

BYLAWS OF
KINGDOM RIDGE CONDOMINIUMS I ASSOCIATION

ARTICLE I

Meaning of Terms; Powers

Section 1.1 Terms. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Declaration of Condominium of KINGDOM RIDGE CONDOMINIUMS I, as amended from time to time, and of record in the Town of Burke Land Records or as set forth in The Uniform Common Interest Ownership Act (Title 27A V.S.A.101 et seq.) ("The Act")

Section 1.2 Powers. The Board of Directors (the "Board") shall have all of the powers as set forth in The Act.

ARTICLE II

Name. Offices

Section 2.1 Name. The name of the Association is KINGDOM RIDGE CONDOMINIUMS I ASSOCIATION (the "Association").

Section 2.2 Principal Office. The principal office of the Association shall be located at 270 Kirby Road, East Burke, Vermont 05832, or at such other place as may be designated from time to time by the Board.

ARTICLE III

Members

Section 3.1 Members. Memberships in the Association shall be created and held as provided in the Declaration. The Members of the Association shall be the Unit Owners. Membership may also include Owners of Units in other Condominium projects which elect to join this Association, after unanimous approval of the votes in this Association.

Section 3.2 Annual Meeting. The annual meeting of the Members shall be held in the month of January of each year, beginning with the year 2007, for the purpose of electing members to the executive board and for the transaction of such other business as may come before the meeting. If the annual meeting is not held for any reason, the Board shall thereafter call a special meeting of the Members to elect board members and conduct any other business.

Section 3.3 Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president,

Received for recording
Burke Town Clerk's Office
Date: February 26
Recorded in Burke Land
Records Book 109
Page 139 - Time: 8:30 A.M.
Attest: [Signature]
Town Clerk

secretary, or by a director, and shall be called by the president at the request of one of the Members.

Section 3.4 Place of Meeting. The Board may designate any place within Burke, Vermont, as the place of meeting for any annual or special meeting of the Members. A waiver of notice signed by all Members may designate any place, within the State of Vermont, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be at the principal office of the Association.

Section 3.5 Notice of Meeting. Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which such special meeting is called, shall be delivered to each Member not less than ten (10) nor more than sixty (60) days before the date of the meeting, in person or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at the address appearing in the records of the Association, with postage thereon prepaid. A Member who appears at an annual or special meeting of the Members shall be deemed to have waived notice of the meeting unless appearing for the sole purpose of objecting to the notice. Notice to a Member shall be deemed notice to all co-owners of a Unit.

Section 3.6 Voting. Members shall be entitled to vote on Association matters as provided in the Declaration. Each Member shall be entitled to cast its votes on all matters. If more than one (1) person or entity own a particular Unit, the collective owners of the Unit shall designate one (1) from among them to vote. Each Member shall vote the number of votes represented by the undivided percentage interest of the Member's Unit in the Common Areas and Facilities.

Section 3.7 Proxies. A Member may vote in person or by proxy. A proxy shall be designated in writing in such manner as the Board may prescribe. A proxy shall expire by its terms or eleven (11) months after the date of the proxy. Votes cast by proxy shall be noted in the minutes of the meeting. All proxies shall be filed with the Secretary of the Association prior to the meeting at which the proxy will be used.

Section 3.8 Quorum. Members holding a majority of the votes of the Association who are present in person or by proxy shall constitute a quorum at a regular or special meeting of the Association. If less than a quorum is present at a meeting, a majority of the Members present may adjourn the meeting to a specified date, place and time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business which might have been transacted at the meeting as originally noticed may be transacted. The Members present at a properly constituted meeting may continue to transact business, notwithstanding the withdrawal of a sufficient number of Members to leave attendance at less than a quorum.

ARTICLE IV

Board of Directors

Section 4.1 General Powers. The business and affairs of the Association shall be managed by its Board of Directors. The Board shall have all of the powers and duties necessary for the proper administration of the affairs of the Association and may take such actions required by the Declaration or these Bylaws and as set forth in The Act.

