

BY-LAWS OF
THE FAIRVIEW FARM HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I. OFFICES

Section 1.1 Principal Office. The principal office of the Fairview Farm Homeowners' Association, Inc. ("the Corporation") shall be located in the Village of Essex Junction, County of Chittenden, State of Vermont. The Corporation may have such other offices within the State of Vermont as the Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 1.2 Registered Office. The registered office of the Corporation may, but need not, be identical with the principal office in the State of Vermont, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II. PURPOSE

The purpose of the Corporation is to construct, improve, maintain, supervise and otherwise care for and manage the project recreation area and facilities ("the Corporation Property") owned by the Corporation for the benefit of its Members. Said area and facilities shall be used exclusively by the Owners of Dwelling Units and by their families, tenants and social guests.

ARTICLE III. MEMBERSHIP

Section 3.1 Number of Members. The Corporation shall have a maximum of ninety-nine (99) memberships. The Fairview Limited Partnership is developing a ninety-nine (99) lot subdivision and constructing a single-family residence on each lot in The Fairview Farm Subdivision located easterly of Route 15 in the Village of Essex Junction, Vermont. (A lot and the residence constructed thereon shall be defined as a "Dwelling Unit"). Each Dwelling Unit in The Fairview Farm subdivision shall have one appurtenant and indivisible membership in the Corporation. The Developer shall initially own all ninety-nine (99) memberships. When the Developer conveys a Dwelling Unit, the corresponding membership appurtenant to that Dwelling Unit shall be conveyed as an indivisible appurtenance to the ownership of the Dwelling Unit and the number of memberships in the Corporation owned by the Developer shall be reduced accordingly. If, when the buildout of The Fairview Farm Subdivision has been completed, less than ninety-nine Dwelling Units have been constructed, the number of memberships shall be reduced accordingly so that there shall be one membership for each constructed Dwelling Unit.

Section 3.2 Ownership. The membership in the Corporation of a Dwelling unit shall be owned and held by the record owner(s) of a Dwelling Unit, including the Developer with respect to unsold Dwelling Units. All the owners of a Dwelling unit shall be treated for all purposes as jointly owning and holding the membership appurtenant to this particular Dwelling unit. The foregoing is not intended to include persons who hold an interest in a Dwelling Unit merely as security of the performance of an obligation.

Section 3.3. Voting Rights. The Corporation shall have two classes of voting membership until such time as the Class B memberships shall cease to exist as provided for herein:

Class A. Memberships. The membership appurtenant to a Dwelling Unit owned by other than the Developer shall be a Class A Membership. Each Class A Membership shall be entitled to one vote. When more than one person owns a record interest in a Dwelling Unit, the vote of the Class A Membership shall be exercised as those persons among themselves determine. Absent such determination, the person whose name appears first in the granting clause of the warranty deed conveying the first in the Dwelling Unit shall be entitled to cast the vote of the Class A Membership appurtenant to that Dwelling Unit, or that person may designate a proxy to cast said vote on his or her behalf.

Class B Memberships. The membership appurtenant to a Dwelling unit owned by the Developer shall be a Class B Membership. Each Class B Membership shall be entitled to four votes. The Class B Membership appurtenant to a Dwelling Unit shall terminate and be automatically converted to a Class A Membership entitled to only one vote when the total votes outstanding in the Class A Memberships exceed the total votes outstanding in the Class B Memberships.

ARTICLE IV. MEETINGS

Section 4.1 Annual Meeting. The Annual Meeting of the Membership shall be held within the first three months of each calendar year as shall be fixed by the Board of Directors for the purpose of electing Directors and transacting such other business as may come before the meeting. Failure to hold the Annual Meeting during the designated time shall not work a forfeiture of dissolution of the Corporation. If the election of Directors shall not be held during the period designated herein for said Annual Meeting, or at any adjournment thereof, the board shall cause the election to be held at a Special Meeting of the Members as soon thereafter as conveniently may be.

