

BYLAWS OF  
TIPPING ROCK HOMEOWNERS' ASSOCIATION, INC.

Table of Contents

Title

ARTICLE I                   INTRODUCTION PROVISIONS

- Section 1.1   Applicability
- Section 1.2   Compliance
- Section 1.3   Office
- Section 1.4   Incorporation of Statutory Law

ARTICLE II                 THE ASSOCIATION

- Section 2.1   Composition
- Section 2.2   Annual Meetings
- Section 2.3   Place of Meetings
- Section 2.4   Special Meetings
- Section 2.5   Notice of Meetings
- Section 2.6   Adjournments of Meetings
- Section 2.7   Voting
- Section 2.8   Proxies
- Section 2.9   Quorum
- Section 2.10  Conduct of Meetings

ARTICLE III              BOARD OF DIRECTORS

- Section 3.1   Number and Qualification
- Section 3.2   Delegation of Powers; Managing Agent
- Section 3.3   Election and Term of Office
- Section 3.4   Removal or Resignation of Members of the Board
- Section 3.5   Vacancies
- Section 3.6   Organization Meeting
- Section 3.7   Regular Meetings
- Section 3.8   Special Meetings
- Section 3.9   Waiver of Notice
- Section 3.10  Quorum of the Board
- Section 3.11  Compensation
- Section 3.12  Conduct of Meetings

- Section 3.13 Action without Meeting
- Section 3.14 Validity of Contracts with Interested Board Members
- Section 3.15 Inclusion of Interested Board Members in the Quorum

ARTICLE IV            OFFICERS

- Section 4.1 Designation
- Section 4.2 Election of Officers
- Section 4.3 Removal of Officers
- Section 4.4 President
- Section 4.5 Vice President
- Section 4.6 Secretary
- Section 4.7 Treasurer
- Section 4.8 Compensation of Officers

ARTICLE V            COMMON EXPENSES; BUDGET

- Section 5.1 Fiscal Year
- Section 5.2 Preparation and Approval of Budget
- Section 5.3 Assessment and Payment of Common Expenses
- Section 5.4 Further Assessments
- Section 5.5 Initial Budget
- Section 5.6 Effect of Failure to Prepare of Adopt Budget
- Section 5.7 Accounts; Audits
- Section 5.8 Rejection of Budget, Limitations on Expenditures and Borrowing
- Section 5.9 Payment of Common Expenses
- Section 5.10 Collection of Assessments
- Section 5.11 Statement of Common Expenses

ARTICLE VI           COMPLIANCE AND DEFAULT

- Section 6.1 Relief

ARTICLE VII          AMENDMENTS

- Section 7.1 Amendments to Bylaws
- Section 7.2 Approval of Mortgagees

ARTICLE VIII        MISCELLANEOUS

- Section 8.1 Notices
- Section 8.2 Captions
- Section 8.3 Gender
- Section 8.4 Severability
- Section 8.5 Indemnification

## BYLAWS

### TIPPING ROCK HOMEOWNERS' ASSOCIATION

#### ARTICLE I

##### Introductory Provisions

1.1 Applicability. These Bylaws are for the governance of the Tipping Rock Homeowners' Association (the "Association").

1.2 Compliance. Every owner of a lot within the Tipping Rock subdivision ("Development") and all persons entitle to occupy a residence on any such lot shall comply with these Bylaws. All lot owners, including the developer of the Development, Premier Homes, Ltd., are hereinafter referred to as Homeowners regardless of whether or not a residence has been constructed on the lot and the owners of a lot(s) on which no residence has been constructed shall have the same rights, privileges and obligations as owners of lots on which residences have been constructed.

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

1.4 Incorporation of Statutory Law. Except as expressly provided herein, the Association shall be governed by the provisions of any applicable statute of the State of Rhode Island.

#### ARTICLE II

##### The Association

2.1 Composition. The Association is organized as a nonprofit corporation. The Association shall consist of all of the owners acting as a group in accordance with these Bylaws. The Association shall have the responsibility of administering Declaration of Covenants and Restrictions imposed upon Tipping Rock Subdivision recorded in the Land Evidence Records of the Town of East Greenwich. The Association shall also be responsible for the performance of other duties set forth herein and for establishing the means and methods of collecting assessments and charges to fund the Association's responsibilities, and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to these Bylaws or the provisions of any applicable statute. The foregoing responsibilities shall be performed by the Board of Directors or Managing Agent as more particularly set forth in these Bylaws.

