeting may be taken without a meeting if two-thirds (2/3) of the Members shall consent in writing to such action. Each such written consent shall be filed in the permanent records of the Association.

Section 2.10. Meeting by Telephone. Any meeting of the Association may include members participating by conference call, provided that the meeting is arranged in such a fashion that those Members participating by conference call and other Members who may be present at the same place together shall each be able to hear all comments made by all Members participating in the meeting.

ARTICLE III: Board of Directors

Section 3.01. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, each of whom shall have an ownership interest in a Sterling Townhouse subject to the Declaration of Protective Covenants referenced above.

Section 3.02. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, including, but not limited to, the following:

(a) To carry out each and every function designated to the Board of Directors in the Declaration of Protective Covenants referenced above;

(b) To prepare an annual budget establishing assessments for the Association; to make and collect such assessments;

(c) To open bank accounts on behalf of the Association and designate the signatories thereon;

(d) To enforce by legal means the provisions of the Declaration of Protective Covenants referenced above, these ByLaws and any rules and regulations established by the Association;

(e) To pay the costs of all authorized services rendered to the Association;

(f) To keep books with detailed accounts, in chronological order, of the receipts and expenditures affecting the Association. Such books and receipts shall be available for examination by Members, their duly authorized agents or attorneys. All books and records shall be kept in accordance with good accounting principles, and the same shall be audited by an independent accountant retained by the Board of Directors who shall not be a Member as may be requested by two (2) or more Members from time to time;

(g) To designate, hire, pay and dismiss personnel, including, but not limited to, a managing agent;

(h) To notify the mortgagee of any owner who is in default or violation of these ByLaws or the above referenced Declaration of Protective Covenants, in the event that such default or violation continues for a period exceeding thirty (30) days;

(i) To borrow money on behalf of the Association when required in connection with the affairs of the Association, provided, however, that the consent of at least two thirds (2/3) of the Members be obtained to borrow any sum in excess of Five Thousand Dollars (\$5,000.00);

(j) To acquire, hold, sell and dispose of Sterling Townhouse units and mortgage the same;

(k) To do all other things not inconsistent with the laws of the State of Vermont and the United States of America, the Declaration of Protective Covenants and these ByLaws, which the Board of Directors may be authorized to do by resolution of the Association.

Section 3.03. Election and Term of Office. At the first Annual Meeting of the Association, the term of office of one Member of the Board of Directors shall be fixed at three (3) years; the term of office of one Member shall be fixed at two (2) years; and the term of office of the third Member of the Board of Directors shall be fixed at one (1) year.

Section 3.04. Removal or Resignation of Directors. At any regular or Special Meeting of the Members duly called any one or more of the directors may be removed with or without cause by two-thirds (2/3) of the Members entitled to vote, either in person or by proxy, in accordance with section 2.06 hereof, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given at least seven (7) days notice of the time, place and purpose of the meeting to consider that Director's removal, and shall be given an opportunity to be heard at the meeting. A Member of the Board of Directors may resign at any time and shall be deemed to have resigned sixty (60) days after the sale or other disposition of the Director's Townhouse.

Section 3.05. Vacancies. Vacancies in the Board of Directors, except those caused by removal in accordance with the preceding section of these Bylaws, shall be filled by agreement by the remaining Directors or Director. Each person so designated to serve as a Director shall serve the remainder of the term of the Director being replaced and until a successor shall be duly elected.

Section 3.06. Regular Meetings. Regular Meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of the Regular Meetings of the Board shall be given to each Director in writing at least ten (10) days prior to the day named for such meeting.

Section 3.07. Officers of the Board. The Directors shall determine among themselves who shall serve as president, vice-president and secretary of the Board. In the event that the Directors are unable to make determination by consensus, then the Director who has been a Director of the longest continuous term shall be president; the Director who has been a Director for the second longest consecutive term shall be vice-president; and the Director who has the shortest length of continuous service on the Board shall be secretary.

Section 3.08. Special Meetings. Special Meetings of the Board of Directors may be called by the president on five (5) days notice to each Director, given by mail, facsimile or other written communication, which notice shall state the time, place and purpose of the meeting. Special Meetings of the Board of Directors shall be called by the president or secretary in like manner and on like notice upon written request of any Director.

Section 3.09. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the

Board of Directors shall constitute a Waiver of Notice for all intents and purposes. If all Directors are present at any meeting of the Board of Directors, no notice shall be required, and any business may be transacted at such meeting.

Section 3.10. Quorum. At all meetings of the Board of Directors two (2) Directors shall constitute a Quorum for the transaction of business.

Section 3.11. Associate Directors. From time to time the Board of Directors may appoint other Members of the Association as Associate Directors. Associate Directors shall not have voting rights at meetings of the Board, but may comment upon all matters considered by the Board and shall receive notice of all meetings of the Board. Associate Directors shall serve for a term of one (1) year unless, at the time of their appointment, the Board of Directors specifically designates a different term of service.

Section 3.12. Compensation. No Director shall receive any Compensation for services, but all Directors may seek reimbursement for their expenses attendant to their duties, which expenses shall be included in assessments against the Members. No reimbursement shall be included in assessments unless approved by majority vote of the Board of Directors.

Section 3.13. Action Without a Meeting. Any action taken by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.14. Liability of The Board of Directors. Members of the Board of Directors shall not be liable to the Association or its members for any mistake of judgment, negligence or otherwise, except for their own individual, willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the Directors from and against all contractual liability to third parties arising out of contracts made by the Directors on behalf of the Association, unless any such contract shall have been made in bad faith or contrary to the provisions of these ByLaws or the Declaration of Protective Covenants. Every agreement made by the Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the members of the Board of Directors and the Managing Agent are acting only as agents of the Association and shall have no personal liability thereunder (except as an owner of one or more Townhouses).