Section 4.2 Manager. The Board may establish the position of a full time manager for the Association at compensation deemed appropriate by the Board, or may delegate some or all of the powers given the Board to a management company. The manager or management company shall report directly to the Board and shall undertake such duties as delineated by the Board.

Section 4.3 Number, Tenure, and Qualifications. The initial Board of Directors shall be six (6) in number and shall be appointed by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant, so long as the Declarant retains control of the Association. After the period of Declarant control, in accordance with Section 9.5 of the Condominium Declaration, members of the Board of Directors shall be elected by the Unit Owners, pursuant to the schedule set forth in Section 3-103 of the Act. After the Declarant no longer controls the Association, each Unit shall appoint one member to the Board of Directors. At such time as the Declarant shall sell a unit, the new unit owner shall have the right to appoint a member to the Board of Directors in substitution of the initial member of the Board of Directors appointed by the Declarant for that unit.

Section 4.4 Regular Meetings. An annual regular meeting of the Board shall be held without other notice than this Bylaw, immediately after and at the same place as the annual meeting of the Association. The Board of may provide, by resolution, the time and place within the State of Vermont for the holding of additional regular meetings without notice other than such resolution.

Section 4.5 Special Meetings. Special meetings of the Board may be called by or at the request of the President or any one Board Member. The person or persons calling a special meeting of the Board shall fix a time and place within the State of Vermont as the place for holding any special meeting of the Board called by them. Meeting may be held by conference call if the notice so indicates.

Section 4.6 Notice. Notice of any special meeting shall be given at least ten (10) days previously thereto by written notice delivered personally or mailed to each director. If mailed, such, notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Board members, with postage thereon prepaid. Any Board member may waive notice of any meeting, in writing, or as provided in these Bylaws. The attendance of a Board member at a meeting shall constitute a waiver of notice of such meeting, except where a Board member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is

not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 4.7 Quorum. A majority of the number of Board members authorized by these Bylaws or any amendment hereto shall constitute a quorum for the transaction of business at any meeting of the Board, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting to a specified date, place and time without further notice.

Section 4.8 Manner of Acting. The act of the majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board. Any action which may be taken at a meeting may be taken without a meeting if a consent or consents in writing setting forth the action so taken is signed by all of the board members and inserted in the minute book of the Association.

Section 4.9 Vacancies. Any vacancy occurring on the Board shall be filled by the Owner or Owners of the Unit represented by the vacancy. A Board member elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, or until he is replaced by the Owner or Owners of the Unit which he represents. A sale of a Unit shall automatically create a vacancy on the Board as to that Unit, which vacancy shall exist until the new owner shall elect or appoint a successor.

Section 4.10 Compensation. By resolution of the Board, with the prior approval of the Members, the board members may be paid their expenses, if any, and a fixed sum for attendance at each meeting of the Board or a stated salary as board member.

Section 4.11 Presumption of Assent. A Board member of the Association who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have consented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he files his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 4.12 Removal of Board Members. At a meeting of the Members, any Board member or the entire Board may be removed, with or without cause, by affirmative vote of Members holding a majority of the votes of the Association. Any vacancy created shall be filled under the provisions of Section 4.9 herein.

Section 4.13 Meetings by Conference Telephone Call, Etc. The Board may participate in a meeting by means of a conference telephone or similar communications equipment which enables all persons participating in the meeting to hear and speak to all other participants in the meeting, and participation in a meeting pursuant to this Section 4.13, shall constitute presence in person at such meeting.

ARTICLE V

Officers

Section 5.1 Number. The officers of the Association shall be a president, one (1) or more vice-presidents (the number thereof to be determined by the Board), a secretary, and a treasurer, each of whom shall be appointed by and serve at the pleasure of the Board. Such other officers and assistant officers as may be deemed necessary may be appointed by the Board. Any two (2) or more offices may be held by the same person, except the offices of president and secretary. Officers appointed by the Board shall be Unit Owners. The designated agent of a Unit Owner which is a corporation or other business entity shall be deemed to be a Unit Owner for the purpose of qualifying as an officer.

