

APPENDIX B
BYLAWS
of the
PICNIC ROCK FARM HOMEOWNERS ASSOCIATION
Dover, NH

INTRODUCTION

THESE BYLAWS are intended as the governing document, as amended from time to time, of the Picnic Rock Farm Homeowners Association, an association of owners of Lots, the location of which is in Dover, New Hampshire and which is more particularly described in Appendix A. This document shall be binding upon any present and future Owner, tenant, and occupant of any Lot in the Picnic Rock Farm Homeowners Association, and to all other persons who shall at any time use any portion thereof.

The acquisition or rental of any Lot, or the act of occupancy or use of any Lot, will signify that the party acquiring, renting, occupying or using such lot or Lot has accepted and ratified the terms and conditions of these Bylaws and agrees to comply therewith.

The covenant to abide by these Bylaws shall run with the land and each lot and Lot comprising the Development and shall be binding thereon.

Further, although not a condominium association, where appropriate, reference to and incorporation of certain parts of the Condominium Act , RSA 356-B, as amended from time to time, have been or may be used.

ARTICLE I

GENERAL

1. The Association. The Picnic Rock Farm Homeowners Association (the "Association") is a homeowners association formed for the purpose of maintaining and/or improving the Common Area, governing its use, and in general administering and enforcing the Declaration of Covenants, these Bylaws, and the Rules promulgated pursuant thereto.

2. Members. An Owner of record of a Lot shall automatically become a member of the Association, and the membership of an Owner shall terminate when the Owners transfers the Owner's interest in a Lot, with such membership automatically transferred to such member's successor in interest. All present and future Owners, mortgagees, lessees and occupants of a Lot, their employees, all associate members and any other person who may use the Common Area in any manner, are subject to these Bylaws, the Declaration of Covenants, and the Rules. As referenced herein, the acceptance of a deed, and/or the conveyance, letting, use or occupancy of a Lot, shall constitute an agreement that the Owner, mortgagee, lessee, guest and/or occupant of any Lot shall abide by these Bylaws, the Declaration, and the Rules, as any or all may be amended

from time to time.

3. Purpose. The administration of the Association shall be governed by these Bylaws which are annexed to the Amended Declaration of Covenants and are made a part hereof, and all present and future holders of any interest in the Association shall be members of the Picnic Rock Farm Association which is organized and operated to provide for the acquisition, construction, management, maintenance and care of “association property” as those terms are defined in Section 528 of the Internal Revenue Code as such may be amended or replaced from time to time. No part of the net earnings of said Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of Association property and other than by a rebate of excess assessments) to the benefit of any Owner.

4. Bylaws Applicability. The provisions of these Bylaws are applicable to the Property and the use, occupancy, sale, lease or other transfer thereof. All present and future Owners, present and future tenants, their guests, licensees, servants, agents, employees and any other person or occupant who shall use the facilities of the Association shall be subject to these Bylaws and to the Rules of the Association. The acceptance of a deed of conveyance or the entering into a lease or the act of occupancy of a Lot or any other portion of the Association shall constitute an acknowledgment that such Owner, tenant or occupant has accepted and ratified these Bylaws, the provisions of the Declaration and the Rules and will comply with them.

5. Office. The offices of the Association and of the Board of Directors shall be located at the Association or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II

OWNERS ASSOCIATION

1. Composition. All of the Owners, by and through the Board of Directors, except where otherwise indicated, acting as a group in accordance with the Declaration of Covenants and these Bylaws, shall constitute the Association, which shall have the responsibility of administering the Association, establishing the means and methods of collecting the assessments for Common Expenses, arranging for the management of the Association and performing all of the acts that may be required for the Association. Except as to those matters which the Declaration or these Bylaws specifically require to be performed by the vote of the Owners, the administration of the Association shall be performed by the Board of Directors (as more particularly set forth in Article III herein).

2. Voting. Each Lot shall be entitled to one undivided vote on all Association matters. All votes shall be weighted equally. Except as otherwise noted in the Declaration and these Bylaws a majority of votes shall mean more than 50% of the Lots that are entitled to vote on any given matter. As applied to a person who is not a natural person, such as a trust or a corporation, the word “person” shall be deemed for the purposes of this section to be the designated representative of any such entity.

Since an Owner may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the votes pertaining to that Lot. But if more than one of such persons is present, the vote appertaining to that Lot shall be cast only in accordance with the agreement of a majority of them and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Lot without protest being made forthwith by any of the others to the person presiding over the meeting.

Where multiple owners of a Lot cannot agree to cast their Lot vote unanimously (in the case where there are an even number of Owners present either in person or by valid proxy) or cannot agree to cast their vote in accordance with the agreement of a majority of them (in the case where there are an odd number of Owners present either in person or by valid proxy), then no vote shall be cast for that Lot.

As applied to a person who is not a natural person, the word “person” shall be deemed for the purposes of this section to be any natural person having authority to execute deeds on behalf of any person, excluding natural persons, which is, either alone or in conjunction with another person, an Owner, and any such ownership entity must notify the Board of Directors in writing each year as to who from such an ownership entity shall be the voting member.

Voting may be conducted by mail, postal or email, without a meeting, including by ballot. Further, any voting conducted at an Association meeting, Annual or Special, or via ballot, may be held open for a period of time of not less than ten (10) days nor more than sixty (60) days from the date of the meeting or the start of the voting by ballot, after which time if insufficient votes have been acquired, either in person, in writing or by proxy, the vote shall fail, but may be re-presented at any subsequent Association meeting.

3. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place as may be designated by the Board of Directors and stated in the notice of meeting.

4. Annual Meeting. The Annual Meeting of the Association shall be held on a date to be determined by the Board of Directors, which date, if at all practicable, shall be within sixty (60) days, before or after, of the end of Association’s fiscal year. At such Annual Meetings the Owners may transact any business as may properly come before them.

5. Special Meetings. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by the Owners of at least fifteen percent (15%) of the Lots. The notice of any Special Meeting shall state the time and place of such meeting and the purpose thereof. If such notice, to include the time, date, place and purpose of said meeting, is not given within ten (10) days after delivery of a written request to call the meeting, the Owners requesting the meeting may fix the time, date and place of the meeting and give notice to all other Owners. No business shall be transacted at a Special Meeting except as stated in the notice.

6. Notice of Meeting. Notice of Association meetings shall be sent out between ten (10) and thirty (30) days prior to a meeting. The Notice shall state the purpose thereof, as well as the time and place where it is to be held, to each Owner of record, at the address of their respective Lots or at

such other address as each Owner may have designated by notice in writing to the Secretary, including by email.

Notice of the time, place and purpose of any meeting of the members of the Association may be waived in writing by any members of the Association, either before or after the holding of such meeting, which writing shall be filed with or entered upon the records of the meeting. The attendance of any member of the Association at such meeting without protesting, either prior to or at the commencement of the meeting, the lack of proper notice, shall be a waiver of notice of such meeting.

