

BY LAWS

1. **DEFINED TERMS**

1.1 Terms Defined in the Declaration. The Definitions set forth in the Declaration of Condominium of Haystack Highlands, LLC dated June 25, 2004 are hereby incorporated into and shall be applicable to the terms used in these By Laws, as if fully set forth herein.

1.2 Additional Definitions.

1.2.1 "Articles" means and refers to the numbered paragraphs and provisions of these By Laws.

1.2.2 "Capital Assessments" means Assessments against a Unit for capital repairs, replacements, improvements, purchases or expenditures (other than Operation and Maintenance Assessments) approved by the Board of Directors of the Association as part of the Annual Budget of the Association or as a Special Assessment.

1.2.3 "Capital Expenditures" means expenditures, other than for administration, management, operation, maintenance, replacement and repair incurred or to be incurred in the ordinary course of the business of the Association, approved by the Board of Directors of the Association as part of the Annual Budget of the Association, or as a Special Assessment, for the development, construction, purchase or acquisition of real or personal property for the improvement, repair or replacement of the Common Areas and Facilities of the Condominium.

1.2.4 "Capital Reserve Fund" means the fund or funds established, from time to time, by the Directors, funded from Capital Assessments, and used by and at the discretion of the Directors, for Capital Expenditures or, at the discretion of the Directors, to fund unexpected or emergency expenditures and/or shortfalls in Operating Expenses, that would not otherwise qualify as Capital Expenditures.

1.2.5 "Meeting" means an Annual or Special Meeting of the Members or Directors of the Association (as the context requires) that is noticed and held in accordance with these By Laws.

1.2.6 "Member" means a Member of the Association, including the Declarant, except in instances where provisions of these By Laws expressly distinguish between the Declarant and other Members who have, directly or indirectly, acquired their Units from the Declarant.

1.2.7 "Operating Expenses" means those expenses incurred by the Association for usual and customary current operations, administration and obligations of the Association, and for the management and maintenance of the Common Areas and Facilities.

1.2.8 "Operation and Maintenance Assessments" means Assessments for the costs of administration, management, operation, maintenance incurred or to be incurred in the ordinary course of the business of the Association (other than Capital Assessments) approved by the Board of Directors of the Association as part of the Annual Budget or as a Special Assessment.

1.2.9 "Organizational Meeting" means the first meeting of the Association at which the Declarant is authorized to elect all Directors of the Association pursuant to Article 4 of these By Laws.

1.2.10 "Ownership Entity" means the Unit Owner that holds title to a Unit in the name of tenants by the entireties, joint tenants with right of survivorship, tenants in common, corporation, general or limited partnership, unincorporated association, limited liability company, trust or other entity or combination of entities.

1.2.11 Quorum of Members. Except as otherwise provided in these By Laws including Article 7.12 hereof, the presence, in person or by proxy, of Members representing fifty percent (50%) or more of the Voting Interests of the Members entitled to vote at such Meeting shall constitute a Quorum of Members for the transaction of business at any Meeting of the Association.

1.2.12 "Record Owner" means the Owner or Owners, or Ownership Entity, of a Unit whose name or names appear on the latest deed of such Unit recorded in the Wilmington Land Records prior to an action to be taken or a notice to be given in accordance with these By Laws.

1.2.13 "Registered Agent" shall mean the agent of the Association for the receipt of legal notices and service of process upon the Association. The initial registered agent shall be John Redd with a registered address c/o Ski Home Realty, 2 Seasons Drive, Wilmington, Vermont 05363.

1.2.14 "Schedule of Percentage Interests" means the most current Schedule of Percentage Interest adopted and filed in accordance with Section 8 of the Declaration that are of record in the Wilmington Land Records as of the date of an action to be taken or a notice to be given in accordance with these By Laws.

1.2.15 "Section" means and refers to the numbered paragraphs and provisions of the Declaration.

1.2.16 "Transfer of Authority" means the transfer from the Declarant to the Members of the Association of the authority to elect one or more Directors of the Association, and to vote on matters that are subject to vote by the Members at an Annual or Special Meeting.

1.2.17 "Unit Owner" means the Owner or Owners, or Ownership Entity, of a Unit and whose name or names appear in the Wilmington Land Records as the Record Owner of such Unit. The term "Unit Owner" as used in these By Laws shall include the Declarant, except as otherwise expressly provided.

1.2.18 "Voting Interest" means the aggregate of the votes held by the Members of the Association as expressed in the most current Schedule of Percentage interests prepared and recorded in accordance with Section 8 of the Declaration.