Section 5.2 Appointment and Term or Office. The officers of the Association shall be appointed or reappointed annually by the Board at the first meeting of the Board held after the annual meeting of the Members. If officers are not appointed at such meeting, each officer shall hold office until his successor shall have been duly-appointed and qualified, or until his death, resignation, removal, or sale of his Unit.

Section 5.3 Removal. Any officer or agent appointed by the Board may be removed by the Board with or without cause, whenever, in its judgment, the best interests of the Association would be served thereby.

Section 5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, sale of the officer's Unit, or otherwise, may be filled by the Board for the un-expired portion of the term.

Section 5.5 President. The president shall be a Member of the Board and the principal executive officer of the Association, and, subject to the control of the Board, shall supervise and control all of the business affairs of the Association. He/she shall, when present, preside at all meetings of the Members and of the Board. He/she may sign, with the secretary or any other proper officer thereunto authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be assigned by the Board from time to time.

Section 5.6 Vice-President. In the absence of the president or in the event of his/her death, disability, or refusal to act, the vice-president shall perform the duties of the president, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the president. The vice president shall perform such other duties as from time to time may be assigned by the president or by the Board.

Section 5.7 Secretary. The secretary shall (a) keep the minutes of the Members' and the Board meetings in one (1) or more books provided for that purpose; (b) see that all notices are duly-given in accordance with the provisions of the Declaration, these Bylaws, or as required by law; (c) be custodian of the Association's records; (d) keep a register of the post office address of each Unit Owner furnished to the secretary by such Unit Owner; and (e) in general perform all duties incident to the office of secretary and such other notices as from time to time may be assigned by the president or by the Board of Directors. (f) The secretary may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

Section 5.8 Treasurer. If required by the Board, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. The treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (b) in general perform all the duties as from time to time may be assigned to him by the president or by the Board.

ARTICLE VI

Contracts, Loans, Checks and Deposits

Section 6.1 Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. No contract or agreement for management of the Association shall exceed one (1) year, and must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days written notice.

Section 6.2 Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notices, or other evidence of indebtedness issued in the name of the Association shall be signed by such officer or officers of the Association in such manner as shall from time to time be determined by resolution of the Board.

Section 6.4 Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

ARTICLE VII

Indemnification of Board Members, Officers, Etc.

Section 7.1 Indemnification. The Association shall indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than action by or in the name of the Association,) by reason of the fact that such person is or was a Board Member, officer, employee, or agent of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with such action, suit, or proceeding except in relation to matters as to which such person shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or misconduct in the performance of a duty to the Association.

Section 7.2 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a board member, officer, employee, or agent of the Association against any liability asserted and incurred in any such capacity or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this Article.

Section 7.3 Scope of Article. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, or vote of the Unit Owners or directors, both as to action in an official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE VIII

Association Finances

Section 8.1 Annual Budget. The Board shall prepare an annual budget for the operation of the Association based upon estimates of the income and expenditures of the Association for the next succeeding fiscal year. The annual budget shall be stated with sufficient particularity to permit a person with a reasonable understanding of business affairs to determine the nature of the income and expenditures of the Association. The budget shall be prepared not later than November 1 of each year commencing with 2006. The annual budget shall include provisions for: the costs of employees of the Association; operating and maintaining the Common Areas and Facilities; premiums for required insurance premiums; fees for professionals retained by the Association; reasonable operating capital; payments on loans obtained by the Association; utility costs not separately metered to each Unit; a general reserve account and/or a special reserve account for replacement of the Common Areas and Facilities; and such other costs as the Board deems appropriate.

Section 8.2 Determination of Regular Assessments. Based upon the annual budget, the Board shall set the annual amount of the Assessments to be paid by each Unit. Prior to December 1st of each fiscal year, the Board shall cause the treasurer to send to each Member a copy of the annual budget for the next fiscal year, and a statement of the annual Assessment due from each Unit. Each Member shall be responsible for paying the annual Assessment in equal quarterly installments on the first day of each quarter of the calendar year, or on such other schedule as the Board may determine. Late fees may be established by the board for all assessments not paid in a timely manner.