Section 4.2 Special Meetings. Special Meetings of the Members for any purpose or purposes may be called by the President or by the Board of Directors and the same shall be called by the Secretary upon written request of not less than one-quarter of the votes of the Class A membership entitled to vote at such a meeting.

Section 4.3 Place of Meeting. The Board of Directors may designate any place within Chittenden County, State of Vermont as the place for any Annual or Special Meeting of the Members. If no designation is made, or if, a Special Meeting is otherwise called, the place of the meeting shall be the principal office of the Corporation.

Section 4.4. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in the case of a Special Meeting, the purpose or purposes for which it is called, shall be delivered to each Member entitled to vote at such meeting as provided in Article XIII. A member may waiver notice of any meeting as provided in that Article.

ARTICLE V. MEMBERSHIP VOTING

Section 5.1 Fixing of Record Date. For the purposes of determining Members entitled to vote at any meeting, the membership book shall be closed as of the opening of said meeting.

Section 5.2 Quorum. A group of Members present in person or by proxy of each class entitled to vote shall constitute a quorum at any full membership meeting provided all homeowners are notified in writing of the meeting date at least 30 days in advance.

Section 5.3 Proxies. At all membership meetings each Member entitled to vote may vote in person or by written proxy filed with the Secretary of the Corporation. No proxy shall be valid

after 11 months from its execution, unless otherwise provided in the proxy. Each proxy shall be revocable and shall automatically cease upon conveyance by the member of this Unit.

Section 5.4 Voting. At any membership meeting at which a quorum is present, the vote of the majority of Members entitled to vote present in person or by proxy shall be the vote of the Members, unless the vote of a greater number is required by law.

Section 5.5 Voting by Certain Members. A membership standing in the name of a corporation may be voted by such officer, agent or proxy as the Board of Directors of that corporation may determine. A membership held by an administrator, executor, guardian or conservator may be voted by him without a transfer of such membership into his name. A membership held by trustee may be voted by him without a transfer of such membership into his name if authority so to do is contained in an appropriate order of the Court by which such receiver was appointed.

Section 5.6 Action Without a Meeting. The Members may act without a meeting by instrument signed by all members entitled to vote provided that such instrument is inserted in the minute book. Any action so taken shall have the same effect as though taken at a meeting of the Members.

ARTICLE VI. BOARD OF DIRECTORS

Section 6.1 Number and Qualification. The business and affairs of the Corporation shall be managed by a Board of Directors consisting of not less than six nor more than nine persons who need not be Members of the Corporation.

Section 6.2 Term of Office. At their First Annual Meeting the Members shall elect a minimum of two Directors for a term of one year, a minimum of two Directors for a term of two years. At each succeeding Annual Meeting, the members shall elect a minimum of two Directors for a term of three years.

Section 6.3 Resignation. Any Director may resign at any time by written notice to the Board of Directors. Such resignation shall take effect on the date of receipt of such note or at any later time specified therein. Unless otherwise specified therein, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 6.4 Compensation. No Director shall be compensated for services rendered by him pursuant to said office but he may be reimbursed for actual expenses incurred in the performance of his duties.

Section 6.5 Vacancies. A vacancy in the Board may be filled by majority vote of the remaining Directors, though less than a quorum of the Board, for the unexpired term of this predecessor in office. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an Annual Meeting or at a Special Meeting of the Members called for that purpose.

ARTICLE VII MEETINGS OF DIRECTORS

Section 7.1 Regular Meetings. A regular meeting of the Directors shall be held without notice immediately after, and at the same place as, the Annual Meeting of Members. The Board may by resolution provide the time and place within Chittenden County, State of Vermont for the holding of additional regular meetings without notice other than such resolution.

Section 7.2 Special Meetings. Special Meetings of the Directors may be called by the President or any two Directors. The person calling a Special Meeting may fix any place within Chittenden County, State of Vermont as the place for holding the same.