2. ADOPTION OF ASSOCIATION BY LAWS

2.1 Adoption of By Laws. The By Laws of the Association are hereby adopted, established and declared, and shall, except as otherwise expressly provided, govern the administration of the Common Areas and Facilities of Haystack Highlands and the conduct and obligations of the Unit made subject to the Declaration.

2.2 Powers and Duties. The Association shall have all of the powers and duties set forth in the Act, except as may be limited by the Declaration and these By Laws, and all of the powers and duties reasonably necessary to operate and manage Haystack Highlands as set forth in the Declaration and these By Laws, as they may be amended from time to time.

2.3 Registered Agent and Address.

2.3.1 Registered Agent. As of the date of adoption of these By Laws, John Redd has been designated the Registered Agent.

2.3.2 Current Address. As of the date of adoption of these By Laws, the business address of the Association and of the Registered Agent for the Association, shall be:

John Redd
PO Box 2569
West Dover, VT 05356

2.3.3 Change of Registered Agent. The Directors of the Association may change the Registered Agent of the Association by a resolution of the Directors adopted at a Meeting and filed with the Wilmington Town Clerk, and with the Secretary of the Association.

3. GOVERNANCE

3.1 The Association. The Association, acting by and through the Directors appointed and/or elected in accordance with these By Laws, and its duly elected officers and its duly appointed agents, shall be responsible for the administration and management of Haystack Highlands in accordance with the Acts, the Declaration and these By Laws, including, without limitation:

3.1.1 Management, maintenance, operation and control of the Common Areas and Facilities;

3.1.2 Review, approval, adoption and amendment of an Annual Budget, the Common Areas and Facilities, and the Association;

3.1.3 Levying and collecting Assessments;

3.1.4 Adoption and enforcement of Rules and Regulations;

3.1.5 Administration of and enforcement of the Condominium Documents and the Acts; and

3.1.6 Such other duties, acts and authority as may, in the reasonable judgment of the Board of Directors of the Association, be necessary, appropriate or convenient to the safe, orderly and productive functioning of Haystack Highlands.

3.2 Administration of the Association. The Association shall be administered by such officers and/or agents as may be elected or appointed by the Directors of the Association in accordance with Article 10 of these By Laws.

3.3 Ownership of Property. In the event the Board of Directors of the Association approve the acquisition, construction or development of real or personal property, and/or any obligations or indebtedness for Capital Expenditures in connection therewith, the Association may, subject to the provisions of Articles 3.4 of these By Laws:

3.3.1 Acquisition of Property. Acquire title to such property or make such improvements as the Directors determine to be in the interest of the Association;

3.3.2 Formation of Ownership Entities. Form a separate incorporated entity as either a Vermont profit or non-profit corporation as a wholly owned subsidiary of the Association to hold title to such property or improvements, borrow money for the acquisition, development or construction of such property or improvements; and

3.3.3 Pledge of Right of Assessment. Pledge its Assessment authority against the property or improvements that the Directors determine to be for the general benefit of the Members of the Association.

3.4 Decisions Requiring Approval by Members. After the Transfer Date as defined in Section 2.29 of the Declaration, the following actions by the Association shall only be legal and binding upon the Association and the Members upon approval by a majority the Members present and voting at a regular or special meeting of the Association called for such purpose at which there is a Quorum of Members.

3.4.1 Capital Expenditures. A Capital Expenditure for a single acquisition or improvement, or a series of related acquisitions or improvements, requiring an expenditure of Twenty Thousand Dollars (\$20,000) or more from the Capital Reserve Fund.

3.4.2 Certain Borrowings by the Association. The borrowing by the Association to fund Capital Expenditures for a single acquisition or improvement, or a series of related acquisitions or improvements, of Fifty Thousand Dollars (\$50,000) or more.

3.4.3 Pledge of Association Property. The mortgage, pledge or hypothecation of all or substantially all of the property or assets of the Association as security for borrowings by the Association.

3.4.4 Pledge of Assessment Authority. The pledge by the Association of its authority to Assess Members for Capital Assessments under Article 3.4.1 above, or the incurring of indebtedness under Article 3.4.2 above.

3.4.5 Certain Amendments to By Laws Requiring Consent of Members. Amendments listed in Article 13 of these By Laws shall require the consent of the Members of the Association.

3.5 Reservation by Declarant. Any contrary provision of these By Laws notwithstanding, the Declarant has, as provided in Section 9.6 of the Declaration, reserved the right and authority to appoint the Directors of, and to manage and control, the Association until a transfer of such right and authority is made in accordance with Section 9.6 of the Declaration and Article 5 of these By Laws.