2.2 Annual Meetings. The annual meetings of the Association shall be held on the first day of May of each year unless such date shall occur on a holiday, in which event the meeting shall be held on the succeeding Monday. At such annual meetings the Board of Directors shall be elected by ballot of the Homeowners in accordance with

the requirements of Section 3.3 of these Bylaws and such other business as may properly come before the meeting may be transacted.

2.3 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Homeowners as may be designated by the Board of Directors.

2.4 Special Meetings. The President shall 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 Homeowners entitled to cast at least twenty (20%) percent of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within 45 days after receipt by the President of said resolution or petition; provided, however, if the purpose includes the Consideration of the rejection of a budget or capital expenditure pursuant to Section 5.8 below, such meeting shall be held within 15 days after receipt by the President of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.5 Notice of Meetings. The Secretary shall give to each Homeowner a notice of each annual or regularly scheduled meeting of the Association at least ten (1) days but not more than twenty (20) days, and of each special meeting of the Homeowners at least five (5) but not more than ten (1) days, prior to such meeting, setting the time, place and purpose thereof. The giving of a notice of meeting in the manner provided in this Section and Section 8.1 of these Bylaws shall be considered service of notice.

2.6 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Homeowners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight (48) hours after the time for which the original meeting was called.

2.9 Voting. All voting by Homeowners shall be on the basis of one vote per lot owned. If any Homeowner owns more than one lot, such Homeowner shall be entitled to one vote for each lot owned. Where the ownership of a lot is in more than one (1) person or entity, the person or entity who shall be entitled to cast the vote of such lot shall be the person or entity named in a certificate executed by all of the owners of such lot and filed with the Secretary or, in the absence of such named person or entity from the meeting, the person or entity who shall be entitled to cast the vote of such lot shall be the person or entity owning such lot who is present. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. If more than one (1) person owning such lot is present, then such vote shall be cast only in accordance with their unanimous agreement. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the vote allocated to that lot without protest being made promptly to the persons presiding over the meeting by any of the other owners of the lot. Wherever the approval or disapproval of a Homeowner is required by these Bylaws, such approval or disapproval shall be made only by the person or entity who would be entitled to cast the vote of such lot at any meeting of the Association. Except where a greater number is required by these Bylaws, the acts approved by more than

fifty (50%) percent in voting interest of the Homeowners attending a meeting at which a quorum is present shall be the acts of the Association. In all elections for members of the Board of Directors, each Homeowner shall be entitled to cast for each vacancy to be filled at such election one vote for each lot owned by such Homeowner. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected and, if members of the Board of Directors are being elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms. There shall be no cumulative or class voting. Notwithstanding the foregoing, and notwithstanding any other provisions of these Bylaws, Premier Homes, Ltd. May appoint and r3new the Officers and Directors of the Board at its discretion; provided, such absolute right shall terminate after the conveyance by Premier Homes, Ltd., or its assign or affiliated company, of 80% of the lots in the Subdivision owned by it.

2.8 Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Homeowner in favor of only another Homeowner (including corporate or other non-individual Homeowners) or a holder of a mortgage on a home. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meting of written notice of revocation from the grantor(s) of the proxy. No proxy shall be valid for a period in excess of eleven months after the execution thereof. A proxy is void if it is not dated or purported to be revocable without notice.

2.9 Quorum. Except as set forth below, the presence in person or by proxy of 20% or more in voting interest, of the Homeowners at the commencement of a meeting shall constitute a quorum at all meetings of the Homeowners Association. If a meeting is adjourned pursuant to Section 2.6 above, the quorum as such second meeting shall be deemed present through any meeting of the Association if persons entitled to cast 20% of the votes which may be cast for the election of the Board of Directors are present in person or by proxy at the beginning of the meeting.

2.10 Conduct of Meetings. The President (or in his/her absence, the Vice President) shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring there at. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rule of Order shall govern the conduct all meetings of the Association when not in conflict with these Bylaws. All votes shall be tallied by tellers appointed by the President.

### ARTICLE III

#### Board of Directors

3.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors ("Board"). The Board shall be composed of five (5) natural

persons, all of whom shall be individual Homeowners or representatives of entities owning lots within the Development.

3.2 Delegation of Powers: Managing Agent. The Board may employ for the Association a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including but not limited to, all of the duties listed in these Bylaws; provided, however, where a Managing Agent does not have the power to act under these Bylaws, such duties shall be performed as advisory to the Board. The Board may delegate to the Managing Agent all of the Powers granted to the Board by these Bylaws other than the following powers:

- a. to adopt the annual budget and any amendment thereto or to assess any common expenses;
- b. to adopt, repeal or amend Rules and Regulations;
- c. to designate signatories on Association bank accounts;
- d. to borrow money on behalf of the Association;
- e. to acquire and mortgage homes.