7. Voting Requirements. An Owner shall be deemed to be in good standing and entitled to vote at any Annual or Special meeting of the Association if, and only if, the Owner shall have fully paid all assessments made or levied and due against him and the Owner's Lot by the Board of Directors as hereinafter provided, not including any fines imposed by the Board, at least seven (7) days prior to the date fixed for such annual or special meeting. Nothing herein will deny a delinquent Owner from otherwise participating in the meeting.

8. Proxies. The votes appertaining to any Lot may be cast pursuant to a proxy. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Owner, that it be revoked. Revocation shall not affect any vote or act previously taken or authorized. The appearance of an Owner at any Association or Special Meeting shall void any proxy previously signed by the Owner. Proxies shall not be allowed for meetings of the Board of Directors.

9. Quorum. A quorum shall be established only if the Owners of at least twenty-five percent (25%) of the Lots appear in person or by proxy at any such Association meeting. If a Lot is owned by more than one person, the appearance by any Owner thereof shall be sufficient to meet the requirement that an Owner from each Lot appear in order for a quorum to exist. Regardless of whether an Owner is entitled to vote pursuant to Paragraph 7 herein, the Owner's presence shall be counted for purposes of establishing a quorum. Proxies may be used to establish a quorum.

10. Order of Business. The order of business at all meetings of the Association shall be as follows, unless otherwise changed by the Board of Directors: (a) roll call, (b) proof of notice of meeting, (c) acceptance of minutes of preceding meeting; (d) reports of Officers; (e) report of Board of Directors; (f) reports of committees; (g) election of Directors; (h) unfinished business; and (i) new business, any of which may be waived except for new business.

11. Conduct of Meeting. The President, or the President's designee who shall be a member of the Board of Directors,, shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a record book or other form as determined by the Board of Directors including electronically, all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat. In the discretion of the Board of Directors, Roberts Rules of Order may govern the conduct of all or any portion of meetings of the Association when not in conflict with the Declaration or these Bylaws.

Owners may attend by telephone, video, or other conferencing process so long as the technology at any place where a meeting occurs allows for same and the Board of Directors, in its sole discretion, determines that the cost to make such technology available is appropriate and within the operating budget.

ARTICLE III

BOARD OF DIRECTORS

1. Powers and Responsibilities. The affairs and business of the Association shall be managed by a Board of Directors (sometimes herein referred to as the “Board”) which shall have all of the powers and responsibilities necessary for the administration of the affairs of the Association, including the health, safety and welfare of the owners and occupants of the Association, and may do all such acts and things as are not prohibited by the Declaration or by these Bylaws directed to be exercised and done exclusively by the Association toward these ends, including waiving or enforcing any provision of the Declaration, Bylaws and/or Rules as amended from time to time as it deems appropriate in its sole discretion. The Board of Directors may delegate to one of its members, including to a management company, the authority to act on behalf of the Board of Directors on all matters that might arise between meetings of the Board of Directors. In addition to the general duties imposed by these Bylaws, the Board of Directors shall have the power to perform and shall be responsible for the following:

A. Adoption of an annual budget in connection with which there shall be established the assessment of each Owner for the Common Expenses. Further, the Board of Directors shall undertake a Reserve Study conducted by a professional experienced in such matters no less than every ten (10) years, create a budget to institute any recommendations contained therein, and abide by any recommendations contained therein. In keeping with this provision, all maintenance contracts approved pursuant to Article, V, Paragraph 7 herein, shall show an adherence to the Association’s long-term capital improvement plan. The Board of Directors may diverge from this requirement for good cause shown, the reasons for which must appear in the minutes of the meetings of the Board of Directors.

B. Making assessments against Owners to defray the Common Expenses for the Association, establishing the means and methods of collecting such assessments from the Owners, collecting said assessments, depositing the proceeds thereof in a bank depository and using the proceeds to carry out the administration of the Property;

C. Providing for the operation, repair, replacement and maintenance of all of the Common Area, including designating, hiring and dismissing the personnel necessary therefore, and, where appropriate, providing for the compensation of such personnel and for the purchase or use of equipment, supplies and materials to be used by such personnel in the performance of their duties;

D. Making and amending Rules providing detail concerning the operation, use and enjoyment of the Property for the health, safety and welfare of the Owners and occupants of the Property and enforcing by legal means the provisions of the Declaration, these Bylaws and such Rules, and bringing any proceedings which may be instituted on behalf of the Owners;

E. Obtaining and carrying insurance against casualty and liability, as provided in Article VI of these Bylaws, and paying the premium cost thereof and making, or contracting for the making of, repairs, additions and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty;

F. Opening of bank accounts and investment accounts on behalf of the Association and designating signatories required therefor and keeping books with detailed accounts of the receipts and expenditures affecting the Property and the administration of the Association. The said books shall be available for examination by the Owners and their duly authorized agents at reasonable times and places. All books and records shall be kept in accordance with generally accepted accounting practices. All funds shall be invested in federally insured institutions or accounts;

G. Leasing, managing and otherwise dealing with the Common Area or other properties or facilities for which easements or rights are conveyed to the Association;

H. Appoint committees. All committees are *ad hoc* and to be used, staffed, funded and operated as determined by the Board of Directors, and each such committee shall have a member of the Board of Directors appointed to it, which Director shall operate as the Chair of the committee;

I. Take out loans with the assent of the owners; and

J. Such other things and acts not inconsistent with the Declaration.

2. Managing Agent. The Board of Directors may employ or contract with a professional manager or management firm ("Manager") for a fee or compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in Paragraph 1 of this Article III, after approval by the Association. The Board of Directors may delegate to the Manager all of the powers granted to the Board of Directors by these Bylaws. The term of any employment contract for a manager may not exceed three (3) years and any such employment contract shall provide, inter alia, that such agreement may be terminated without cause upon no less than thirty (30) days and no more than ninety (90) days written notice and without payment of a termination fee. Rollover management contracts shall be permissible.

3. Number of Directors. The Board of Directors shall generally be composed of three (3) or five (5) persons as decided each year at the Annual Meeting by the Owners. Each Director shall be an Owner the spouse of an Owner, or the designated person from an ownership entity such as a trust or a limited liability company as designated in writing to the Board of Directors by the Trustee or other such member authorized to so designate such a person to act on behalf of the ownership entity. Each Lot may have only one Owner or spouse on the Board of Directors.

4. Election and Term of Office. The term in office shall be three years. Each Director shall hold office until the Owner's successor has been elected. The Board of Directors shall always be comprised so that no more than one (1) seat is up for election if there are three (3) seats on the Board, and no more than two (2) seats are up for election if there are five (5) seats on the Board.

5. Regular Meetings. At least quarterly the Board of Directors shall hold a meeting of the Board at such time and place as shall be determined by agreement of a majority of the Directors. Notice of same along with an Agenda shall be sent to all Owners at least ten (10) days in advance of each such meeting. Owners are welcome to attend all meetings of the Board of Directors, and shall be given a reasonable period of time in which to participate. Meetings may be held electronically including via the Internet.

6. Emergency Meetings. A majority of the Board of Directors may call an emergency meeting of the Board of Directors without the Notice requirements noted in Paragraph 5 herein, the basis of such emergency meeting shall be noted in the minutes of the meeting. Such notice shall be given to members of the Board of Directors personally or by mail, electronic mail, telephone, text or other internet communication and such notice shall state the date, time, place and purpose of the meeting. Meetings may be held electronically including via the Internet.

