

APPENDIX C

BY-LAWS
OF
RIVERGREEN CONDOMINIUM ASSOCIATION

I. Board of Directors. The affairs of the Association of Owners shall be conducted by a board of three (3) directors.

A. Election. At each annual meeting, subject to the provisions of sub-paragraph F hereof, the Owners shall elect a Board of Directors for the forthcoming year; provided, however, the first Board of Directors elected hereunder may be elected at a special meeting duly called, said Board of Directors to serve until the first annual meeting held thereafter. At least thirty (30) days prior to any annual meeting, the Board of Directors shall elect a Nominating Committee of not less than three (3) Owners, and such Nominating Committee shall recommend to the annual meeting one nominee for each position on the Board of Directors to be filled at that particular annual meeting. Nominations for the Board of Directors may also be made from the floor at the annual meeting.

B. Members of the Board of Directors shall serve for a term of three (3) years; provided that two of the three members of the first Board elected shall serve one for a one year term and the other for a two year term. The members of the Board shall serve until their respective successors are elected, or until their death, resignation or removal; provided that if any member ceases to be an Owner, his membership on the Board shall thereupon terminate.

C. Resignation or Removal. Any member of the Board may resign at any time by giving written notice to the President, and any member may be removed from membership on the Board by an affirmative vote of a majority of the Owners' total voting power. Whenever there shall occur a vacancy on the Board due to death, resignation, removal or any other cause, the remaining Directors shall elect a successor Director to serve until the next annual meeting of the Association at which time said vacancy shall be filled for the unexpired term.

D. Power and Authority of the Board of Directors. The Board of Directors, for the benefit of the Condominium and the Owners, shall enforce the provision hereof and shall acquire and shall pay out of the Common Expense fund hereinafter provided for the following:

1. Water, sewer, garbage collection, snow removal, electrical, telephone and gas and other necessary Utility Services for the Common Area (and to the extent not separately metered or charged for the Units);

2. A policy or policies of fire insurance as the same are

more fully set forth in Article XIII of the Declaration, with extended coverage endorsement, for the full insurable replacement value of the units, and Common Area, or such other fire and casualty insurance as the Board of Directors shall determine gives substantially equal or greater protection to the owners, and their mortgagees as their respective interests may appear;

3. A policy or policies as the same are more fully set forth herein insuring the Board, the Owners and Employees against any liability to the public or to the Owners (of Units and of the Common Areas, and their invitees, or tenants), incident to the ownership and/or use of the Condominium and including the personal liability exposure of the Owners, incident to the ownership and/or use of the Project. (This shall not require the Board to obtain what is commonly known as "Officers' and Directors' Liability" insurance coverage). Limits of liability under such insurance shall not be less than one million dollars for any one person injured, for any one accident, and shall not be less than one hundred thousand dollars for property damage each occurrence (such limits and coverage to be reviewed at least annually by the Board and increased in its discretion). Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement where the rights of a named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured;

4. Workman's Compensation Insurance to the extent necessary to comply with any applicable laws;

5. The services of a person or firm to manage its affairs to the extent deemed advisable by the Board as well as such other personnel or property as the Board shall determine shall be necessary for the operation of the Common Area, whether such personnel are employed directly by the Board or are furnished by a third party hired by the Board.

6. Legal and accounting services necessary or proper in the operation of the Common Area or enforcement of the Declaration.

7. Painting, maintenance, repair and all landscaping of the Common Area, and such furnishings and equipment for the Common Area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Area; provided, however, that the interior surfaces of the Units shall be painted, maintained and repaired by the owners thereof, all such maintenance to be at the sole cost and expenses of the particular Owner.

8. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure or pay for pursuant to the terms of the Declaration or By-Laws or which in its opinion shall be necessary for the proper operation of the Common Area or for the enforcement of the Declaration, provided that if any such materials,

supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided for particular Units, the costs thereof shall be specially assessed to the Owners of such Units.

9. Maintenance and repair of any Unit, if such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common area or preserve the appearance and/or value of the Condominium, and the Owner or Owners of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of the maintenance or repair delivered by the Board who shall levy a special assessment against the Unit of such Owner or Owners for the cost of said maintenance or repair.