Section 3.15. Participation in Meetings By Telecommunications. At any meeting of the Board of Directors one or more directors may participate in such meeting by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other, and that director's participation shall be the same as if he or she were present, in accordance with the provisions of title 11 V.S.A. § 1885(b).

ARTICLE IV: Officers

Section 4.01. Directors as Officers. There shall be no officers of the corporation other than the Members of the Board of Directors. The president of the Board shall be the chief executive officer of the Association, having all of the general powers and duties which are incident to the office of president. The vice-president of the Board of Directors shall take the place of the president and perform the duties of the president whenever the president is absent or unable to act and shall perform such other duties as shall be delegated to him or her by the president. The secretary shall keep minutes of all meetings of the Association and the Board of Directors, have charge of such books and papers as the Board of Directors may direct, maintain a register setting forth the place to which all notices to Members and others shall be delivered, and, in general, perform all the duties incident to the office of secretary. The vice-president shall perform all duties normally associated with the office of treasurer, and shall have the responsibility for Association funds, being responsible for keeping full and accurate financial records and books of accounts showing all receipts and disbursements, and for the preparation of all required financial data, and, in general, perform all duties incident to the office of treasurer.

Section 4.02. Execution of Documents. All deeds, agreements, contracts, leases, checks and other instruments of the Association for expenditures or obligations in excess of Fifteen Thousand Dollars (\$15,000.00) shall be executed by two (2) Directors, and all such instruments for expenditures of less than Fifteen Thousand Dollars (\$15,000.00) may be executed by one (1) Director. The Board of Directors by majority vote may authorize a managing agent to execute agreements, contracts, leases, checks and other instruments of the Association for expenditures and obligations in whatever amounts the Board of Directors may deem appropriate.

ARTICLE V: Operation of The Association

Section 5.01. Determination of Expenses and Assessments of Members.

(a) Fiscal Year: The Fiscal Year of the Association shall be the calendar year.

(b) Assessment and Payment of Expenses: The total amount of estimated funds required from assessments for the operation of the Association shall be determined by the Board of Directors in accordance with a report and budget adopted by the Board of Directors, which report and budget shall be mailed to Members annually no later than the 1st day of May each year. All assessments shall be charged against Members fairly as determined by the Board of Directors, who determination shall be binding upon all Members.

(c) Reserves: The Board of Directors shall include in their assessments annual amounts reasonably anticipated to be appropriate to create and maintain reserves for working capital, operations, repairs, contingencies and replacements.

(d) Payment of Assessments: Each Member shall pay the assessments levied by the Board of Directors within thirty (30) days of receipt of a billing from the Board of Directors of the Managing Agent. The purchaser of the Townhouse shall be jointly and severally liable with the selling Member of all unpaid assessments. The Board of Directors or the Managing Agent shall take prompt action to collect any assessments which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment, or installment thereof, not paid when due shall accrue a late charge in the amount of one percent (1%) per month until paid. All unpaid assessments, interest and costs of collection shall constitute liens against the Townhouse of the Member who has not made prompt payment identical to the lien created by Title 27 V.S.A. § 1323 for condominium expenses.

(e) Statement of Assessments: The Board of Directors or Managing Agent shall promptly provide any Member, contract purchaser or mortgagee requesting the same in writing with a written statement of all unpaid assessments due from the Member.

Section 5.02. Statement of Default. The Board of Directors or Managing Agent shall promptly notify any Member of any default in payment of assessments. The Board of Directors or Managing Agent shall give written notice of any lien filed in the Land Records of the Town of Cambridge to both the unit owner and the unit owner(s)' mortgagee. The Board of Directors may impose a reasonable charge for the preparation and filing of any Notice of Lien in addition to other costs of collection.

ARTICLE VI: Rules and Regulations

Section 6.01. Adoption of Rules and Regulations. At any duly called meeting of the Association, the Association may, by majority vote, adopt rules and regulations restricting the use of Townhouses subject to the Declaration of Protective Covenants, which rules and regulations shall have full force and effect under these Bylaws. Copies of current rules and regulations shall be available upon request from the secretary of the Board of Directors. Rules and regulations adopted by majority vote may be rescinded by majority vote at any time.

ARTICLE VII: Miscellaneous

Section 7.01. Amendment. These Bylaws may be amended by vote of two-thirds (2/3) of the Members authorized to vote in accordance with Section 2.06.

Section 7.02. Recording. These ByLaws and all Amendments thereto shall be recorded in the Land Records of the Town of Cambridge, and no Amendment to these ByLaws shall be effective until a copy of the Amendment certified by the secretary of the Board of Directors has been recorded in the Land Records of the Town of Cambridge.

Section 7.03. Notices. All Notices, demands, bills, statements, assessments, notices of lien or other communications shall be in writing and shall be deemed to have been duly given if delivered personally or sent postage pre-paid (a) if to a Member, at

the address which the Member shall designate in writing and file with the secretary of the Board of Directors or, if no such address is designated, at the address of the Townhouse of such Member, or (b) if to the Association or the Board of Directors, at the principal office of the Association or at such other address as shall be designated in writing to the Members by the Board of Directors or as may appear upon stationery/correspondence addressed to Members by the Board of Directors.

Section 7.04. Captions. The Captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the articles and sections of these ByLaws or the intent of any provision thereof.

Section 7.05. Signature and Certification. These Bylaws shall be filed with the above referenced Declaration of Protective Covenants without any signature, and shall be effective when recorded in the Land Records of the Town of Cambridge. Amendments hereto shall be certified by the secretary of the Board of Directors and filed in the Land Records of the Town of Cambridge as noted above.

DATED: May 20, 1995