

AMENDED AND RESTATED  
BYLAWS  
OF  
COVERED BRIDGE HIGHLANDS  
CONDOMINIUM ASSOCIATION, INC.

Preliminary Statement

The original Bylaws of Covered Bridge Highlands Condominium Association, Inc. (the "Association") were adopted and took effect upon and in conjunction with recording of the Declaration of Covered Bridge Resort Condominiums I dated and recorded on December 10, 1985 in Book 120 at Pages 278-298 of the Stowe Land Records. There have been several amendments to the original Bylaws since that date. The purpose of this Amended and Restated Bylaws is to update the original Bylaws to reflect these amendments and to hereby restate the Bylaws in their entirety, consisting of the original Bylaws and all amendments thereto approved by the Owners pursuant to Section 5.01 of the Bylaws. These Amended and Restated Bylaws (the "Bylaws") were approved and adopted by the Owners at the annual meeting of the Owners on December 27, 1992.

ARTICLE I. PLAN OF UNIT OWNERSHIP

Section 1.01. Applicability. These Bylaws provide for the governance by the Association of the Condominium known as Covered Bridge Resort Condominium by virtue of a declaration (the "Declaration") dated December 10, 1985 and recorded in Volume 120, Page 278 of the Stowe Land Records as amended by the First Amendment to Declaration dated July 29, 1987 and recorded in Volume 144, Page 105 of the Stowe Land Records, and as the same have been and may be amended from time to time, specifically including the rights and obligations of the Unit Owners in and to all appurtenant easements. All present and future Owners, Mortgagees, Lessees and Occupants of residential units or accommodations, and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these Bylaws and the Rules and Regulations made pursuant hereto, and any amendment thereto, duly recorded. This Association shall have all the powers of Condominium Associations or Unit Owners Associations under the laws of the State of Vermont and under the Vermont Condominium Ownership Act (the "Act").

Section 1.02. Compliance. The acceptance of a deed or of a lease to a Condominium Unit shall constitute an agreement that these Bylaws (and any Rules and Regulations made pursuant hereto), as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 1.03. Office. The office of the Association and the Board of Directors shall be located at such place as may be designated from time to time by the Board of Directors.

Section 1.04. Definitions.

(a) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Condominium Unit but excluding those individuals or entities having such interest merely as security for the performance of an obligation.

(b) "Property" shall mean the Common Areas and Facilities as defined in Article IIID of the Declaration sometimes referred to herein in the alternative as the "Condominium."

ARTICLE II. COVERED BRIDGE HIGHLANDS CONDOMINIUM ASSOCIATION, INC.

Section 2.01. Composition. Each person or entity who is the Owner of a Condominium Unit shall be a member of the Association.

For all purposes the Association shall act as an agent for the Owners as a group, having the responsibility for administering the Property, establishing the means and methods of collecting assessments and charges, arranging for the management of the Property and performing all of the other acts that may be required or permitted.

Section 2.02. Annual Meetings. The annual meeting of the Association shall be held on the third Saturday in December of each year, unless such date shall occur on a holiday in which event the meeting shall be held on the succeeding day, or the annual meeting may be held on such other day as the Board of Directors may decide. At such annual meeting, the Board of Directors shall be elected by vote of the Unit Owners.

Section 2.03. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board of Directors.

**Section 2.04. Special Meetings.** Special meetings of the Owners may be called upon not less than 5 days notice by the President, the Board of Directors, or upon a petition signed and presented to the Secretary by Owners with not less than twenty-five percent (25%) of the aggregate votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

**Section 2.05. Notice of Meetings.** The Secretary shall mail to each Owner a notice of the place, date, hour and purpose or purposes of each annual or special meeting of the Owners. The notice shall be mailed not less than 10 days nor more than 40 days before the date of such meeting.

**Section 2.06. Adjournment of Meetings.** If at any meeting of the Association a quorum is not present, Owners having a majority of the votes who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

**Section 2.07. Voting.** The vote to which each Unit Owner is entitled shall be equal to the percentage interest of his Unit in the Common Areas and Facilities. Except where a greater number is required by the Act, a vote of a majority of the voting power of the Owners of such interests, voting in person or by proxy at one time at a duly convened meeting at which a quorum is present, is required to adopt decisions at any meeting of the Association. Any specified percentage of the Unit Owners means the Unit Owners with such votes in the aggregate. If more than one person or entity holds an interest jointly or as tenants in common or partner of another, the vote shall be cast as they among themselves shall determine.