10. The Board shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the Common Expense Fund.

E. Meetings of the Board of Directors. Two (2) members of the Board shall constitute a quorum, and if a quorum is present, the decision of the majority of those present shall be the act of the Board. The Board shall annually elect all of the officers of the Association as set forth in Paragraph III of these By-Laws, such officers to be elected from among the members of the Board. The meeting for the election of officers shall be held at a meeting of the Board to be called immediately following the annual meeting of the Association of Owners. Other meetings of the Board may be called, held and conducted in accordance with such regulations as the Board of Directors may adopt. The board may also act without meeting by unanimous written consent of its members.

F. Control By the Declarant: Until a date of three years from the effective date hereof or until 3/4 of all Units are sold, whichever first occurs, the rights, duties and functions of the Board shall at the Declarant's option, be exercised by the Declarant. The Declarant shall have the option at any time after the date of the execution of the Declaration to turn over to the Association of Owners the responsibility of electing any one or more members of the Board.

II. Meetings. Meetings of the Unit Owners' Association shall be held in accordance with the provision of these By-Laws at least once each year after the formation of the Association.

A Annual Meeting There shall be a meeting of the Association of Owners on the last Saturday of October of each year at 10:00 a.m. upon the Common Area or at such other reasonable place or time (not more than sixty (60) days before such date) as may be designated by written notice of the Secretary of the Association delivered to the Owners not less than twenty-one (21) days in advance of any annual or regularly scheduled meeting, and at least seven (7) days in advance of any other meeting, sent to each Unit Owner providing notice of date, time, place and purpose or purposes of such meeting. Such notice shall be sent by U.S. Mail Return Receipt Requested, to all Unit Owners of record at the address of their respective Units and

to such other addresses as any of them may have designated to the Secretary of the Association. At the annual meeting, the Board shall present a Statement of Common Expenses, itemizing receipts and disbursements for the preceding fiscal year, and the estimated Common Expenses for the current fiscal year, with the allocation thereof to each Owner.

B. Special Meeting. Special meetings of the Association may be called at any time for the purpose of considering matters which by the terms of the Declaration, require the approval of all or some of the Owners, or for any other reasonable purpose. Said meetings shall be called by written notice, signed by a majority of the Board of Directors, or by the Owners having 1/3 of the total voting power and delivered not less than fifteen (15) days prior to the date fixed for said meeting. Said notices shall specify the date, time and place for the meetings, and the matters to be considered thereat.

C. Quorum. A quorum shall be deemed to be present throughout any meeting of the Association until adjourned if persons entitled to cast more than 1/3 of the total voting power are present at the beginning of the meeting.

D. Voting. A Unit Owner or Owners shall be entitled to cast a number of votes on behalf of his Unit or Units as shown in ARTICLE VIII and ARTICLE XI of the Declaration.

E. Proxy. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or, in any case where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Unit Owner or by any of such persons, that it be revoked. Any proxy shall be void if not dated, if it purports to be revocable without notice as aforesaid, or if the signature of any of those executing the same has not been duly acknowledged. The proxy of any person shall be void if not signed by a person having authority, at the time of execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the end of the final adjourned meeting of the first meeting held on or after the date of the proxy.

F. Purchaser of Unit. The Purchaser of any Unit under a Purchase and Sales Agreement shall be entitled to notice of all meetings called for and in the manner called for above if a copy of such written agreement is provided to the Board of Directors along with a written request that such notice be sent to Purchaser, which request is signed by the Owner of the Unit and sets forth the the mailing address of the Purchaser. Such Purchaser shall have no visiting rights at any meeting except as may accrue by virtue of a validly executed proxy as provided for above.

III. Officers of the Association. The officers of the Association shall be a President, Secretary and Treasurer. The offices of the Secretary and Treasurer may, by vote of the Association at any annual meeting be combined

as one office. All officers, after the Declarant shall have relinquished its power to exercise the rights, duties and functions of the Board pursuant to Paragraph I.F. of these By-Laws, shall be Owners of the Condominium Units of the Project. 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 the officers be subjected 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 and may exercise the powers generally allocable to the presiding officer of an association, including the appointment of committees.

B. Secretary. The Secretary shall keep minutes of all proceedings of the Board and of the meeting of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Association and its Board of Directors.