4. MANAGEMENT AND ADMINISTRATION BY DECLARANT

4.1 Control of the Association by Declarant. Pursuant to Section 9.6 of the Declaration, Declarant has retained the sole and exclusive right to manage and control the Association and to appoint all Directors of the Association and to decide all matters that come before Meetings of the Association, except to the extent that a Transfer of Authority has occurred in accordance with Section 9.6 of the Declaration and Article 5 of these By Laws.

4.2 Appointment of Directors.

4.2.1 At each Annual Meeting of the Association occurring prior to the Transfer Date Declarant shall designate and appoint the Directors for the Association pursuant to Article 8 of these By Laws.

4.2.2 In the event Declarant does not appoint Directors at an Annual Meeting, the Directors previously appointed by the Declarant shall serve until their replacements have been appointed by the Declarant.

4.3 Power and Duties of Appointed Directors.

4.3.1 Authority and Powers. The Directors appointed by the Declarant, and the officers and agents elected or appointed by such Directors, shall have the authority to take such actions and render such assessments to Members as are provided for in the Declaration and these By Laws, without vote of or further authority from the Members.

4.3.2 Duties and Administration. Directors appointed by the Declarant, and the officers and agents elected or appointed by such Directors, shall administer and manage the affairs of the Association in accordance with the Declaration, these By Laws and the Rules and Regulations, and shall have the same responsibility and duty to the Members as if such Directors had been elected by the Members.

4.4 Removal/Replacement of Directors.

4.4.1 Removal of Director. The Declarant shall have the right to remove or replace a Director appointed by Declarant at any time, with or without cause and may replace such Director as hereinafter provided.

4.4.2 Resignations. If a Director appointed by the Declarant resigns, the Declarant may replace such Director as hereinafter provided.

4.4.3 Replacement. If a Director is removed or resigns, the Declarant may replace such Director by giving written notice of the replacement to the Secretary of the Association.

5. TRANSFER OF AUTHORITY

5.1 Events Initiating Transfer of Authority. As provided in Section 9.6 of the Declaration, the Declaration shall transfer the authority for the election of directors and management and administration of the Association to the Members upon the earliest of the following dates, which shall be considered the Transfer Date:

5.1.1 When, in Declarant's sole discretion and upon sixty (60) days' written notice to the Members, Declarant elects to transfer such authority and voting rights to the Members; or

5.1.2 60 days after 75 percent of the Units is conveyed to Unit Owners other than the Declarant;

5.1.3 Two years after Declarant has ceased to offer Units for sale in the ordinary course of business.

5.2 Effect of Transfer of Authority.

5.2.1 Directors. From and after the Transfer Date, any Director in office at the time shall continue to serve until the next annual meeting of the Members of the Association.

5.2.2 Members. From and after the Record Date of acquisition of their Unit, the Voting Interests of the Members shall be based upon the Voting Interests set forth in the most current Schedule of Percentage Interests of Record as of the date of such vote on any issue or action for which a vote of the Members is expressly provided for or required under these ByLaws.

5.3 Amendments to Transfer of Authority. No amendment of this Article 5 will be effective without Section 9.6 of the Declaration having been properly amended in the same manner.

6. ASSOCIATION MEMBERS

6.1 Members. The Owners of the Units shall be Members of the Association with all of the rights, privileges and duties reserved and assigned to such Unit Owners pursuant to the Declaration and these By Laws.

6.2 Declarant as Unit Owner. Subject to the reservations referred to in Article 4 of these By Laws, the term "Unit Owner" shall include the Declarant

with respect to any Units that appear in the most current Schedule of Percentage Interest that are owned by the Declarant.

6.3 Record Ownership.

6.3.1 Notice of Record Ownership. Except for those Unit Owners who initially purchase a Unit from the Declarant, any person, or other representative of Unit Owner shall furnish written notice of the acquisition of such Unit to the Secretary of the Association.

6.3.2 Change of Ownership. If the Record Ownership of a Unit changes between the date of Notice and the date of a Meeting for which the Notice was given, it shall be the responsibility of the Unit Owner to notify the Secretary of the Association of the change in Ownership.

6.3.3 Absence of Notice. Absent evidence of change of ownership satisfactory to the Secretary given at or prior to the Meeting, the Association shall have the right to rely upon the Record Ownership as of the date of Notice of the Meeting.

6.3.4 Disputed Ownership. If there is a dispute of ownership, the Directors of the Association may require a photocopy or certified copy or the recorded instrument vesting that person with an interest or ownership, or an opinion of counsel provided and paid for by the Unit Owner, which instrument shall remain in the files of the Association.