Section 7.3 Notice. Written notice of any Special Meeting shall be given to each Director as provided in Article XIII. A Director may waive notice of any meeting as provided in that Article. Attendance of a Director at meeting shall constitute a waiver of notice of such meeting, except if he attends for the express purpose of objecting to the transaction of business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Directors need be specified in the notice of or waiver of notice of such meeting, except as otherwise provided herein.

Section 7.4 Quorum. A majority of the Directors shall constitute a quorum for the transaction of business. If less than such number is present, a majority of those Directors present may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum is so present any business may be transacted which might have been transacted at the meeting as originally noticed. The Directors so present at a meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum.

Section 7.5 Voting. At any Director's Meeting at which a quorum is present, the vote of a majority of Directors present at said meeting shall be the vote of the Board, unless the vote of a greater number is required by law.

Section 7.6. Presumption of Assent. A Director shall be presumed to have assented to the action taken at a meeting unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent with the Secretary of the meeting before its adjournment. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 7.7 Action Without A Meeting. The Directors may act without a meeting by instrument signed by all Directors, provided that such instrument is inserted in the minute book. Any action so taken shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1 Power. The Board of Directors shall have the power to:

Adopt, amend and rescind administrative rules and regulations governing the details of the operation and use of the Corporation Property.

- (a) Establish penalties for the infraction of said administrative rules and regulations.
- (b) Suspend a Member's voting right and his right to use the Corporation Property during any period in which such Member shall be in default in the payment of any assessment levied by the Corporation.
- (c) Declare the office of any Director to be vacant in the event such Director shall be absent from three consecutive regular meetings of the Board.
- (d) Employ a manager, independent contractor or such other employees as it deems necessary and to prescribe their duties.

- (e) Exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the membership or conferred upon it by other provisions of these By-Laws, the Articles of Association, and the Vermont Nonprofit Corporation Act.

Section 8.2 Duties. It shall be the duty of the board of Directors to:

- (a) Keep a complete record of all its acts and corporate affairs.
- (b) Keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Corporation Property, specifying and itemizing the maintenance and repair expenses and any other expenses incurred.
- (c) Supervise all officers, agents and employees of the Corporation to see that their duties are properly performed.
- (d) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.
- (e) Cause the Corporation Property to be maintained and otherwise fulfill the purposes of the corporation.
- (f) Obtain and maintain, in such amounts and forms of coverage as it deems appropriate, policies insuring the corporation for casualty and physical damage insurance, comprehensive public liability insurance, workman's compensation insurance and such other insurance as the board shall determine to be appropriate.
- (g) Perform all other duties imposed upon it by other provisions of these By-Laws, the Articles of Association and the Vermont Nonprofit Corporation Act.

ARTICLE IX. OFFICERS

Section 9.1 Number. The officers shall consist of a President, Vice President, Secretary and Treasurer elected from the membership and such other officers as the Board of Directors may from time to time create. Any two or more offices may be held by the same person, except the offices of the President and Secretary.

Section 9.2 Election and Term of Office. The officers shall be elected annually by the Board of Directors at each Annual Directors Meeting, provided, however, that if such election shall not be held at such meeting it shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the next annual meeting and until his successor shall have been duly elected and qualified, unless he shall sooner resign, be removed or otherwise become disqualified to serve.

Section 9.3 Resignation. Any officer may resign at any time by written notice to the Board of Directors, President or Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Unless otherwise specified therein, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 9.4 Removal. Any officer may be removed from office by the Board of Directors with or without cause whenever in its judgment the best interests of the Corporation will be served thereby.

Section 9.5 Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired term of the predecessor in office.

Section 9.6 President. The President, who shall be elected from among the Directors, shall be the principal executive officer of the Corporation and, subject to the business and affairs of the Corporation. He shall, when present, preside at all meetings of the members and Directors. In general, he shall perform all duties incident to the office of President and such other duties as may from time to time be prescribed by the Board of Directors.