Any contract with the Managing Agent must provide that it may be terminated with cause on not more than thirty (3) days written notice and without cause on no more than ninety (90) days written notice. The term of any such contract may not exceed one (1) year.

3.3 Election and Term of Office.

a. At the annual meetings of the Association, the election of members of the Board shall be held. The term of office of any Board member to be elected (except as set forth in Section 3.5 hereof) shall be fixed at three (3) years. The members of the Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication or incompetence, removal, or resignation. A Board member may serve an unlimited number of terms and may succeed himself or herself.

b. Persons qualified to be members of the Board may be nominated for election only as follows:

- (1) Any Homeowner may submit to the Secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by Homeowners owning at least two (2) lots in the aggregate, together with a statement that the person nominated is willing to service on the Board and a biographical sketch of the nominee. The secretary shall mail or hand deliver the submitted items to every Homeowner along with the notice of such meeting; and

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Board for which no more than one (1) person has been nominated by petition.

3.4 Removal or Resignation of Members of the Board. At any regular or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by Homeowners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Homeowner proposing the removal of a Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Homeowner shall be given at least ten (1) days notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board may resign at any time and shall be deemed to have resigned upon transfer of title to his/her home.

3.5 Vacancies. Vacancies in the Board caused by any reason other than the removal of a member by a vote of the Homeowners shall be filled by a vote of a majority of the remaining members at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

3.6 Organization Meeting. The first meeting of the Board following each annual meeting of the Association shall be held within ten (1) days thereafter at such time and place as shall be fixed by the President (even if he is the outgoing President) at the meeting at which such Board shall have been elected, and no notice shall be necessary to the newly elected members of the Board in order legally to constitute such meeting, if a majority of the Board members shall be present at such meeting.

3.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least once every four (4) months during each fiscal year. Notice of regular meetings of the Board shall be given to each member, by mail or telegraph, at least three (3) business days prior to the day named for such meeting.

3.8 Special Meetings. Special meetings of the Board may be called by the President on at least three(3) days notice to each member, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) members of the Board.

3.9 Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of

such notice. Attendance by a member at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.10 Quorum of the Board. At all meetings of the Board a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment by means of which all person participating in the meeting can hear each other.

3.11 Compensation. No member of the Board shall receive any compensation from the Association for acting as such, but may be reimbursed for any expenses incurred in the performance of his duties.

3.12 Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book of the Board meetings, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Board if and to the extent not in conflict with these Bylaws.

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

3.14 Validity of contracts with Interested Board Members. No contract or other transaction between the Association and one or more of its Board members or between the Association and any corporation, firm, or association in which one or more of the Board members are directors or officers or are financially interested, shall be void or voidable because such Board member or members are present at any meeting of the Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- a. The fact that a Board member is also such a director or officer or has such financial interest is disclosed or known to the Board and is noted in the minutes thereof, and the Board authorized, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such board member or members; or



b. The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

3.15 Inclusion of Interested Board Members in the Quorum. Any Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorized, approves or ratifies a contract or transaction or the type described in Section 3.14 hereof.

## ARTICLE IV

### Officers

4.1 Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and Vice President shall be members of the Board,. Any other officers may, but need not, be Homeowners or members of the Board. Any officers other than the President may hold more than one (1) office.

4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

4.3 Removal of Officers. Upon the affirmative vote of a majority of all members of the Board, any officer may be removed, either with or without cause, and a successor may be elected at any meeting of the Board called for such purpose.

4.4 President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the Association and of the Board and shall have all of the general powers and duties which are incident to the office or president of a corporation organized under the laws of Rhode Island including without limitation the power to appoint committees from among the Homeowners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall cease holding such office at such time as he ceases to be a member of the Board.

4.5 Vice President. The Vice President shall take the place of the President and shall perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated or assigned him by the Board or by the President. The Vice

President shall cease holding such office at such time as he ceases to be a member of the Board.

4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board, shall have charge of such books and papers as the Board may direct, shall maintain a register setting forth the place to which all notices to Homeowners and holders of the mortgagees on any homes hereunder shall be delivered and, in general, shall perform all of the duties incident to the office of secretary of a corporation organized under the laws of Rhode Island.

4.7 Treasurer. The Treasurer shall have the responsibility for the safekeeping of Association's funds and securities, shall be responsible for keeping full and accurate financial records and books of account showing all receipts and shall be responsible for the deposit of all moneys in the name of the Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board, and, in general, shall perform all of the duties incident to the office of treasurer of a corporation organized under the laws of Rhode Island.

4.8 Compensation of Officers. No officer who is also a member of the Board shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing his duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Board determines such compensation to be appropriate.