7. Waiver of Notice. Before or within ten (10) days after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting 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, in person or electronically, shall be a waiver of notice by the Director of the time and place thereof. If all the 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.

8. Board of Director's Quorum. At all meetings of the Board of Directors a majority of the Directors need appear for a quorum to be established. Proxies are not valid for meetings of the Board of Directors. Members of the Board of Directors may appear by audio and/or video conference.

9. Vacancies. Any vacancies on the Board of Directors shall be filled by a vote of the remaining Director(s) until the expiration of the vacant Director's term of office or until the next Association Meeting, whichever shall occur first, at which time the Owners shall vote for the person to fill the unexpired term of the Director who has resigned, been removed or who is no longer an Owner.

10. Removal of Directors. A Director may be removed from the Board of Directors only by resignation, by an affirmative vote of two-thirds of the Lots whose Owners appear in person or by proxy at a duly called Association meeting where a quorum exists, and who are eligible to vote, or by judicial decree.

11. Compensation. No Director shall receive any compensation for acting as such. Nor shall any Director accept anything of value from people providing or proposing to provide services or products to the Association. Directors may, however be reimbursed for travel and business expenses.

12. Conduct of Meetings. The President, or the President's designee, who shall be a member of the Board of Directors, shall preside over all meetings of the Board of Directors, and the Secretary shall keep minutes of the meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings, which minutes shall be recorded and stored by the Association. Minutes shall be made available either electronically and/or in hard copy as determined by the Board of Directors.

13. Report of Board of Directors. The Board of Directors shall present at each Annual Meeting, and when called for by vote of the Association at any Special Meeting of the Association, a full and clear statement of the business and condition of the Association.

14. Fidelity Bonds. The Board of Directors may require that all Directors, Officers, agents (including a Manager), employees and volunteers of the Association handling or responsible for handling funds belonging to or administered by the Association furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense.

15. Dispensing With Vote. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without meeting if the members of the Board of Directors shall individually or collectively consent in writing (either electronically or on paper) by simple majority to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Any actions taken by the Board of Directors outside of a meeting, may be affirmed by majority vote at a duly noticed Board of Directors meeting.

16. Indemnification. Every Director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved, by reason of the Owner being or having been a Director or Officer of the Association, or any settlement thereof, whether or not he is a Director or Officer at such time the expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of the Director's or Officer's duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

It is also intended that the liability of any Owner arising out of any contract, action or omission made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such Owner's assessed ownership interest in the Association. Every written agreement made by the Board of Directors or by the Manager on behalf of the Owners shall, if obtainable, provide that the members of the Board of Directors or the Manager, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owners) and that each Owner's liability thereunder shall be limited to such Owner's assessed ownership interest in the Association.

17. Availability of Records. The Board of Directors shall make available to all Owners, mortgagees, and to insurers or guarantors of any mortgage on a Lot within thirty (30) business days of a written request current copies of the Declaration, Bylaws, and Rules concerning the

Association and the books, records and financial statements of the Association. “Available” means available for inspection and copying at the requesting owner’s expense, upon request, during normal business hours or under other reasonable circumstances. Any holder, insurer or guarantor of a mortgage on a Lot/Home shall be entitled, within a reasonable time after written request, to an audited or reviewed financial statement for the immediately preceding fiscal year at a cost to be determined by the Board of Directors, which cost, if any, shall be assessed to the Owner making the request. No member or affiliated group of owners shall make such a request or be otherwise entitled to inspect any records of the Association more frequently than every ninety (90) days. Further, the Board of Directors may assess a fee for oversight and monitoring and copying any such records.

18. Licenses and Easements. The Board members on behalf of the Owners Association shall have the power and authority to grant permits, licenses and easements over the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Association.

19. Voting. Each member of the Board of Directors is entitled to one vote. All votes shall be treated equally. Proxies shall not be valid for meetings of the Board of Directors.

20. Enforcement. The Board of Directors is empowered to pass any Rules regarding the enforcement of the provisions of the Declaration, Bylaws and Rules, including, but not limited to, setting fine and fee schedules, towing vehicles, and instituting legal actions, any costs of which shall be deemed assessments for purposes of collection.

21. Audit. At least every fifth year the Board of Directors shall ensure that a financial review or compilation by a certified public accountant is undertaken and completed and a full audit is undertaken and completed as determined by the Board of Directors or upon a majority vote of eligible voters at an Association Meeting. Starting with the fifth (5th) year from the date of the filing with the Registry of Deeds of these Bylaws, the issue of whether to undertake an Audit shall be placed on the Agenda of the Annual Meeting until an audit is undertaken and completed. Thereafter the five (5) year period herein shall begin again. Nothing herein shall prevent an Owner at their expense from paying for an audit conducted by a certified public accountant.

ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Secretary and a Treasurer, and who must be Board members. The Board of Directors may appoint such other officers as in its judgment may be necessary who need not be on the Board of Directors. No person may hold more than one office.

2. Election of Officers. The officers of the Association shall be elected annually by the Owners at the Annual Meeting as part of the election for members of the Board of Directors. The Board

of Directors at a regular meeting or special meeting called for such purpose shall fill any vacancy in an office.

3. Removal of Officers. The officers shall hold office until the next Annual Meeting. Any officer may be removed at any time by vote of a majority of the Owners present in person or by proxy at a duly called Association meeting, with or without cause.

Further, an Officer is no longer an Officer once the person or the entity the person represents transfers the Owner's interest in a Home.

4. President. The President shall be the chief executive officer; the President or the President's designee, who shall be a member of the Board of Directors, shall preside at meetings of the Association and, if present, at meetings of the Board of Directors and shall be an ex officio member of all committees; the President shall have general and active management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall have all of the general powers and duties that are usually vested in or incident to the office of president of a stock corporation organized under the laws of the State of New Hampshire. Any of the powers of the President herein may be designated to a management company or any other designee, although the President shall assume final responsibility for all Association actions.

5. Secretary. The Secretary, or the Secretary's designee, shall attend all meetings of the Board of Directors and all meetings of the Association, shall record the minutes of all proceedings in a record book or other form as determined by the Board including electronically, and shall perform like duties for committees when required. The Secretary shall keep such a records repository current and in the Secretary's custody or in the custody of the Secretary's designee, including a management company.

The Secretary shall give, or cause to be given, notice of all meetings of the Association, special meetings of the Board of Directors and meetings of any committees and shall perform such other duties as may be prescribed by the Board of Directors or President. The Secretary may compile and keep current at the principle office of the Association (i) a complete list of the Owners and their last known post office addresses; (ii) a complete list of names and addresses of mortgagees; and (iii) copies of the Declaration of Covenants, these Bylaws, and the Rules. These lists and documents shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same at reasonable hours during regular business days.

No member or affiliated group of members who share a common cause as determined by the Board of Directors shall make such a request or be otherwise entitled to inspect any records of the Association more frequently than every ninety (90) days. Any of the powers of the Secretary herein may be vested in a management company or other designee, to be known as the Association's Secretary, although the Secretary shall assume final responsibility for all Association records.