Section 9.7 The Vice President. In the event of the absence or death of the President or his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. In general, he shall perform all duties incident to the office of Vice President and such other duties as from time to time may be prescribed by the Board of Directors.

Section 9.8 The Secretary. The Secretary shall keep the minute book wherein all resolutions and votes of the Members and Directors shall be recorded and have custody of the Corporate seal and record book containing the names and places of residence of all Members. In general, he shall perform all duties incident to the office of Secretary and such other duties as may from time to be prescribed by the Board of Directors.

Section 9.9 The Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation and, in general, perform all duties incident to the office of Treasurer and such other duties as may from time to time be prescribed by the Board of Directors.

Section 9.10 No Compensation. No officer shall be compensated for services rendered by him pursuant to that office but he may be reimbursed for actual expenses incurred in the performance of his duties

ARTICLE X COMMITTEES

The Board of Directors may, by resolution adopted by a majority of the Directors in office, designate and appoint one or more committees each of which shall consist of two or more Directors. Each committee, to the extent provided in such resolution, shall have and exercise all the authority of the Board of Directors properly delegable by the Directors pursuant to the Vermont laws. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any Director, of any responsibility imposed upon it or him by law.

ARTICLE XI BUDGET AND ASSESSMENT

Section 11.1 Directors' Proposal. At least 30 days before the Annual Members' Meeting, the Board of Directors shall submit to the members a proposed budget for the ensuing year which depicts anticipated operating expenses and taxes to be paid, and equipment and improvement replacement reserve payments to be made, by the Corporation during that year. At the same time, the Board shall propose an assessment to the Members for such year sufficient in amount to defray those expenditures.

Section 11.2 Members' Adoption. Said proposed budget shall not become final until submitted to the Annual Meeting of the Members who may either adopt the proposed budget and assessment or revise the same and adopt them as revised. The annual assessment shall take effect the first month following its adoption.

Section 11.3 Supplemental Assessments. If during any fiscal year the Board of Directors determines that the annual assessments for that year are less than operating expenses actually incurred or likely to be incurred, the Board may recommend a supplemental assessment and convene a Special Members' Meeting for the purpose of acting upon such recommendation. Such a supplemental assessment shall be payable in accordance with the resolution authorizing the same.

Section 11.4 Capital Assessments. The Corporation may levy a capital assessment covering a period either longer or shorter than the year in which it is voted for the purpose of defraying the cost of construction, reconstruction, adding to, replacing, or otherwise improving a capital improvement upon the Corporation Property, provided that the same is duly adopted by the Members voting at any Annual Meeting or at a Special Meeting called for the purpose. Such a capital assessment shall be payable in accordance with the resolution authorizing the same, provided, however, that the Developer shall not be liable for any capital assessments voted at any time while it holds one or more memberships unless it votes in favor thereof.

Section 11.5 Uniformity. The annual assessment, any supplemental assessment and any capital assessment must be fixed at a uniform and equal rate for each of the Dwelling Units, regardless of their comparative cost or value.

Section 11.6 Payment Liability. Each Owner of a Dwelling Unit shall be liable to the Corporation for payment of the full amount of all assessments attributable to that Unit and he may not except or discharge himself of liability for payment thereof by not using, or by waiving his right to use the Corporation Property.

ARTICLE XII. DELINQUENCY

Section 12.1 Interest and Costs. If an Owner fails to pay when due any of the assessments provided by Article XI he shall be liable for interest thereon from the due date at the legal rate and for attorney's fees and costs of collection thereof.

Section 12.2 Suit and attachment. The Corporation may bring suit against an Owner for the collection of delinquent assessments and it may, as an incident thereof, make an attachment against that Owner's Dwelling Unit, by filling a copy of the process with the Town of Essex Junction attachment records. Such an attachment lien shall underlie any homestead exemption that may be available to the Owner of his spouse under Vermont law.