6.4 Unit Owner Mailing Address.

6.4.1 Designated Address. Each Unit Owner shall have one registered mailing address to be used by the Association for mailing of statements, notices, demands, and all other communications, and such registered address shall be the only mailing address of the owner or owners, or Ownership Entity, of such Unit to be used by the Association.

6.4.2 Notice of Association. Such registered address of the Unit shall be furnished by the Owner of such Unit within five (5) business days after transfer of title or after a change of address, and such registration shall be in written form and signed by all of the Owners of the Unit, or by such persons as are authorized by law and a resolution of the Ownership Entity filed with the Association, to represent the interests of the Ownership Entity.

6.4.3 Absence of Notice. In the absence of such notice of mailing address, the Association may use and rely upon the address listed for the Unit Owner in the Grand List of the Town of Wilmington as of the Notice Date.

7. ASSOCIATION MEETINGS OF MEMBERS

7.1 Annual Meeting.

7.1.1 The annual meeting of the Association shall be held on the third Friday of December of each year, at such time as shall be fixed by the Board of Directors.

7.1.2 If the election of Directors shall not be held on the day designated herein for any Annual Meeting of the Association, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a Special Meeting of the Association as soon thereafter as conveniently may be scheduled.

7.2 Special Meetings. Special meetings of the Association, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Association or by the Board of Directors of the Association, and shall be called by the President at the request of the holders of not less than 20% of all Association Members entitled to vote at the meeting.

7.3 Place of Meeting. All meetings of the Association shall be held at a place in Vermont to be determined by the Directors.

7.4 Notice of Meeting.

7.4.1 Annual Meeting. Notice of the Annual Meeting shall be provided no fewer than ten (10) nor more than sixty (60) days before the meeting date.

7.4.2 Special Meetings. In case of a Special Meeting, written notice of stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than ten (10), nor more than thirty (30), days before the date of the Special Meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or other persons calling the meeting, to each Association Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Association Member at his address as it appears on the books of the Association with the postage thereon prepaid.

7.4.3 Content of Notice. Notice of all Meetings, stating the time and place of the Meeting shall be given by the Secretary of the Association to the Owner of each Unit whose name or names appear as the Record Owner as of the date of such Notice, and to each of the Directors. The

Directors shall use reasonable effort to include in the Notice of the Meeting a general statement of the business to be transacted and the purpose of a Special Meeting, provided that any actions taken at such meeting shall be valid only after the Transfer Date and shall bind the Association notwithstanding a claim that the Notice did not accurately and completely describe the business and purpose of the meeting, unless it is established by a Member challenging the Meeting that there was an intent on the part of Directors to misrepresent the purpose of the Meeting or mislead the Members.

7.4.4 Delivery of Notice. Notice of a Meeting shall be delivered in person or mailed to each Unit Owner at his or her address as it appears on the books of the Association as of the date of such Notice and shall be deemed to be delivered when deposited in the United States mail, postage prepaid.

7.4.5 Exercise of Proxies. Members who have duly executed and filed Proxies in accordance with Article 7.5.2 of these By Laws, shall be counted as present at a Meeting at which such Member, by written notice delivered to the Secretary of the Association, exercises such Proxy.

7.4.6 Less than Quorum. If less than a quorum is present at a Meeting, the Meeting may be adjourned by those present to a later date, and Notice of the date, time and place of such adjourned Meeting shall be given as Notice of a Special Meeting in accordance with Article 7.4 of these By Laws.

7.5 Voting by Members. Except as otherwise expressly provided in these By Laws.

7.5.1 Association Members. Members of the Association may vote at the Annual or any Special Meeting of the Association on any matter requiring a vote of the Association Members.

7.5.2 Proxies. Every Member entitled to vote shall have the right to do so either in person or by a proxy executed in writing by the Member or by their duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before a meeting, or immediately at the time of the Meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Nothing herein shall be construed to prevent the establishment and use of voting trusts as proxies for voting.

7.6 Voting Interests.

7.6.1 Voting by Members. In any matter requiring a vote of the Association, the voting rights and authority of the Members of the Association shall be the aggregate Voting Interest allocated to the Members pursuant to the Schedule of Percentage Interests applicable at the time.

7.6.2 Vote by the Declarant. In any matter requiring a vote of the Members of the Association, the Declarant's Voting Interest shall be equivalent to 100%, unless and until the Declarant has relinquished all its rights to appoint Directors to the Association pursuant to Section 9.6 of the Declaration and Article 5 of these By Laws.