6. Treasurer. The Treasurer shall have the custody of all funds and securities that are now not under the control of the Directors or Manager, if any, and, with the assistance of the Directors or Manager, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data and shall deposit all money and other valuable affects in such depositories as may be designated by the Board of Directors. Such records shall include, without limitation,

chronological listings of all assessments and Common Expenses on account of the Common Area and each Lot and the amounts paid and the amounts due on such assessments by each Owner.

The books and records of the Association should be kept in accordance with generally accepted accounting principles and procedures. The Treasurer shall disburse funds as ordered by the Board of Directors, where possible, taking proper vouchers for such disbursements and shall render to the President and Directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Association.

The financial records of the Association shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. No member or affiliated group of members who share a common cause as determined by the Board of Directors shall make such a request or be otherwise entitled to inspect any records of the Association more frequently than every ninety (90) days. Any of the powers of the Treasurer herein may be vested in a management company or other designee, to be known as the Association's Treasurer, although the Treasurer shall assume final responsibility for all Association records.

7. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations may be executed by any Officer of the Association or by such other person or persons as may be designated by the Board of Directors.

8. Compensation of Officers. No Officer shall receive any compensation for acting as such. Nor shall any Officer accept anything of value from people providing or proposing to provide services or products to the Association.

ARTICLE V

OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Assessments Against Owners.

A. Fiscal Year. The fiscal year of the Association shall be from January 1 until December 31 of the same year. The fiscal year herein established shall be subject to change by the Board of Directors.

B. Preparation and Approval of Budget. Each year the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount which it considers necessary during the ensuing fiscal year for the cost of maintenance, management, operation, repair and replacement of the Common Area and any parts of the Lots as to which it is or may become the responsibility of the Board of Directors to maintain and/or repair. Such budget shall also include such reasonable Reserves as further referenced in Paragraph D herein. The said budget shall constitute the basis for determining each Owner's assessment for the Common Expenses of the Association.

C. Assessment and Payment of Common Expenses. The total amount of the estimated funds set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Lot equally and due each year quarterly on or before July 1, October 1, January 1, and April 1. The Board of Directors, in its discretion, may change this period to reflect the wishes of the Association to include pre-payment of sums, monthly payments or other payment periods as the Board of Directors deems appropriate. Additionally, the Board shall present such an accounting of the Association at each Annual meeting. Any amount accumulated in excess of the amount required for actual expenses and budgeted reserves shall, in the discretion of the Board of Directors, either be rebated to the Owners equally by crediting same to the next installments due from Owners under the then current fiscal year's budget; shall be added to Reserves; or shall be rolled over into the next fiscal year's operating budget.

Notwithstanding anything else to the contrary here or in the Declaration, any Common Expenses associated with the maintenance, repair, renovation, restoration, or replacement of any individual Lot may be specially assessed against the Lot.

Further, any Common Expenses benefiting less than all of the Lots, or caused by the conduct of less than all those entitled to occupy the same or by their tenants, guests, licensees or invitees, may be specially assessed against the Lot involved in the discretion of the Board of Directors.

D. Reserves. The Board of Directors shall build and maintain both an adequate operating reserve and an adequate capital reserve for contingencies and replacements of the Common Area, which shall be funded by regular annual payments, as provided hereinabove. At the end of each fiscal year all funds accumulated during such year for reserves for contingencies and replacement of the Common Area shall be placed in a separate, interest-bearing bank account, or such other financial account as the Board of Directors determines, segregated from the general operating funds and used only for such purposes. If for any reason, including nonpayment of any Owner's assessment, the reserves are inadequate, the Board of Directors may, at any time, levy a further assessment, which shall be assessed against the Owners according to their respective votes in the Association and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on the Owners by a statement in writing giving the amount and reasons therefore and such assessment shall, unless otherwise specified in the notice, become effective with the next payment of the Association assessments which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Owners shall be obligated to pay the adjusted annual amount or, if the additional assessment is not payable in installments, the amount of such assessments. The Board of Directors may only so specially assess either for emergency repairs/safety measures for which the capital reserve account has insufficient funds or to provide sufficient funds pursuant to a long-term capital study commissioned by the Board and which the Association follows. The Reserves may be used for any purpose, including but not limited to legal costs and fees, in the discretion of the Board of Directors.

E. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a

waiver or release in any manner of an Owner's obligation to pay the Owner's allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the charge at the then existing rate established for the previous fiscal period until ten (10) days after a statement has been mailed or delivered showing the payment which is due under this new annual or adjusted budget.

2. Payment of Common Expenses. All Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Paragraph 1 of this Article V. No Owner may exempt himself from liability for the Owner's contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Area or by abandonment of the Owner's Lot. No Owner shall be liable for the payment of any part of the Common Expenses assessed against the Owner's Lot or other acquiring Owner by virtue of any transfer or other conveyance, but said Owner shall be jointly and severally liable with the transferring Owner for all unpaid assessments against the latter for the Owner's proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the acquiring Owner's right to recover from the transferring Owner the amounts paid by the acquirer therefor; subject, however, to the provisions of Paragraph 3 of this Article V relative to recordable statements of unpaid assessments and Article VI of the Declaration regarding the rights of first mortgagees.

3. Recordable Statement of Unpaid Assessments. Any such acquiring Owner or transferring Owner shall be entitled to a recordable statement from the Board of Directors or the Manager setting forth the amount of the unpaid assessments against the transferring Owner's Lot and such acquiring Owner shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Failure to make available such a statement within thirty (30) days from receipt of such request by the Board of Directors or Manager, shall extinguish the lien for unpaid assessments. Payment of a fee may be required as a prerequisite for issuance of such statement.

4. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Owner that remain unpaid for more than thirty (30) days from the due date for payment thereof. The provisions of RSA 356-B: 46 as amended from time to time are hereby adopted and incorporated herein.

5. Uncollectible Assessments. Any assessments that are not collectible due to waiver or limitation by the provisions of Paragraph 3 above may be collectible from all Owners, including the purchaser or first mortgagee, in proportion to their respective votes in the Association.

6. Payment of Real Estate Taxes. The real estate taxes due to the City of Dover for individual Lots shall be paid by the Owner directly to the City when due. Taxes for each Lot are not divisible between the Lot and the Common Area. This section of Article V may not be revised or deleted without the approval or waiver of the appropriate governing authority of the City of Dover.

7. Maintenance and Repair.

A. By the Board of Directors. The Board of Directors shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of an Owner, or of a person gaining access with said Owner's actual or implied consent, in which case such expense shall be charged to such Owner) of all of the Common Area, unless otherwise noted in these Bylaws or the Declaration, the cost of which shall be charged to all Owners as a Common Expense.

B. By the Owner. Each Owner shall be responsible for all damage to any and all other Lots or to the Common Area resulting from the Owner's negligence, misuse or neglect or from the Owner's failure to inspect and clean, properly maintain or make any of the repairs required to be made by him in this Section. Each Owner shall perform the Owner's responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners.