**Section 2.08. Quorum.** Except as otherwise provided in the Bylaws, the presence in person or by proxy of Owners of twenty-five percent (25%) or more of the voting interests shall constitute a quorum at all meetings of the Association.

**Section 2.09. Conduct of Meetings.** The 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 thereat. The then current edition of Robert's Rules of Order shall govern.

**Section 2.10. Officers of the Association.** The officers of the Association shall be President, Vice-President, Secretary and Treasurer. The offices of Secretary and Treasurer

may, by vote of the Board of Directors be held by the same person. Officers shall be annually elected by, and may be removed and replaced by, the Board of Directors. The Board of Directors may in its discretion require that officers be subject to fidelity bond coverage in favor of the Association.

- (A) President. The President shall preside at all meetings of the Association and of the Board of Directors and may exercise the powers ordinarily allocable to the presiding officer of a corporation, including the appointment of committees.
- (B) Vice-President. The Vice-President shall perform the functions of the President in the absence or inability of the President.
- (C) Secretary. The Secretary shall keep minutes of all proceedings of the Board of Directors and of the meetings of the Owners and shall keep such books and records as may be necessary and appropriate for the records of the Association and its Board of Directors.
- (D) Treasurer. The Treasurer shall be responsible for the fiscal affairs of the Association, but may delegate the handling of income and expense payments to the authorized Manager employed by the Association.

### ARTICLE III. BOARD OF DIRECTORS.

Section 3.01. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of not fewer than three (3) nor more than five (5) persons, all of whom shall be Owners, spouses of Owners or an officer of a corporate Owner. No person who is more than sixty (60) days delinquent in the payment of any installment of any annual or special assessment shall be eligible to serve on the Board of Directors.

Section 3.02. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not prohibited by the Act, including the following:

- (a) Levy assessments on each Unit for the common expenses of the Association.

- (b) Levy assessments on Units to defray the costs and expenses of the Association, establish the means and methods of collecting such assessments and establish the method of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in advance in equal quarterly installments, each such quarterly installment to be due and payable in advance on the first day of January, April, July and October in each year.
- (c) Provide for the operation, care, upkeep and maintenance of the Property and services of the Association.
- (d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common areas and facilities and provide services for the Property and, where appropriate, provide for the compensation for such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.
- (e) Collect the assessments against the Units, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Condominium.
- (f) Make and amend the Rules and Regulations.
- (g) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (h) Make, or contract 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 these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (i) Enforce by legal means the provisions of the Articles of Association, these Bylaws and the Rules and Regulations and act on behalf of the Unit Owners with respect to all matters arising out of an eminent domain proceeding.
- (j) Obtain and carry insurance against casualties and liabilities, as provided in these Bylaws, pay the premiums therefor and adjust and settle any claim thereunder.

(k) Pay the cost of all authorized services rendered to the Association and not billed to Owners of individual Units.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with good accounting practices, and the same shall be reviewed at least once each year by an independent accountant retained by the Board of Directors who shall not be a Unit Owner. The cost of such review shall be a common expense.

(m) Notify a Mortgagee of any default hereunder by the Owner of the Unit subject to such Mortgage, in the event such default continues for a period exceeding sixty days.

(n) Borrow money on behalf of the Association when required in connection with any emergency relating to the operation, care, upkeep and maintenance of the common areas and facilities, provided, however, that the consent of at least two-thirds vote obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of Twenty Thousand Dollars (\$20,000.00).

(o) Do such other things and acts not inconsistent with the Articles of Association or these Bylaws.

Section 3.03. Managing Agent. The Board of Directors shall have the right to employ for the Condominium a "Managing Agent" at a compensation to be established by the Board of Directors, to act as Manager of the Property, provided that any such delegation shall be revocable upon notice of the Board of Directors. The members of the Board of Directors shall not be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board of Directors.

Section 3.04. Election and Term of Office. At the first annual meeting of the Association, the term of office of one member of the Board of Directors shall be fixed at three years, the term of office of one member of the Board of Directors

shall be fixed at two years, and the term of office of one member of the Board of Directors shall be fixed at one year. At the expiration of the initial term of office of each member of the initial Board of Directors, a successor shall be elected to serve for a term of three years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association. If the Board of Directors shall consist of more than three (3) persons, the terms of those elected shall be staggered so that no more than two (2) vacancies shall occur in any one year. Nominations for the Board of Directors may be made at the recommendation of a nominating committee of not less than two members, and may be made from the floor at the annual meeting.