7.7 Multiple Owners of Units.

7.7.1 Record Owner. For purposes of these By Laws, the term "Member" shall mean the Record Owner or Owners of one or more Units as of close of the Association accounting year or, in the event of a vote of the Members, the date of the meeting at which the vote is taken.

7.7.2 Ownership Entity. If title to a Unit is held by an Ownership Entity, such Ownership Entity shall be a single "Member" with respect to such Unit for purposes of these By Laws, including, without limitation, voting for Directors of the Association and/or voting on any other matters requiring a vote of the Association.

7.7.3 Apparent Authority. At any meeting at which Units owned by an Ownership Entity are voted, the Secretary may, in the absence of any written notice to the contrary, rely upon the apparent authority of the person voting the shares of the Ownership Entity, or the Secretary may, at his or her discretion, require evidence of the authority of the person voting the shares of the Ownership Entity including, without limitation, such evidence of authority as is provided for in Article 6.3 of these By Laws.

7.8 Voting By Certain Members.

7.8.1 Husband and Wife. Units held jointly in the name of a husband and wife are treated as owned by one Member and may be voted by either spouse.

7.8.2 Executor or Administrator. Units held by an administrator, executor, guardian or conservator may be voted by him or her either in person or by proxy, without a transfer of such shares into his or her name. Units standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote as a Member without a transfer of the Unit into his or her name.

7.8.3 Receiver. A Unit held in the name of a receiver may be voted by such receiver, and a Unit held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his or her name if authority to do so is contained in the appropriate order of the Court by which such receiver was appointed.

7.8.4 Mortgagee. A Member whose Unit is mortgaged or pledged shall be entitled to vote as a Member until the Unit has been transferred into the name of the mortgagee or pledgee by a foreclosure or surrender of the equity of redemption of such Unit, and thereafter the mortgagee or pledgee shall be entitled to vote as a Member or as part of an Ownership Entity with respect to such Unit.

7.8.5 Declarant. Units incorporated into the Condominium by Amendment in accordance with Section 8.4 of the Declaration may, until conveyed to a subsequent or successor Unit Owner by the Declarant, be voted by the Declarant at any Meeting; such Units shall have the Voting Interests assigned to them in the most current Schedule of Percentage Interests.

7.9 Voting. At each election for Directors, every Member entitled to vote at such election shall have the right to vote, in person or by proxy, the Voting Interests allocated to the Unit owned by such Member for as many persons as there are Directors to be elected and for those whose election such Unit Owner has a right to vote.

7.10 No Severance of Membership or Voting Rights. Membership and voting rights shall be part of, and shall not be severed from, or assigned or conveyed separately from, the ownership of a Unit. A deed conveying a Unit shall be deemed to include the conveyance of all right, title and interest of the Unit, including, without limitation, their Membership in the Association. Any purported transfer or assignment of Membership or voting rights (other than by

duly executed proxy) separate from the conveyance of the association Unit shall be void *ab initio* and shall be of no force and effect.

7.11 Reservation by Declarant.

7.11.1 Management of Association. Any contrary provision of these By Laws notwithstanding, the Declarant has, as provided in Section 9.6 of the Declaration, reserved the right and authority to manage and control the Association and to appoint Directors prior to the Transfer Date.

7.11.2 Vote by Members Not Required. Prior to the Transfer Date no vote of the Members of the Association shall be required for any actions or assessments by the Association.

7.12 Declarant as a Quorum. Until a Transfer of Authority has occurred that transfers to the Members of the Association the right to elect all three Directors of the Association, the presence of the duly authorized agent or representative of the Declarant at a Meeting shall constitute a quorum for purposes of conducting business at the Meeting.

7.13 Limitation on Authority of Members. Notwithstanding the Transfer of Authority to the Members pursuant to Article 5 of these By Laws, no subsequent action by the Members shall modify, effect or impair the rights reserved to Declarant under Sections 17 and 19.2 of the Declaration or Articles 4 and 13.4 of these By Laws.

8. DIRECTORS

8.1 Number and Representation. The Board of Directors of the Association shall, except as otherwise provided in Article 8.2 of these By Laws, consist of three (3) individuals, each of whom shall be either a duly authorized representative of the Declarant, a Member or the duly authorized agent of an Ownership Entity.

8.2 Directors Appointed by the Declarant. Any contrary provision of Article 8.1 of these By Laws notwithstanding, Directors appointed by the Declarant may fill one or more of the Director positions for which Declarant is entitled to appoint Directors pursuant to Article 4.2 of these By Laws, so that, as long as Declarant has the authority to appoint Directors, a single Director appointed by Declarant may fill all of the positions on the Board of Directors and exercise all of the Voting Interests of the Declarant and the Directors that the Declarant is entitled to appoint.