## ARTICLE V

### Common Expenses; Budgets

5.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

#### 5.2 Preparation and Approval of Budget.

5.2.1 On or before the first day of November of each year (or 60 days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Detention Basins in accordance with the Declaration of Covenants and Restrictions and the costs or providing any other services to be rendered to the Homeowners by the Association ("Common Expenses"). Such budget shall also include such reasonable amounts as the Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements relation to the Detention Basins and Buffer Areas.

5.2.2 On or before the next succeeding fifth day of November (or 55 days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Board shall make the budget available for inspection at the Association office and shall send to each Homeowner a copy of the budget in a reasonable itemized form

that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Homeowner's assessments for General Common Expenses and Reserves of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

5.2.3 The Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

### 5.3 Assessment and Payment of Common Expenses.

5.3.1 General Common Expenses. The Board shall calculate the monthly assessments for General Common Expenses against each lot by multiplying (a) the total amount of the estimated funds set forth in the budget adopted by the Board for the fiscal year in question, after deducting any reserves and income expected to be received from sources other than Common Expense assessments by (b) a fraction, the numerator of which is one (1) and the denominator of which is the number of lots in the Subdivision, and dividing the resultant product by (c) the number of calendar months in such fiscal year. Such assessments shall be deemed to have been adopted and assessed on a monthly basis and not on an annual basis payable in monthly installments, shall be due and payable on the first day of each calendar month and shall be a lien against each Homeowner's lot which lien may be enforced pursuant to the Declarations of Covenants and Restrictions Imposed upon Tipping Rock Subdivision which Declaration is recorded in the Land Evidence Records of the Town of East Greenwich, RI. Within ninety (90) days after the end of each fiscal year, the Board shall prepare and deliver to each Homeowner and to each record holder of a mortgage on a lot who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of such reserves as the Board may determine shall be assessed promptly against the Homeowners in accordance with their percentage interest and shall be payable in one or more monthly assessments, as the Board may determine. The Association shall have a lien on such lot as shall have an assessment due relating to it, such lien being valid and secured from the date hereof, provided it shall not be deemed prior to a first mortgage recorded before the assessment sought to be enforced became delinquent. The Association's lien shall also secure the cost of collection, including attorney's fees, of such assessment. Further, such lien may be enforced pursuant to R.I.G.L. 34-27-1, et seq., and this lien shall be deemed to be enforceable as a mortgage made upon statutory condition and with statutory power of sale.

5.3.2 Reserves. The Board shall in its discretion, build up and maintain reasonable reserves for working capital, operations, contingencies and replacement. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including nonpayment of any Homeowner's assessments, the Board may at any time levy further assessments for

General Common Expenses which shall be assessed against the Homeowners according to their respective Percentage Interest with regard to General Common Expenses, and shall be payable in one or more monthly assessments as the Board may determine.

5.4 Further Assessments. The Board shall serve notice on all Homeowners of any further assessments pursuant to Sections 5.3.1 or 5.3.2 or otherwise as permitted or required by these Bylaws by a statement in writing giving the amount and reasons therefore, and such further assessments, shall, unless otherwise specified in the notice, become effective with the next monthly assessment which is due more than ten (10) days after the delivery of such notice of further assessments. All Homeowners so assessed shall be obligated to pay the amount of such monthly assessments. Such assessments shall be a lien as of the effective date as set forth in the preceding Sections 5.3.1 and 5.3.2.

5.5 Initial Budget. At or prior to the time assessment of Common Expenses commences, the Board shall adopt the budget, as described in this Article, for the period commencing on the date the Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien against the Homeowners during such period as is provided in Section 5.3 above.

5.6 Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board to prepare or adopt a Budget for any fiscal year shall not constitute a waiver or release in any manner of a Homeowner's obligation to pay his allocable share of the Common Expense as herein provided whenever the same shall be determined and, in the absence of any annual Budget or adjusted budget, each Homeowner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.7 Accounts; Audits. All sums collected by the Board with respect to assessment against the Homeowners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Board.

5.8 Rejection of Budget, Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association, by a two thirds vote of all votes in the Association, may reject any budget or capital expenditure approved by the Board, within 30 days after approval by the Board. The power of the Board to expend funds, incur expenses or borrow money on behalf of the Association is subject to the requirement that the consent of Homeowners entitled to cast at least two-thirds of the votes in the Association obtained at a meeting duly called and held for such purposes in accordance with the provisions of these Bylaws, shall be required to (i) expend funds or incur expenses that it is reasonably anticipated will cause the aggregate amount of all expense in the budget (including reserves) to be exceeded by more than 5% of such aggregate amount after taking into account any projected

increases in income, and (ii) to borrow money so that loans of the Association then outstanding would exceed 5% of such aggregate amount.