**Section 3.05. Removal or Resignation of Members of the Board of Directors.** At any regular or special meeting duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owners shall be given at least seven days' notice 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 of Directors may resign at any time and shall be deemed to have resigned upon disposition of his Unit.

**Section 3.06. Vacancies.** Vacancies in the Board of Directors caused by loss of eligibility to serve or for any other reason shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Directors 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.

**Section 3.07. Organizational Meeting.** The first meeting of the Board of Directors following the annual meeting of the Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

**Section 3.08. Regular Meetings.** The annual meeting of the Board of Directors shall be held each year immediately following the annual meeting of the Owners. Other regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings of the Board of Directors shall be given to each director, by mail or facsimile transmission, at least three business days prior to the day named for such meeting.

**Section 3.09. Special Meetings.** Special meetings of the Board of Directors may be called by the President, or by the President or Secretary upon written request of at least two Directors, notice of said meeting to be given by mail or facsimile transmission at least three calendar days prior to the day named for such meeting. These special meetings may be held either in person within or without the State of Vermont or by telephone conference call.

**Section 3.10. Waiver of Notice.** Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

**Section 3.11. Quorum.** At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present, shall constitute the decision of the Board of Directors.

**Section 3.12. Compensation.** No director shall receive any compensation for acting as a director. A Director may serve the Association in other capacities and receive compensation for such services.

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

**Section 3.14. Meeting by Telephone Conference.** Any director may conduct and participate in any meeting by means of



a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other. Participation in the meeting by such means shall constitute presence in person at such meeting for all purposes.

Section 3.15. Liability of the Board of Directors, Officers, Unit Owners and Association.

(a) The officers and members of the Board of Directors shall not be liable to the Association for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the officers and directors from and against all liability to others arising out of contracts made by the officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Act, the Declaration or these Bylaws. Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them, on behalf of the Association. Every agreement made by the officers, the Board of Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the officers, the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Common Areas and Facilities interest.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a common expense, or for injury or damage to person or property caused by the Property by the Unit or Owner of any Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Areas and Facilities or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Property. No diminution or abatement of any assessments, as herein or elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas and Facilities or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 3.16. Maintenance, Repair and Replacement of Association Property. It shall be the responsibility of the Board of Directors to determine questions relating to the

maintenance, repair and replacement of the Property. There shall be no structural alterations, capital additions to, or capital improvements of the Property requiring an expenditure of Twenty Thousand Dollars (\$20,000.00) or more without the consent of at least two-thirds of the voting interests of all Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws.

**ARTICLE IV. OPERATION OF THE ASSOCIATION**

**Section 4.01. Determination of Common Expenses and Assessments Against Owners.**

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(i) The Board of Directors shall prepare a 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 Property and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Owners of all related services.

(ii) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. On or before the annual meeting of the Owners, the Board of Directors shall send or deliver to each Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses payable by each Owner. Such budget shall constitute the basis for determining each Owner's assessment for the common expenses of the Association.

**Section 4.02. Assessment and Payment of Common Expenses.**  
The total amount of the estimated funds required from assessments for the operation of the Association set forth in the budget adopted by the Board of Directors shall be assessed against each Unit in proportion to each Unit's percentage interest in the Common Areas and Facilities as follows:

(a) The budget prepared by the Board of Directors shall estimate the net charges to be paid during the following

year (including a reasonable provision for contingencies and replacements and less any expected income and any surplus from the prior year's operation). Said "estimated cash requirement" shall be approved at the annual meeting and assessed against Units and Unit Owners as set forth above. The Board of Directors may at any time levy a further assessment or special assessments to pay the Common Expenses, which shall be assessed to the Owners, in like proportion unless otherwise provided herein. Each Owner shall be obligated to pay assessments made pursuant to this paragraph as follows:

(i) Annual assessments shall be paid in quarterly installments. Invoices for such installments shall be mailed to each Unit Owner fifteen (15) days before the due date except the January assessment which shall be due on January 1st as established at the annual meeting.

(ii) Invoices for special assessments will be mailed to each Owner within seven (7) days after the Board of Directors has approved any such special assessment and shall be payable as set forth in the vote of the Board of Directors.