8.2.1 Initial Directors. The three (3) Directors appointed by the Declarant who shall serve until their successors are appointed or elected are:

1. John Redd
2. Jim Carter
3. John Beck

8.3 Election by Members. Upon Transfer of Authority in accordance with Article 5 of these By Laws, the Members shall elect all three Directors.

8.4 Terms. The term of a Director shall end at the next Annual Meeting of Members, provided that, if the Declarant or the Members fail to elect a successor to a Director whose term has expired, such Director may continue to serve as Director until his successor is elected.

8.5 Ownership of Units. Except for a Director appointed by the Declarant, a Director must be a Unit Owner, or the duly authorized agent of an Ownership Entity, at all times during his or her term. In the event a Director sells and conveys all of his or her interest in any or all Units owned by such Director during his or her term as Director, such sale and conveyance shall constitute an automatic resignation of such Director.

8.6 Vacancies. Any vacancy for a partial term in the Board of Directors shall be filled by majority vote of the remaining Directors (whether or not such remaining Directors constitute a quorum) at the next Meeting of the Directors of the Association following the creation of the vacancy. The Director so elected will serve until a replacement Director, if any, is elected at the next Annual Meeting of the Association following his or her appointment.

8.7 Powers and Duties; Association Board of Directors. The Board of Directors of the Association, shall have the powers and duties necessary for the administration of the affairs of the Association and the Common Areas and Facilities. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

8.7.1 General Administration. General administration and management of the Association including, without limitation, the employment of property management agents, and the contracting for services that the Board of Directors determines to be necessary or convenient for the proper management and administration of the Condominium.

8.7.2 Bank Accounts. Opening and maintaining one or more bank accounts on behalf of and in the name of the Association, and designating the signatories required therefor.

8.7.3 Insurance. Obtaining of and administering insurance on the Common Areas and Facilities pursuant to the provisions of Section 14 of the Declaration.

8.7.4 Allocation of Common Area and Facility Costs. Determination and allocation to and assessment of the Members for the costs and expenses incurred by the Association for the administration, management, repair, replacement and improvement of the Common Areas and Facilities of the Condominium.

8.7.5 Repairs and Improvements. Making of repairs, additions and improvements to or alterations of the Common Elements, and repairs to and restoration of the Common Areas and Facilities in accordance with provisions of these By Laws after damage or destruction resulting from any cause.

8.7.6 Budgets and Expenditures. Development and approval of a budget for the Condominium, including the Common Areas and Facilities, capital, replacement and improvement budgeting and expenditures.

8.7.7 Assessment and Collection. Assessing and collecting from Unit Owners the costs and expenses (including assessments for capital, replacement and/or improvement funds) for operation, maintenance, repair or replacement of the Common Areas and Facilities, including the cost of all utility or other services rendered to the Condominium and not billed to the individual Owners.

8.7.8 Administration and Enforcement of Condominium Documents. The general administration and enforcement of the Declaration, these By Laws and the Rules and Regulations, including, without limitation, the commencement and prosecution, in the name of the Association, of actions to enforce compliance with the Condominium Documents.

8.8 Limitation on Authority of Directors. Notwithstanding the Transfer of Authority to the Members pursuant to Article 5.2 of these By Laws, no subsequent action by the Directors of the Association shall modify, effect or impair the rights reserved to Declarant under Sections 17 and 19 of the Declaration or Articles 4 of these By Laws.

9. DIRECTORS' MEETINGS

9.1 Directors' Meetings.

9.1.1 Regular Meetings.

9.1.1.1 Regular meetings of the Board of Directors of the Association shall be held at such time and place as may be established, from time to time by a majority of the members of the Board of Directors of the Association.

9.1.1.2 Notice of regular meetings shall be given to each Director at least ten (10) days prior to the date of the regular meeting.

9.2 Special Meetings.

9.2.1 Special meetings of the Directors of the Association may be called by the President, and shall be called upon written request to the President of the Association by at least two (2) Directors.

9.2.2 Unless such notice is waived, in writing, written notice must be given to each of the Directors at least seven (7) business days prior to a special meeting, stating the time, date, place and purpose of the meeting.

9.3 Notice to Directors.

9.3.1 Regular Meeting. The Annual Meetings of Directors of the Association shall be scheduled and held in accordance with Article 9.1.1 of these By Laws, and no further notice shall be required for such Annual Meetings of Directors.