Section 12.3 Suspension of Rights. The Corporation may suspend the right of a delinquent Owner to use the Corporation Property and, once suspended, such right shall not be restored until payment of the assessment has been made in full, together with all interest and costs of collection provided by Section 12.1 hereof.

ARTICLE XIII. NOTICE

Section 13.1 Method. Whenever notice is required to be given to a Member or to the Board of Directors, such notice may be given in writing by mail addressed to such Owner or to the Board at such address last appearing on the books of the Corporation or, in case of an Owner, by delivering the same to the Dwelling Unit if the same so appears as the Member's address. Such notice shall be mailed or delivered at least seven days prior to the date fixed for the happening of the event of which such notice is given. Notice shall be deemed given as of the date of mailing or delivery.

Section 13.2 Waiver. Whenever any notice is required to be given, a written waiver thereof signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE XIV. BUSINESS TRANSACTIONS AND RECORDS.

Section 14.1 Contracts. The Board of Directors may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

Section 14.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. No loans for a term in excess of one year shall be contracted unless duly authorized by the membership, rather than by the Board of Directors.

Section 14.3 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officers or agents of the Corporation and in such manner as the Board of Directors shall from time to time determine.

Section 14.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors shall from time to time determine.

Section 14.5 Inspection of Records. All books and records required to be maintained for and on behalf of the Corporation shall be available for examination by Owners at convenient hours of weekdays.

Section 14.6 Financial Report. As soon as reasonably possible after the close of each fiscal year, or more often if convenient to it, the Board of Directors shall submit to the Members a report of its operations for such year which shall include financial statements in such summary form and detail as the Board shall deem proper. Any person who has been furnished with such report and shall have failed to object thereto by written notice to the Board within one month of his receipt of such a report shall be deemed to have assented thereto.

ARTICLE XV. AMENDMENTS

Section 15.1 Vote Required. The By-Laws may be amended at any annual meeting, or at a special meeting of the Members called for that purpose, at which a quorum is present, upon a vote of approval of at least 75% of the total votes cast.

Section 15.2 Limitation. No such limitation shall be valid if it would render the Corporation contrary to or inconsistent with any requirements or provisions of the Vermont Nonprofit Corporation Act.

ARTICLE XVI. FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

ARTICLE XVII. CORPORATE SEAL

The Corporation shall have a corporate seal in circular form which shall have inscribed thereon the name of the Corporation, the State of Vermont, and the words, "Corporate Seal".

ARTICLE XVIII. GENERAL PROVISIONS

Section 18.1 Compliance. By virtue of a Dwelling Unit's appurtenant membership, every record owner of a Dwelling Unit shall be required to comply strictly with these By-Laws and with the Administrative Rules and Regulations adopted under them, as either may be lawfully amended from time to time.

Section 18.2 Noncompliance. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors on behalf of the Corporation. Failure by the Corporation to enforce any right herein conferred shall not be deemed a waiver of the right to do so thereafter.

Section 18.3 Severability. Invalidation of any provision of these By-Laws shall in no way effect any other provisions which shall remain in full force and effect.

Section 18.4 Construction and Interpretation. In the construction hereof, whether or not so expressed, words used in the singular or in the plural respectively include both the singular and plural, words denoting males include females and words denoting persons include individuals, firms, associations, partnerships, trusts and corporations unless a contrary intention is to be inferred from or required by the subject matter or intention is to be inferred from or required by the subject matter or context. The title and headings of different parts hereof are inserted only for convenience or reference and are not to be taken to be any part hereof or to control or effect the meaning, construction, interpretation or effect hereof. All the provisions herein contained shall take effect and be construed according to the Vermont Nonprofit Corporation Act and, unless the context otherwise indicates, words defined in said Act shall have the same meaning herein.