(iii) Any common area payment not received on or before the first day of the quarter will incur an interest charge of  $1\frac{1}{2}$  percent per month until paid. Any special assessment not received within thirty (30) calendar days from the date of the invoice, will incur an interest charge of  $1\frac{1}{2}$  percent per month until paid.

(iv) Any Owner who fails or refuses to pay any regular or special assessment when due shall be in default, and the President shall instruct the Association's attorney to commence all such legal actions, including foreclosure of the Association's lien for nonpayment of assessments, as are necessary or advisable for collection purposes, as provided more particularly hereinafter.

(v) The Board of Directors may impose a late payment penalty for any assessment not received within seven (7) days from the assessment due date, said penalty to be equal to five percent (5%) of the amount of the assessment.

(b) The Common Expense fund may also include such amounts as the Board of Directors may deem proper for general working capital, for a general operating reserve, for a reserve fund for replacements and major maintenance and to make up for any deficit in the common expenses for any prior year;

(c) All funds collected hereunder shall be expended for the purposes designated herein;

(d) The omission by the Board of Directors before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Bylaws or a release of the Owners from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. No Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Areas and Facilities or by abandonment of his Unit; and

(e) The Manager or Board of Directors shall keep detailed, accurate records in chronological order, of the receipts and expenditures affecting the Property specifying and itemizing the maintenance and repair expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by Owners or their duly authorized representative at convenient hours of week days.

Section 4.03. Default in Payment of Assessments.

(a) Each quarterly assessment and each special assessment shall be separate, distinct and personal debts and obligations of the Owner of each Unit against which the same are assessed at the time the assessment is made and shall be collectible as such. Suit to recover a money judgment for unpaid common expenses may be maintained without foreclosing or waiving the lien securing the same. The amount of any assessment, whether regular or special, plus interest, late payment penalty, and costs including reasonable attorneys' fees, shall become a lien upon the Unit involved. Upon recordation of a notice of unpaid assessment by the Board of Directors, the said lien for nonpayment of assessments shall have priority over all other liens and encumbrances, recorded or unrecorded, except only:

(i) Tax and special assessment liens on the Owner's Unit in favor of any governmental assessing unit and special district;

(ii) All sums unpaid on a first mortgage of record on the Owner's Unit;

(iii) Mechanic's Liens for services performed prior to the date of the levy of the assessment.

(b) A certificate executed and acknowledged by a majority of the Board of Directors stating the indebtedness secured by the lien shall be conclusive upon the Board of

Directors and the Owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner or any encumbrancer or prospective encumbrancer of a Unit upon request at a reasonable fee. Unless the request for a certificate of indebtedness shall be complied with within ten (10) days after service of the request for same, all unpaid common expenses which become due prior to the date of the making of such request shall be subordinate to the lien held by the person making the request.

(c) Upon payment of a delinquent assessment concerning which a notice has been recorded, or other satisfaction thereof, the Board of Directors shall cause to be recorded in the same manner as the notice a further certificate stating the satisfaction and the release of the lien thereof.

(d) The Board of Directors shall enforce the lien for delinquent assessments by all means permitted by law and the Act. In case of foreclosure, the Owner shall be required to pay to the Association a reasonable rental for the Unit and the Association in the foreclosure action shall be entitled to the appointment of a receiver to collect the rentals generated by the Unit. The Board of Directors or the Manager acting on its behalf shall have the power to buy in the Unit at foreclosure or other sale and to hold, lease, mortgage and convey the Unit so acquired.

(e) In addition to all other remedies available to the Board of Directors in the event of a default in the payment of any assessment by an Owner, the Board of Directors or its agent shall have the right to suspend use of the Common Areas and Facilities by such defaulting Owner and to withhold services and privileges (including by way of example, but not limited to: firewood, snow shoveling and plowing, grounds upkeep, maintenance, use of recreational facilities, and the like) otherwise provided to the Owners. Any such suspension or withholding of use, services, and privileges shall not diminish or otherwise affect the defaulting Owner's assessment payment obligation.

Section 4.04. Abatement and Enjoinment of Violations By Unit Owners. The violation of any rules or regulations adopted by the Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other right set forth in these Bylaws:

(a) to enter the Unit in which or as to which, such violation or breach exists and to summarily abate and remove,

at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and

(b) to enjoin, abate or remedy by appropriate legal proceedings, either in law or in equity, the continuance of any such breach.