9.3.2 Content of Notice. Notice of all Special Meetings, stating the time and place of the Meeting shall be given by the Secretary of the Association to each Director. The Secretary shall use reasonable effort to include in the Notice of the Meeting a general statement of the business to be transacted and the purpose of a Special Meeting, provided that the actions taken at such meeting shall be valid and binding on the Directors notwithstanding a claim that the Notice did not accurately and completely describe the business and purpose of the meeting, unless it is established by a Director challenging the Meeting that there was an intent on the part of Directors or the Secretary to misrepresent the purpose of the Meeting or mislead the Directors.

9.3.3 Delivery of Notice. Notice of a Meeting shall be delivered in person or mailed to each Director entitled to receive Notice at his or her address as it appears on the books of the Association as of date of such Notice and shall be deemed to be delivered when deposited in the United States mail, postage prepaid.

9.4 Waiver of Notice. Notice of any meeting may be waived by a writing signed by any Director. Attendance at any meeting or vote by proxy or by mail under Article 9.7 of these By Laws shall constitute a waiver of notice thereof.

9.5 Electronic Meetings. At written request of a majority of the Directors of the Association, a Special Meeting of the Directors of the Association may be held by telephone, interactive television, or by other similar electronic medium whereby

all Directors may participate and be aware of the participation of all other Directors.

9.5.1 The Secretary or the duly authorized agent of the board of Directors holding such meeting shall arrange the electronic format for the Meeting, and shall coordinate the scheduling of the Meeting with the Directors.

9.5.2 The Notice of the electronic Meeting shall include the time, place and date of the Meeting, and at the request of one or more of the Members of the Association, arrangements shall be made by the Secretary to allow Member participation in the Meeting.

9.5.3 The Secretary shall be included in and keep minutes of the electronic Meeting, and the minutes of the Meeting shall include the written requests of the Directors to hold the meeting electronically.

9.5.4 Participation by a Director in an electronic Meeting shall constitute attendance and presence by the Director at such Meeting, provided that a Director contacted for an electronic meeting may decline to participate in or be present at such meeting by so notifying the Secretary of the Meeting at the beginning of the Meeting, and discontinuing participation in the Meeting.

9.6 Voting by Directors. Unless otherwise expressly provided in these By Laws and/or the Declaration, all business to be transacted at Association Meetings shall be voted upon by the Directors of the Association. A majority vote of a quorum of the Directors present at the Meeting or voting by Proxy shall decide any question properly before the Directors.

9.7 Written Ballots. In order to enable the Directors of the Association to act efficiently, conveniently and as frequently as the best interests of the Association may require, the Directors are hereby empowered to act by written ballot without a formal meeting.

9.7.1 A vote by ballot shall be taken by delivering to each Director a ballot containing the exact text of the proposed resolution or resolutions.

9.7.2 No ballot shall be valid unless it is signed by Director casting it.

9.7.3 Marked and signed ballots shall be returned to the Secretary of the Association, who shall ascertain the outcome of the vote and record it like all other Directors' votes. The Secretary shall give all Directors and, if appropriate, Members written notification of the outcome of the vote.

9.7.4 Requests for a Director's vote by ballot, each of which must be accompanied by a form of the ballot or ballots to be used therefor, may only be made by:

9.7.5 The President of the Association; or

9.7.6 Any two (2) Directors of the Association; or

9.7.7 The Secretary of the Association, acting at the request of the Unit Owners representing at least one third of the Voting Interests of the Members entitled to vote at the time of the request.

9.8 Quorum.

9.8.1 Number Constituting a Quorum. At any Meeting of the Directors of the Association, attendance by a majority of the Directors at the beginning of the meeting shall constitute a quorum for the transaction of business at such Meeting. For purposes of constituting a quorum, a representative of the Declarant attending a Directors Meeting shall be deemed to constitute the presence at the Meeting of the number of Directors that the Declarant is entitled to appoint.

9.8.2 Attendance at Meeting. Unless otherwise provided in the Notice of the Meeting, to be present at a meeting, a Director must attend the Meeting in person or by proxy. For purposes of determining a quorum at an electronic Meeting, attendance at the meeting shall be in the manner set forth in the Notice of the Meeting.

9.8.3 Adjournment if Less Than a Quorum. If less than a quorum is present at a Meeting, a majority or those present may adjourn the meeting to a future time, provided that notice of the date, time and place of such adjourned Meeting shall be given by the Secretary to each Director required to receive notice of the Meeting.

9.9 Committees. The Directors of the Association may establish such committees and subcommittees as the Directors deem to be in the best interest of the Association, provided that no decision or action by a committee or subcommittee shall be binding on the Association unless and until approved by the Board of Directors of the Association.