C. Maintenance, Repair and Replacement - Quality. All maintenance, repairs and replacements shall be substantially similar to the original construction and installation and shall be of first class quality as determined by the Board of Directors.

8. Additions, Alterations or Improvements by Owners. No Owner shall make any structural addition, alteration or improvement to the Owner's Lot or the Common Area without the prior written consent thereto of the Board of Directors or by a majority of the Lots. Owners may paint, decorate or otherwise change the external appearance of the Owner's Home, including the doors and windows, so long as any such changes are consistent with the character of the Association. The Board of Directors shall be obligated to answer any written request by an Owner for approval of such proposed structural addition, alteration or improvement or such external change within thirty (30) days after such request and its failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration, improvement or change. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Lot requires execution by the Association and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors only without, however, incurring any liability on the part of the Board of Directors to anyone on account of such addition, alteration or improvement. Notwithstanding any other language to the contrary herein, no Lot may be sub-divided. All costs for such additions, alterations or improvements including, but not limited to, attorney's fees, and new site and/or floor plans, shall be borne by the Owner.

9. Restrictions on Use of Lots/Homes. To assist the Association in providing for congenial occupancy and the protection of the value of the Lots, it is necessary that the Board of Directors have the right and authority to exercise reasonable controls over the use of the Lots. Violation of the following enumerated prohibitions shall not be permitted and the Board of Directors is hereby authorized to take all steps necessary to prevent or discontinue any violations thereof, all at the expense of the violator:

A. Signs and Awnings. No signs, posters or advertisements are allowed on the Lot or within or on a residence such as to be directed to be seen outside the residence other than a sign that notes the address (and the name of the residents) and such sign shall not be more

than two square feet (2.0'), and one temporary for sale sign which shall not be displayed for a total of more than sixty (60) days, without the prior written permission of the Board of Directors, which shall not be unreasonably withheld, to extend the time period. Such a For Sale sign shall not be larger than two (2) feet by three (3) feet (2.0' x 3.0) and may be placed on the Lot or on the Residence, such as in a window.

Awnings, screens, canopies, sun shades or covers, may only be utilized in the rear of the Home.

B. No clothing, laundry, rugs or other objects shall be hung from any window or exterior portion of a home or otherwise left or placed in such a way as to be exposed to public view except as authorized by the Board of Directors. Clotheslines are not allowed.

C. Any re-build of a residence or a renovation, repair or upgrade of or to such a residence must be the same as or consistent with the specifications on the original building plan and must use the same or similar quality materials, and must be of the same or similar color unless otherwise approved by the Board of Directors which approval shall not be unreasonably withheld.

D. Pets. As a general rule, pets, other than poultry and livestock as determined the Board of Directors, are allowed in the discretion of the Board. If the Board determines, in its sole discretion, any animal on the Property has become a nuisance, the Board may notify the Owner that the animal has to be removed. Any such decision of the Board of Directors may be appealed to the Association, but shall remain in effect unless and until overturned by the Owners at a meeting of the Association, which meeting has to be scheduled with all due haste by the Board. Owners shall immediately pick up and dispose of the waste of any pet that relieves itself outside the Lot.

E. No nuisance and/or unlawful, immoral or improper pursue or use shall be allowed on the Property, nor shall any use or practice be allowed which is an unreasonable source of annoyance to any person or which unreasonably interferes with the peaceful possession or proper use of the Property by any resident. The Board of Directors shall determine what constitutes a "nuisance" to include such terms as "cause for alarm," "unreasonable source of annoyance" and/or "unreasonably interferes" and any unlawful, immoral or improper purpose or use.

F. Nothing shall be done in any Lot, on any Lot, or in, on, or to the Common Area which may impair the structural integrity of the Property or which would structurally change a building or improvements thereon, except as provided in the Declaration or these Bylaws. Nothing shall be altered or constructed in or removed from the Common Area, except upon written consent of the Board of Directors.

G. Unless authorized by the Board of Directors, no Owner, tenant or guest shall direct, supervise or in any manner attempt to assert control over or in any way interfere with any employee or contractor hired by the Board of Directors.

H. No waste shall be committed or stored in the Common Area.

I. No RVs, trailers, campers, all-terrain vehicles or snowmobiles shall be operated and/or stored on the Property, for more than two weeks unless otherwise approved in writing by the Board of Directors unless fully contained within a garage. Motorcycles, motorbikes, motorized bicycles, mopeds, minibikes and other similar motorized two- or three wheeled vehicles, and other vehicles are allowed at the Association unless determined to be a nuisance in the discretion of the Board. All vehicles on the Property must be operable and currently registered and inspected unless fully contained within a garage or otherwise permitted by the Board of Directors.

Boats must be stored in the rear of the home not readily seen from the street or completely within a garage from November 1 through March 31, unless otherwise permitted by the Board of Directors.

J. Owners, or their tenants, are entitled to maintain as many registered and operable vehicles as will fit within a driveway or garage unless otherwise determined to be a nuisance by the Board of Directors. Unregistered and/or uninspected motor vehicles are not allowed on the Property without the express, written permission of the Board of Directors and are subject to being towed at the Owner's expense without further notice, unless fully contained in a garage.

Further, each occupant may be required to provide the Board of Directors with the license plate number of each vehicle the occupant shall have at the Association.

No vehicle maintenance of any kind, with the exception of changing a flat tire or other such minor or emergency repairs, the determination of which is left to the discretion of the Board of Directors, shall be conducted at the Association other than in an Owner's garage.

The Board of Directors is expressly granted the authority to take any action it may need to take, including fining or acquiring a Court Order, to enforce the provisions herein mentioned. Its remedy is expressly not limited to towing any offending vehicles, but may include towing.

Nothing is allowed to be stored in the driveways other than operable vehicles and any other items expressly allowed, in writing, by the Board of Directors.

K. Noise. No Owner, guests, tenant, and/or lessee is allowed to create noise, personally or through the use of such items as musical instruments, radios, televisions or other sources such that such noise become a nuisance to another Owner, guest, tenant and/or lessee, the determination of which is left to the sole discretion of the Board of Directors. There shall be no discharging of firearms or fireworks at the Association.

L. Trash, Refuse, Garbage and Recycling. No one shall place trash, garbage, recyclables or other refuse, to include animal waste, except in any area designated by the Board of Directors and in containers, and such items may only be placed on or near the road the night before pickup by the City of Dover and container used for such items are to be removed by the end of the following day. Owners are responsible for the cleanup of an items that escape any such receptacles. No dumping or burning of these items shall be permitted on any Lot. At times other than that noted herein, all receptacles shall be kept out of view of neighbors.

M. Outdoor Equipment. Bicycles, sporting goods, cooking equipment, baby carriages, lawn furniture and other personal articles and equipment, shall be allowed unless and until any of the items become a nuisance.

N. Pools. In ground and above ground pools are allowed.

O. Maintenance of Common Area. Only the Board of Directors, except where written permission of the Board has been obtained by an Owner, shall perform improvements, maintenance and landscaping of the Common Area.

P. Improper Use of Common Area. There shall be no use of Common Area which injures or scars the Common Area or the plantings thereon, increases the maintenance thereof, or causes unreasonable embarrassment, disturbance or annoyance to other Owners in their enjoyment of the Property.