Section 4.05. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, contract purchaser or mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 4.06. Insurance. The Board of Directors shall obtain and maintain insurance on the Property as follows:

(a) A policy or policies of fire insurance with extended coverage endorsements, for the full insurable replacement value of the Property and Common Areas and Facilities and Limited Common Areas and Facilities, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each Unit, if any.

(b) A policy or policies insuring the Board of Directors, the Owners and the Manager against any liability to the public or the Owners of any Units, and their invitees, or tenants, incident to the ownership and/or use of the Property, and including the personal liability exposure of the Owners, incident to the ownership and/or use of the Property. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000.00) for any one person injured, for any one accident, and shall not be less than One Hundred Thousand Dollars (\$100,000.00) for property damage each occurrence (such limits and coverage to be reviewed at least annually by the Board of Directors and increased at its discretion). Said policy or policies shall be issued on a comprehensive liability basis and shall not be prejudiced as respects his, her or their action against another named insured.

(c) Worker's Compensation Insurance to the extent necessary to comply with any applicable laws.

Section 4.07. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Association: The Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of not less than two-thirds of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all the Common Area and Facilities.

(b) By the Unit Owner: Each Unit Owner shall keep his Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all interior decorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Areas and Facilities resulting from his failure to make any of the repairs required by this Section.

(c) Manner of Repair and Replacement: All repairs and replacement shall be substantially similar to the original construction and installation and shall be of first-class quality. The method approving payment vouchers for all repair and replacements shall be determined by the Board of Directors.

(d) Cost Sharing Obligations by Declarant and its Successors. As provided in the Declaration, the Property includes certain easements, rights, and appurtenances intended for the common use, enjoyment, and benefit of the fifteen Units comprising Covered Bridge Resort Condominium I together with such additional condominiums, single-family detached houses, or other residential dwelling units as the Declarant or its successor may develop as part of the overall Covered Bridge Resort Agricultural Planned Residential Development. These easements, rights, and appurtenances include by way of specification but without limitation: (i) a right of way over the access roadway leading in a generally southerly direction from the terminus of Stowe Town Highway #36 known as Brook Road to Covered Bridge Resort Condominium I and other adjoining lands; (ii) the right to take water from, utilize, maintain, and repair the community water system; (iii) the right to utilize, maintain, and repair the community sewage disposal system; (iv) rights to use the tennis courts, swimming pool, and other recreational improvements together with a proportionate share of responsibilities and obligations for repair, maintenance, and replacement thereof; and (v) rights to connect to and utilize all utility easements and systems (including but not limited to electrical and telephone lines) together with a proportionate share of costs of repair, maintenance, and replacement.

The Declarant and its successor(s) with respect to the rights reserved in the Declaration for development of additional residential dwelling units shall contribute a proportionate share of the costs necessary to keep up, maintain, repair, and replace the aforescribed areas and facilities that are available for use by additional residential dwelling units. The proportionate share shall reflect any extraordinary use of or demands on a facility (e.g., construction vehicles utilizing the access roadway). The Board of Directors of the Association is authorized to determine the amount of the cost-sharing obligations for apportionment.

Section 4.08. Restriction on Use of Units: Rules and Regulations.

(a) Each Unit and the Common Areas and Facilities shall be occupied and used as follows:

(i) No Unit shall be used for other than housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary, non-residential uses from time to time.

(ii) Nothing shall be done or kept in any Unit or in the Common Areas and Facilities which will increase the rate of insurance for the Condominium or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Areas and Facilities which will result in the cancellation of insurance on the Condominium or any part thereof or which would be in violation of any law, regulation, or administrative ruling. No waste shall be committed in the Common Areas and Facilities.

(iii) No immoral, improper, offensive or unlawful activity shall be conducted on the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, resolutions or requirements of any governmental agency having jurisdiction thereover relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portions of the Property, and, if the latter, then the cost of such compliance shall be a Common Expense.



(iv) No Unit Owner shall obstruct any of the Common Areas and Facilities nor shall any Unit Owner store anything upon any of the Common Areas and Facilities (except in those areas designated by approval of the Board of Directors) without the approval of the Board of Directors. Except as otherwise specified, vehicular parking upon the Common Areas and Facilities may be regulated or assigned by the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Areas and Facilities, except upon the prior written consent of the Board of Directors.