5.9 Payment of Common Expenses. Each Homeowner shall pay the Common Expenses assessed by the Board pursuant to the provisions of this Article V. No Homeowner will be exempt from liability for contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of Homeowner's lot. No Homeowner shall be liable for the payment of any part of the Common Expenses assessed against a Homeowner's lot subsequent to the date of recordation of conveyance by Homeowner in fee of such lot. The purchaser of a home/lot shall be jointly and severally liable with the selling Homeowner for all unpaid assessments against the latter for Homeowner's proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Homeowner amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Homeowner within ten(1) days following a written request therefore to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the lot conveyed by subject to a lien for any unpaid assessments in excess of the amount thereof set forth; and, provided further that each record holder of a mortgage on a lot who comes into possession of a lot by virtue of a foreclosure or by deed or assignment in lieu fo foreclosure, or any purchaser at a foreclosure sale, shall take the lot free of any claims for unpaid assessments or charges against such lot which accrue prior to the time such holder comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all lots including the mortgaged lots.

5.10 Collection of Assessments. The Board or the Managing Agent, at the request of the Board, shall take prompt action to collect any assessments for Common Expenses due from any Homeowner which remain unpaid for more that 30 days from the due date for payment thereof. Any assessment not paid within five (5) days after its due date shall accrue a late charge in the amount of 5% of the overdue assessment in addition to interest at the rate of 12% per annum of such other rate as may be determined by the Board.

5.11 Statement of Common Expenses. The Board shall promptly provide any Homeowner, contract purchaser of proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expense due from such Homeowner. The Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation.

## ARTICLE VI

### Compliance and Default

6.1 Relief. Each Homeowner shall be governed by, and shall comply with all of the terms of these Bylaws and the Rules and Regulations as any of the same may be amended from time to time. A default by a Homeowner shall entitle the Association, acting through its Board or through the Managing Agent, to the following relief:

a. Additional Liability. Each Homeowner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guest, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

b. Costs and Attorney's fees. In any proceedings arising out of any alleged default by a Homeowner, the prevailing party shall be entitled to recover the cost of such proceeding and such reasonable attorney's fees as may be determined by the court.

c. No Waiver of Rights. The failure of the Association, the Board or of a Homeowner to enforce any right, provisions, covenant or condition which may be granted by these Bylaws or the Board Rules and Regulations shall not constitute a waiver of the right of the Association, the Board or the Homeowner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board or any Homeowner pursuant to these Bylaws or the Rules and Regulations 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 other privileges as may be granted to such party by these Bylaws or the Rules and Regulations or at law or in equity.

d. Abating and Enjoining Violations by Homeowner. The violation of any of the Board Rules and Regulations adopted by the Board or the breach of any Bylaw contained herein shall give the Board the right, in addition to any other rights, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

## ARTICLE VII

### Amendments

7.1 Amendments to Bylaws. These Bylaws may be modified or amended only by a two-third vote based on percentage interest of Homeowners entitled to cast the votes in the Association. Additionally, if any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent, with any other provision hereof, or if such amendment is necessary to conform to the requirements of the Federal National

Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to single family residential subdivisions, then at any time and from time to time the Board may effect an appropriate corrective amendment without the approval of the Homeowners of the holders of any liens on all or any part of the Property, upon receipt by the Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

7.2 Approval of Mortgagees. No amendment or modification of these Bylaws impairing or affecting the rights, priorities, remedies or interests of a holder of a mortgage on a lot shall be adopted without the prior written consent of such holders who have registered an address with the Secretary.

## ARTICLE VIII

### Miscellaneous

8.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, postage prepaid, (i) if to a Homeowner, at the single address which the Homeowner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the home or such Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent, or at such other address as shall be designated by notice in writing to the homeowners pursuant to this Section. If a home is owned by more than one (1) person, each such person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

8.3 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the Feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

8.4 Severability. The provisions of these Bylaws are severable and if any provision, sentence, clause, section or part hereof is held illegal, invalid, unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of these bylaws.

8.5 Indemnification. The Association shall indemnify every officer and member of the Board ("Director") against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding of

approved by the then Board) to which he or she may be a party by reason of being or having been an officer or Director. The officers or Directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, misconduct or bad faith. The officers or Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or Directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director, or former officer or Director, may be entitled. The Association shall as a common expense maintain adequate general liability and officers' and directors' liability insurance to fund this obligation.

WINGS FINANCIAL MARKETING, INC.

RECORDED IN EAST GREENWICH, RI 8/11/1995