Q. Children and Guests. Owners, tenants, guests and invitees shall be held responsible for the actions of their children and guests. If occupancy by guests creates a nuisance to other Owners, the Board of Directors shall have the right to require that the offensive guests leave.

R. Sex Offenders. Neither Tier II, nor Tier III sex offenders as defined by RSA 651-B: 1, as amended from time-to-time, may reside on either a permanent or temporary basis at the Association, which determination of whether such a sex offender is residing at the Association shall be left to the discretion of the Board of Directors. Further, reasonable notice of when and for what duration any Tier II or Tier III sex offender will be on site at the Association must be given to the Board of Directors via letter, text or email. The determination of what reasonable notice is and whether the notice is sufficient shall be left to the Board's discretion. Should someone desire to have a guest, as determined by the Board of Directors, come on the Property who is such a registered Sex offender, the Owner must first receive written permission from the Board of Directors.

T. Internet Use and Security. No Owner, occupant of a Lot, guest of an Owner, or invitee of an Owner shall access another Owner's, occupant's, guest's or invitee's Wi-Fi, internet, cable or other telecommunications signals, lines or transmissions without express written consent of that person. All such determinations of whether such actions have occurred are left to the discretion of the Board of Directors.

U. Consent Revocable. Any consent or approval of the Board of Directors or its authorized agent given under these Bylaws shall be revocable with or without cause.

V. Complaints. Complaints of violations of these Bylaws and/or the Declaration and/or the Rules must be made to the Board of Directors or its authorized agent in writing, i.e. letter/fax/email. If the Board of Directors feels the complaint is justified, it will take whatever action it deems necessary and appropriate. The Board of Directors will notify

the complainant in writing as to what action, if any, has been taken. Any action taken by the Board of Directors may be appealed to the Association at the next Association meeting.

W. In the use of the Lots and the Common Area of the Association, Owners shall obey and abide by all valid laws, ordinances and zoning and other governmental regulations affecting the same and all applicable Rules adopted by the Board of Directors. The Common Area shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Lots.

All determinations as to whether there has been a violation of the terms of the Declaration of Covenants, the Bylaws and/or the Rules and/or whether any such violation shall be enforced are left to the sole discretion of the Board of Directors. Any such determination or violation may be appealed in writing by the offending Owner to the Association at the next Association meeting, Annual or Special, which shall be scheduled with all due haste.

10. Rules. Rules concerning the operation and use of the Lots and the Common Area may be promulgated and amended by the Board of Directors, provided that such Rules are not contrary to or inconsistent with the Declaration or these Bylaws. The Board of Directors shall furnish copies of the Rules to each Owner prior to the time when the same shall become effective.

ARTICLE VI

INSURANCE

1. Insurance Required. The Board of Directors shall obtain (i) a master casualty policy affording all risk coverage in an amount equal to the full replacement value of structures on the Common Area; (ii) a master liability policy covering the Association, the Board of Directors, the Officers, the Manager and agents or employees of the foregoing with respect to the Property and all Owners and other persons entitled to occupy any portion of the Property (this shall be deemed to require that the Board obtain what is commonly known as “officers’ and directors’ liability” insurance coverage); and (iii) such other policies as specified hereinbelow, which insurance shall be governed by the following provisions:

A. Property and fire insurance with standard extended coverage endorsement, vandalism and malicious mischief coverage, and any required or acquired flood and quake endorsements insuring all the structures on the Common Area, such insurance to be in an amount at least equal to the replacement value of the structures and to be payable to the Board of Directors as trustee for the Owners and their mortgagees as their respective interests may appear.

B. Public liability insurance in such amounts as the Board of Directors may from time to time determine, but in no event shall the limits of liability be less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage per occurrence, insuring the Association and all individuals referred to in Paragraph 1 above against any liability to anyone and with cross liability coverage with respect to liability claims of anyone insured

thereunder against others insured thereunder. This insurance, however, shall not insure against individual liability for negligence occurring within a Lot.

C. A master or blanket policy of property insurance covering all the general Common Area, including fixtures and building service equipment, to the extent that they are part of the Common Area of the Property, as well as common personal property and supplies, and other common personal property belonging to the Association. The policy shall be in an amount equal to One Hundred Percent (100%) current replacement cost including building code upgrades. The name of the insured under such policies shall be "Picnic Rock Farm Homeowners Association." The loss shall be payable to such Association as trustee for each Owner and each such Owner's mortgagee, if any. Each Owner and such Owner's mortgagee, if any and if applicable, shall be beneficiaries of the policy in the percentage of common ownership set forth in the Declaration.

D. Workers compensation insurance as required by law.

E. Such other insurance as the Board of Directors may determine.

2. General Insurance Provisions.

A. The Board of Directors shall deal with the insurer or insurance agent in connection with the adjusting of all claims covered by insurance policies provided for under Paragraph 1 above and shall review with the insurer or insurance agent, at least annually, the coverage under said policies, said review to include an appraisal of improvements within the Property and shall make any necessary changes in the policies provided for under Paragraph 1 above (prior to the expiration date set forth in any agreed amount endorsement contained in said policies) in order to meet the coverage requirements of said Paragraph 1.

B. The Board of Directors shall be required to make every effort to see that all policies of physical damage insurance provided for under Paragraph 1 above: (i) shall contain waivers of subrogation by agents, members of the Board of Directors, the Officers, the Manager, Owners and members of the family of any Owner who reside with said Owner, except in cases of arson and fraud; (ii) shall contain a waiver of defense of invalidity or prejudice on account of the conduct of any of the Owners over which the Association has no control; (iii) shall contain a waiver of defense of invalidity or prejudice by failure of the insured, or Owners collectively, to comply with any warranty or condition with regard to any portion of the Property over which the insured, or Owners collectively, have no control; (iv) shall not be cancelled without notice to all of the insureds thereunder and all mortgagees of Lots/Homes on the Property; (v) shall provide that in no event shall the insurance under said policies be brought into contribution with insurance purchased individually by Owners or their mortgagees; and (vi) shall exclude policies obtained by individual Owners for consideration under any "no other insurance" clause.

3. Individual Policies.

A. Every Owner and any mortgagee shall obtain at the Owner's expense additional insurance as further noted herein. Such insurance should contain the same waiver of

subrogation provisions as that set forth in Paragraph 2(B) of this Article VII. No such policy shall be written so as to decrease the coverage under any of the policies obtained by the Board of Directors pursuant to Paragraph 1 above and each Owner hereby assigns to the Board, as trustee for the Owners and their mortgagees, the proceeds of any such policy to the extent that any such policy does in fact result in a decrease in such coverage, said proceeds to be applied pursuant to the terms hereof as if produced by such coverage. Copies of all such policies (except policies covering only personal property, owned or supplied by individual Owners) shall be filed with the Association.