C. Treasurer. The Treasurer shall be responsible for the fiscal affairs of the Association but may delegate the daily handling of income and expense payments to the authorized employee or agent of the Association.

IV. Common Expenses.

A. Assessments.

1. Within thirty (30) days prior to the annual meeting the Board shall estimate the net charges to be paid during the following year (including a reasonable provision for working capital, contingencies and replacements and less any expected income and any surplus from the prior year's operation). Said "estimated cash requirement" shall be assessed on the basis of each Unit Owner's percentage of undivided interest. The Declarant will be liable for the amount of any assessment against completed Units owned by the Declarant. If said sum estimated proves inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board may at any levy a further assessment, which shall be assessed to the Owners in like proportions, unless otherwise provided herein. Each Owner shall be obligated to pay assessments made on or before the first of each quarter during the year, or in such other reasonable manner as the Board shall designate.

2. The rights, duties and functions of the Board as set forth in this section shall be exercised by the Declarant for the period ending thirty (30) days after the election of the first Board of Directors.

3. The omission by the Board before the expiration of any year to fix assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Declaration, or a release of the Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year.

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but the assessment fixed for the preceding year shall continue until a new assessment is fixed. Amendments to this paragraph shall be effective only upon unanimous written consent of the Owners and their mortgagees. No Owner may exempt himself from liability for his contribution toward the Common Expense by waiver of use or enjoyment or any of the Common Area or abandonment of his Unit.

4. The Board, or other employee or agent of the Association as the Directors may designate, shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Area and any other expenses incurred. Records and vouchers authorizing payments involved shall be available for examination by any Owner at convenient hours on weekdays.

B. Default in Payment of Assessments. Each Quarterly assessment and each special assessment shall be separate, distinct and personal debts and obligations of the Owner against whom the same are assessed at the time of the assessment and shall be collectible as such. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. The amount of the assessment, whether regular or special, assessed to the Owner of any Unit plus interest at the rate of one and one-half (1 1/2%) percent per month (18% per annum) and costs, including reasonable attorney's fees, shall become a lien on the Unit upon recordation of a notice of assessment by the Board of Directors. Said lien for nonpayment of Common Expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except only:

1. Tax and special assessment liens on the Unit in favor of any assessing body and special district; and

2. All sums unpaid on a first mortgage of record on the Unit.

A certificate executed and acknowledged by any officer of the Association stating the indebtedness secured by the lien upon any Condominium created hereunder, shall be conclusive upon the Board, 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 the Owner of any Unit or encumbrancer or prospective encumbrancer of the Unit upon request at a reasonable fee not to exceed ten (\$10.00) dollars. Unless the request for a certificate of indebtedness shall be complied within ten (10) days, all unpaid Common Expenses which became due prior to the date of making of such request shall be subordinate to the lien held by the person making the request or in the case of a purchaser, such purchaser shall take title free and clear of such lien. Any encumbrancer holding a lien on a Unit may pay any unpaid Common Assessment payable with respect to such Unit and upon such payment such encumbrancer shall have a lien on such Unit for the amounts paid of the same rank as the lien of this encumbrance.

Upon payment of a delinquent assessment concerning which sum a certificate has been recorded, or other satisfaction thereof, the Board shall cause to be recorded in the same manner as the certificate of indebtedness a further certificate stating the satisfaction and release of the lien thereof. Such lien for non-payment of assessment may be enforced by sale by the Board of the Unit, such sale to be conducted in accordance with the provisions of law applicable to the exercise of powers of sale foreclosure in deed of trust mortgages or in any manner permitted by law. In any foreclosure or sale, the Owners shall be required to pay the costs and expenses of such proceedings and reasonable attorney's fees.

V. Audit. Any Owner may at any time at his expense cause an audit or inspection of the books and records of the Board or that of an employee or agent of the Association keeping books for the Board. The Board, at its discretion, may obtain an audit of all books and records pertaining to the Condominium and furnish copies thereof to the Owners.

VI. Definition of Terms. Capitalized words within these By-Laws shall be defined and construed in accordance with the definitions of such words as set forth in the Declaration of Condominium for Rivergreen, A Condominium.

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