Section 8.3. Determination of Special Assessments. The Board shall levy a Special Assessment against each Unit at any time and from time to time when the regular Assessments are not sufficient to provide adequate funds to meet the obligations of the Association. Each such Special Assessment shall be for one (1) year only and shall be allocated among the Units on the same basis as the regular Assessments. The Board shall direct the treasurer of the Association to give written notice to each Member of the amount, purpose for, and the time and manner of payment of the Special Assessment. Such notice shall be given not less than thirty (30) days prior to the date the payment of the Special Assessment is due or, if payable in installments, thirty (30) days prior to the date the first installment of the Special Assessment is due. Each Member shall pay the amount of the Special Assessment at the times and in the manner specified in the notice.

Section 8.4 Liability for Assessment. Each Member shall be jointly and severally liable for each regular and Special Assessment due as set forth in the Declaration. No mortgagee shall be obligated to pay any current or delinquent regular or Special Assessment until such time as such mortgagee becomes a Member through foreclosure, a conveyance in lieu of foreclosure, or purchase at a foreclosure sale.

Section 8.5 Allocation of Assessments. Each Unit shall pay its share of each regular and Special Assessment on the basis provided in the Declaration.

Section 8.6 Allocation of Regular and Special Assessments to Specific Units. When the Board determines that a specific expenditure for a Common Expense benefits fewer than all of the Units, or when permitted by the Declaration or these Bylaws, the Board may direct the treasurer to make a specific Special Assessment against one or more, but less than all, of the Units. Notice of such specific Special Assessment shall be sent to a Member not less than thirty (30) days prior to the due date of such specific Special Assessment. Members responsible for paying the specific Special Assessment shall pay such Assessment as provided in the Notice. The determination by the Board of the appropriateness of any specific Special Assessment shall govern.

Section 8.7 Reserves. The annual budget shall include specific provisions for the establishment of general or specific capital reserve funds. These capital reserve funds shall be used for construction and reconstruction of Common Areas and Facilities, payment of the deductible portion of any insured casualty loss, unexpected

expenditures, nonrecurring emergency situation, and any purpose set forth in the Declaration. The annual budget for any year subsequent to a year in which expenditures are made from a capital reserve fund shall be revised to provide for the accumulation of sufficient funds to replace the funds expended from the capital reserve fund. Income from the investment of the funds in the capital reserve funds shall not be intermingled with general operating funds or used to pay operating expenses. The Board of Directors shall determine the amount to be allocated to the capital reserve funds.

Section 8.8 Failure to Adopt a Budget. In the event the Board fails to adopt a budget as specified in this Article VIII, the Members shall not be excused or released from the obligation to pay regular Assessments for the next fiscal year. The regular Assessments payable by each Member for any fiscal year for which the Board fails to adopt a budget shall be equal to one hundred and twenty-five percent (125%) of the amount of the Assessments due for the prior fiscal year. Any funds collected in excess of the funds required to meet the obligations of the Association, including the reserve requirements, shall, at the discretion of the Board, be added to the capital reserve funds or refunded to the Members.

ARTICLE IX

Miscellaneous

Section 9.1 Fiscal Year. The fiscal year of the Association shall be January 1 through December 31.

Section 9.2 Amendment of Bylaws. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by the affirmative vote of Members holding a majority of the votes of the Association.

Section 9.3 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural and vice-versa, whenever the context so requires.

Section 9.4 Document Availability and Budget Audit. The Association shall maintain current copies of the Declaration, Bylaws, and all other rules concerning the condominium as well as its own books, records and financial statements. These documents will be available for inspection by Members and the holder, insurer, or guarantor of any mortgages secured by a mortgage on a Unit. The Association shall assure that its financial statements are audited annually.

Section 9.5 Notice. Any notice required to be given to a Member or Board member shall be deemed sufficient if sent to such Member or Board member at his respective address by regular mail, postage prepaid, or when delivered by hand. Each Member shall be responsible for providing notice of such member's address to the Secretary of the Association. Each person, other than a mortgagee, acquiring an interest in a Unit in the Condominium