B. Each Owner shall obtain and maintain at all times FULL REPLACEMENT COST insurance, including for building and safety code upgrades, fire, quake (in the discretion of the Owner or as may become required by law), flood (in the discretion of the Owner or as may become required by law) lightning, wind, hail, rain, snow, explosion, falling objects, and other such other causes which are normally included under policies of business insurance for their Building, and any other insurance for liability including any deductible contained in the master insurance policy as well as any personal property the Owner deems appropriate. As such, each Owner must obtain insurance for the Owner's benefit and at the Owner's expense, insuring the Owner's individual Building to its full insurable value and should obtain insurance for the Owner's benefit and at the Owner's expense, insuring all personal property presently or hereafter located in the Owner's Building.

It is advised that all Owners who rent their Building or any portion thereof acquire a loss of rent policy for a period of two (2) years.

C. Each Owner shall forward, upon request, a copy of their insurance certificate for the Owner's Lot and Building to the Board of Directors within thirty (30) days of purchasing their Lot and thereafter upon construction of their Building such that the City of Dover may or has provided a certificate of occupancy, to the Board of Directors.

It shall be the Owner's responsibility to provide proof of an updated insurance policy each year to the Board of Directors within thirty (30) days of the date of expiration on the then-current policy.

Failure to provide the requested information may result in the levying of a fine of up to \$1,000.00 by the Board of Directors and may result in the Board purchasing a policy for the Building and assessing to the Owner the cost for same.

All costs to enforce this rule, including but not limited to, attorney's fees, court costs, insurance costs, shall be assessed to and borne by the Owner.

4. Notice to Owners. When any policy of insurance has been obtained on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein, or in such initial policies or termination thereof shall be promptly furnished to each Owner by the Secretary of the Association. Such notice shall be sent to all Owners of record at the address of their respective Lots and to such other addresses as any of them may have designated to the Secretary; or such notice may be hand-delivered by the Secretary or Manager.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

1. Determination to Reconstruct or Repair. If any part of the Common Area or any part of a Lot or Home shall be damaged, the damaged property shall be reconstructed or repaired.

2. Procedure for Reconstruction and Repair.

A. If the Board of Directors determines pursuant to the provisions of Article VII, Paragraph 1 hereof that the Common Area shall be reconstructed or repaired, the Board of Directors 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. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary. The Board of Directors shall contract for such repair and restoration and in doing so shall exercise its sole discretion in selecting from among said estimates.

If the damage is to a Lot, any structure on a Lot, or a Home, the Owner shall work with the Board of Directors to agree on a time period by the end of which the damage shall be repaired.

B. If the proceeds of insurance, paid to the Board of Directors as trustee for the Owners and their mortgagees pursuant to Paragraph 1 of Article VI hereof, are not sufficient to defray completion of reconstruction and repair, to include the Association's insurance deductible, or upon completion of construction and repair the funds for the payment of the costs thereof are insufficient, and in the Board's determination, based upon information provided by the carrier, the cause of the damage is not attributable to the actions of one or more Owners, then assessments in sufficient additional amounts to provide payment of such costs shall be made against all Lots equally. If, in the Board's discretion, the cause of the action that led to the insurance claim is traceable to the actions or neglect of an Owner, and the proceeds of insurance are not sufficient to defray completion of reconstruction and repair, or upon completion of construction and repair the funds for the payment of the costs thereof are insufficient, the Board may assess any deficiency to the offending Owner in proportion to the cost of reconstruction and repair of both their Lot as well any affected Common Area. If all or any portion of such assessments are not available to the Board prior to the time that the amounts thereof are needed to provide payment of such costs, the Board may borrow such amounts, on behalf of the Association, and may secure such borrowing by assignment of the liens relative thereto arising pursuant to Article XI of these Bylaws.

C. Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the damaged property was originally constructed or most recently renovated.

D. Encroachments upon or in favor of Lots which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction is substantially in accordance with the original plans and specifications under which the damaged building was originally constructed. Such encroachments shall

be allowed to continue in existence for so long as the building (as reconstructed) shall stand.

3. Assessments (Deductibles): An Owner who has have been assessed all or a portion of the Association's deductible shall be obligated to pay, subject to the collection policies established by the Board of Directors, said deductible within thirty (30) days of the billing invoice or notice, or upon the Board's discretion, any such deductible contribution from the Owner may be deducted from any insurance proceeds payments made by the insurer and/or the Board and/or an Owner.

4. Disbursements of Construction Funds.

A. The net proceeds of insurance collected on account of a casualty and any additional amounts collected by the Board of Directors from assessments against Owners on account of such casualty shall constitute a construction fund from which the Board of Directors shall disburse payment of the cost of reconstruction and repair.

B. The construction fund shall be paid by the Board of Directors in appropriate progress payments to such contractors, suppliers and personnel engaged in performing the work or supplying materials or services for the repair and reconstruction as are designated by the Board of Directors.

C. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds. If there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the Owners in accordance with their respective Interests.

D. When the damage is to both Common Area and one or more Lots, the insurance proceeds shall, to the extent practical, be applied first to the cost of repairing the Common Area, and the balance to the cost of repairing the Lots.

ARTICLE VIII

SALES AND ALIENATION OF LOTS

1. General. No Owner shall be permitted to convey, mortgage, sell, lease, give or devise the Owner's Lot unless and until the Owner's (or the Owner's personal representative) shall have paid in full to the Board of Directors all unpaid Common Expenses theretofore assessed by the Board of Directors with respect to the Owner's Lot and shall have satisfied all unpaid liens with respect to the Owner's Lot, except mortgages. Where this provision is satisfied at the time of execution of a mortgage, there shall be no requirement that it again be satisfied at the time of a subsequent foreclosure of such mortgage or deed in lieu of such foreclosure.

In the event that the Lot is subject to outstanding assessments previously levied against such Lot and the acquiring Owner or the transferring Owner requests a recordable statement pursuant to Paragraph 3 of Article V, the statement shall expressly state any waiver of or failure

or refusal to exercise the right of the Association to prevent the disposition of such Lot, in any case where such waiver, failure or refusal may exist. Failure or refusal to furnish such a statement as provided in said Paragraph 3 shall not only constitute a waiver of such assessment, but will also make the above-mentioned prohibition inapplicable to any such disposition of the Lot.

Further, in the event of any resale of a Lot or of any interest therein by any Owner, the prospective Owner shall have the right to obtain from the Association, prior to the contract date of the disposition the following information as required by RSA 356-A: 9-e, as amended from time to time.

- (a) A statement of any capital expenditures and major maintenance expenditures anticipated by the property owners' association within the current or succeeding 2 fiscal years;
- (b) A statement of the status and amount of any reserve for the major maintenance or replacement fund and any portion of such fund earmarked for any specified project by the board of directors;
- (c) A copy of the income statement and balance sheet of the property owners' association for the last fiscal year for which such statement is available;
- (d) A statement of the status of any pending suits or judgments in which the property owners' association is a party defendant;
- (e) A statement setting forth what insurance coverage is provided for all property owners by the property owners' association and what additional insurance coverage would normally be secured by each individual property owner; and
- (f) A statement that any improvements or alterations made to the lot, parcel, unit or interest by the prior property owner are not known to be in violation of any restrictions and covenants imposed upon the subdivided lands.