(v) The Common Areas and Facilities shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Units.

(vi) No Unit owner shall lease a Unit in the Property without requiring the Lessee to comply with the Declaration, the Bylaws and the Association's Regulations, and providing that failure to comply constitutes a default under the lease.

(vii) Trailers, campers, recreational vehicles or boats may be parked on the Property only in parking areas designated exclusively for such purposes by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Areas and Facilities.

(viii) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Areas and Facilities, except that the keeping of small, orderly domestic pets (e.g. dogs, cats or caged birds) not to exceed one per Unit without the approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however that such pets are not kept or maintained for commercial purposes or for breeding, and provided further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon ten days' written notice from the Board of Directors. Such pets shall not be permitted upon the Common Areas and Facilities unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, and each Unit Owner free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or

maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law.

(ix) No signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or Common Areas and Facilities without the prior written approval of the Board of Directors.

Each Unit and the Common Areas and Facilities shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and amended by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner. Amendments to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner and upon request.

#### ARTICLE V. MISCELLANEOUS

Section 5.01. Amendment. These Bylaws may be amended by vote of Owners of Property to which at least two-thirds of the votes in the Association are allocated.

Section 5.02. Special Committees. The Board of Directors by resolution may designate one or more special committees, each committee to be chaired by a director, which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. Such special committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. The members of such special committee or committees designated shall be appointed by the Board of Directors. The Board of Directors may appoint Owners to fill vacancies on each of said special Committees occasioned by death, resignation, removal or inability to act for any extended period of time.

Section 5.03. Rules and Regulations. The Board of Directors shall have the right to adopt and amend rules, regulations, restrictions and requirements governing the details of the operation, use and maintenance of the Property. Copies of the Rules and Regulations shall be furnished to each Owner prior to the time and the same shall become effective.

Section 5.04. Interpretation. The provisions of these Bylaws shall be liberally construed to effectuate their purpose of creating a uniform plan for the development, maintenance and

operation of the Property. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provisions or any other provision hereof.

Section 5.05. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or unenforceability of any other provision hereof.

Section 5.06. Notices. All notices, demands, bills, statements or other communications shall be in writing and shall be deemed to have been duly given if delivered personally or if sent postage prepaid:

(i) if to a Owner, at the address which the Owner shall designate in writing and file with the Secretary; or, if no such address is designated, at the address of the Development Property of the Owner; or

(ii) if to the Association or the Board of Directors, at the principal office of the Association or at such other address as shall be designated in writing to the Unit Owners pursuant to this Section.

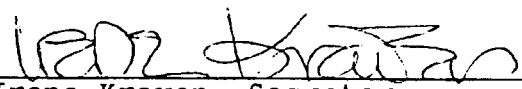
Section 5.07. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 5.08. 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.

Section 5.09. Effective Date. These Amended and Restated Bylaws shall take effect upon their adoption and recordation in the Stowe Land Records.

Adopted by the Owners at the annual meeting held on the 27th day of December, 1992 in Stowe, Vermont.

Attest:

  
Irene Kraven, Secretary  
Covered Bridge Highlands  
Condominium Association, Inc.

**COVERED BRIDGE HIGHLANDS  
CONDOMINIUM ASSOCIATION RESOLUTION**

I hereby Certify that the following is true copy of resolution adopted by the Homeowners of the Covered Bridge Highlands Condominium Association, an Association having its principal office in Stowe, Vermont, at a meeting of the Board of Directors duly held on December 30, 1995, at which a quorum was present and voting: that such resolution is in conformity with the provisions of the charter and by-laws of the Association, and that said resolution is now in full force and effect.

**RESOLVED THAT**, for insurance purposes, the Association's insurance building coverage includes - fixtures, installation or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, including thereof. Additional building property, not withstanding anything contained within the Condominium Association agreement to the contrary, to also include the following with the units:

- A) Fixtures, improvements and alterations that are part of the building such as floor coverings, wall coverings, lighting fixtures, plumbing fixtures and cabinets, and
- B) Appliances, such as those used for refrigeration, ventilation, cooking, dishwashing, laundering, security or housekeeping, and
- C) Partition walls within the units

WITNESS my hand as acting secretary of this Association this 30th day of December 1995.

Deborah K. Martin  
Deborah K. Martin, Acting Secretary

Confirmed:

Michael J. Martin  
Michael J. Martin;  
Property Manager