II. The principal officer of the property owners' association, or such other officer or officers as the instruments creating such association may specify, shall furnish the statements prescribed by paragraph I upon the written request of any prospective purchaser within 10 days of the receipt of such request.

2. Lot Ownership Transfer Fee. Upon the transfer or sale of any Lot, the buyer of said Lot shall be assessed a sum equal to three (3) months of assessed fees as a contribution to the Association's capital reserve fund. This assessment is to be collected at closing by the selling or conveying party or the Owner's agent and is to be delivered to the Association through its Board of Directors or Management Company within five (5) days of recording of the Deed. The Association shall not be required to return, rebate or credit this transfer fee to any seller, buyer or owner of a Lot.

Further, any mortgagee who obtains title to a home, for any duration, as a result of a foreclosure, deed in lieu of foreclosure, or any other method, shall pay to the Association a transfer fee equal to twelve months of assessed fees upon sale or transfer. Failure to pay this fee shall subject the mortgagee to all costs connected in any way to the collection of this fee.

ARTICLE IX

AMENDMENT TO BYLAWS

These Bylaws may be modified or amended by the procedure set forth in Article VII of the Declaration. No such Amendment shall be effective unless and until is filed with the Strafford County Registry of Deeds.

ARTICLE X

NOTICE

1. Manner of Notice. Except as otherwise provided in the Declaration of Covenants and these Bylaws, all notices, demands, bills, statements or other communications provided for or required under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States first class mail, postage pre-paid or by email (i) if to an Owner, at the address of the Owner's Lot and at such other address as the Owner may have designated by notice in writing to the Secretary, including an email address, or (ii) if to the Association, the Board of Directors or the Manager, at the Association or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.
2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Act, the Declaration or of these Bylaws, a waiver thereof, in writing, to include electronic writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE XI

COMPLIANCE AND DEFAULT

1. Relief. Each Owner shall be governed by and shall comply with all of the terms of the Declaration, these Bylaws and the Rules and any amendments of the same. A default by an Owner of any of the provisions of said Declaration, Bylaws and/or Rules shall entitle the Association, acting through the Board of Directors or the Manager, to the following relief:
 - A. Fines. The Board of Directors shall have the right to levy against an Owner such just and appropriate fines as it deems advisable for noncompliance with any of the provisions of the Declaration, these Bylaws or the Rules of the Association. All such fines shall be added to and shall constitute a Common Expense assessed to that Lot and payable by such Owner. Until such time as these Bylaws are amended, the fine for each violation of any portion of the Declaration, Bylaws or Rules shall be up to \$1,000.00 for each such violation, which amount is left to the sole discretion of the Board of Directors. Any such fine levied by the Board of Directors may be appealed for review by the Association as the next scheduled Association meeting, but the fine must be paid in full to reserve any such Appeal. Further, any costs incurred to enforce the provisions of the Declaration, Bylaws and/or Rules may be assessed to the Owner.

B. Legal Proceedings. Failure to comply with any of the terms of the Declaration of Covenants, 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, foreclosure of the lien for payment of all assessments, any 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 Association, the Board of Directors, the Manager or, if appropriate, by any aggrieved Owner.

C. Additional Liability. Each Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by the act, neglect or carelessness of the act, neglect or carelessness of the Owner, any member of the Owner's family or the Owner's tenants, guests, invitees, occupants or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any home or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

D. No Waiver of Rights. The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws or the Rules shall not constitute a waiver of the right of the Association, the Board of Directors or any Owner to such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, or the Rules 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 the Declaration, these Bylaws or the Rules, or at law or in equity.

E. Interest. In the event of a default by an Owner against him for the imposition of any fine, fee, late payment or expense which continues for a period in excess of fifteen (15) days, such Owner shall be obligated to pay interest on the amount due at the rate of eighteen percent (18%) per annum, from the due date thereof. In addition, the Board of Directors shall have the authority to impose a late payment charge on such defaulting owners in an amount to be set by the Board of Directors on any amount so overdue, if any such properly assessed fees, fines and/or assessments are not received within fifteen (15) days of the date due. The Owner is also subject to the said interest on any unpaid late payment charge if the late payment charge is not paid within fifteen (15) days after imposition of the late payment charge.

F. Late Fees. Any fee that is not paid within thirty (30) days of the date due shall be subject to a late fee of \$50.00 for each thirty day period it is overdue. This fee is subject to interest and is to be considered a delinquency subject to collection as if it were a delinquent assessment.

I. Costs and Fees. In any action, pursuant to RSA 356-B: 15, as amended from time to time, the prevailing party shall be entitled to reimbursement of the reasonable costs and reasonable attorney's fees incurred in the action in the discretion of the Court. Notwithstanding this provision, all attorney's fees incurred in a collection case shall be paid by the delinquent Owner.

J. Except as otherwise noted herein, all payments made to the Association on any Owner account shall be applied in the following order of priority:

- a. Interest
- b. Late fees
- c. Fines
- d. Costs and fees
- e. Special assessments (when such a payment is made, it shall be credited, if due in installments, from most delinquent installment to least delinquent installment)
- f. Regular assessments (payments shall be credited from the most delinquent assessment to the least delinquent assessment)

All of the items listed herein are to be considered a Common Expense assessed to the Lot.

2. Lien for Assessments.

A. The total annual assessment of each Owner for the Common Expenses including any special assessment levied pursuant to these Bylaws is hereby declared to be a lien levied against the Lot of such Owner as provided RSA 356-B: 46 as amended from time to time, including, without limitation, the priority provisions set forth in Section 46 thereof) which lien shall be effective when perfected in accordance with said Act.

B. In any case where an assessment against an Owner is payable in installments, upon a default by such Owner in the payment of any single installment, which continues for seven (7) days after written notice of such default has been sent to the Owner, the Board of Directors may then choose to call forward, on a continuing basis, six (6) months of assessed fees owed, including any special assessments due during this period of time for up to one year after any delinquency. Should this six-month period extend into the next fiscal year, and the budget for such fiscal year not be yet adopted by the Board of Directors, the installment fees due shall be in the same amount as fees in the current fiscal year.

C. Any lien for assessments and/or other Common Expenses shall include, but not be limited to, interest, late charges, costs and attorney's fees as provided in Paragraph A of this Article XI and may be foreclosed in the manner provided by the laws of the State of New Hampshire for the foreclosure of power of sale mortgages or by suit brought in the name of the Board of Directors acting on behalf of the Association. Should the Association foreclose in this manner the Owner shall be required to pay a reasonable rental for the Lot as assessed by the Board, unless and until the Lot is further sold either by foreclosure of an entity having higher priority than the Association or by judicial decree.

D. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the same and foreclosure shall be available without bringing suit to recover a money judgment.

ARTICLE XII

COMPLIANCE, CONFLICT AND MISCELLANEOUS PROVISIONS

1. Compliance. These Bylaws are set forth in compliance with the requirements of the laws of the State of New Hampshire.
2. Severability. 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 to this end, the provisions hereof are declared to be severable.
3. Waiver. No provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same (except where a right is dependent upon notice to be given within a specified period), irrespective of the number of breaches which may occur.
4. 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.
5. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.