9.10 Compensation. No member of the Board of Directors shall receive any compensation for acting as a Director.

9.11 Liability of Directors.

9.11.1 Indemnification of Directors. The Association shall indemnify and hold harmless the Directors of the Association, including the Declarant and/or Directors appointed by the Declarant, against any mistake of judgment or contractual liability to others unless same shall have been made in bad faith.

9.11.2 Agency. Every contract, agreement or commitment made by the Directors or their agents or employees, including, without limitation, the Declarant and Directors appointed by the Declarant, shall be deemed to have been made on behalf of the Association; therefore, the Directors, the Declarant and their agents, employees and designees are acting as agents for the Association and shall have no personal liability hereunder or any such contract, agreement or commitment.

9.12 Fidelity Bonds, Directors and Officers Insurance. No Fidelity bond shall be required of or for any Director, including Directors appointed by the Declarant. The Board of Directors of the Association may, if so authorized by a majority vote of the Members of the Association at any annual or special meeting, obtain, at the expense of the Association, adequate fidelity bonds, officer and director insurance coverage, or other similar insurance coverage for all officers and employees of the Association handling or responsible for Association funds, or taking actions as Directors, officers or agents of the Association.

10. OFFICERS

10.1 Officers.

10.1.1 Principal Officers. The Directors of the Association shall, at the Annual Meeting of the Association, elect an Association President, who shall be Chairman of the Association Board of Directors, and an Association Treasurer and an Association Secretary.

10.1.2 Other Officers. The Directors of the Association may elect such other officers and designate their powers and duties as required to manage the affairs of the Association.

10.2 Powers and Duties. The Officers of the Association shall have the following powers and duties and such other powers and duties as the Directors of the Association may delegate:

10.2.1 President. The President, shall, in general, supervise and control the business and affairs of the Association, execute and deliver, in the name of the Association, any contracts, checks, deeds, mortgages or other instruments that the Directors have authorized to be executed, and in

general, shall perform all duties customarily incident to the office of President and such other duties as may be prescribed by the Directors from time to time, preside over regular and special meetings of the Board of Directors of the Association or any meeting of the Association Members under Article 7 of these By Laws, and perform such other functions as the Directors may lawfully assign to the President.

10.2.2 Secretary. The Secretary shall keep the minutes of all regular and special meetings of the Directors and of the Members of the Association; ascertain, record and publicize the outcome of all votes taken at such meetings; maintain a register of names, addresses and phone numbers of all Association Members, a register of all persons holding mortgages or other liens upon any Unit or any part of the Common Areas and Facilities; and attend to giving of all notices required by law and by these By Laws. The Directors of the Association may designate one or more Assistant Secretaries, who may act as Secretary of the Association in the absence of the Association Secretary.

10.2.3 Treasurer. The Treasurer shall keep the financial records of account of the Association and shall make an annual report to the Members at the end of the fiscal year. The Treasurer shall also keep an assessment roll and a separate account for each Unit Owner and be responsible for sending statements or assessments to Owners. The Treasurer may delegate these duties to such managing agent as the Directors of the Association may designate.

10.3 Compensation. No Officer shall be entitled to compensation by virtue of the election, and performance of duties as an officer. However, the Directors may, in their sole discretion, approve compensation for one or more of the Officers, and no such Officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Association. Unless and until a salary or other compensation is established by resolution of the Directors, no Officer shall be entitled to receive a salary or other compensation from the Association.

10.4 Initial Officers Appointed by the Declarant. The initial officers appointed by the Declarant who shall serve until their successors are appointed or elected are:

President:	John Redd
Secretary:	Jim Carter
Treasurer:	John Beck

11. FISCAL MANAGEMENT

11.1 Fiscal Year. The fiscal (tax) year of the Association shall begin on January 1st of each year and end on December 31 of the calendar year.

11.2 Budget.

11.2.1 Annual Association Budget. The Annual Association Budget shall include the funds determined by the Board of Directors to be required to administer, manage, operate and maintain the Association and the Common Areas and Facilities of Haystack Highlands; the Annual Association Budget may provide for the funding of a capital, replacement and reserve account as set forth in Article 11.3.1 of these By Laws. The Annual Association Budget shall be prepared by the Directors of the Association prior to, and presented to the Members at, an Annual Budget Meeting held in accordance with Article 11.2.2 of these By Laws.

11.2.2 Approval of the Annual Association Budget. Within 30 days after adoption of any proposed budget the Board of Directors shall provide a summary of the budget to all the Unit Owners. The Board shall set a date, not less than 14 or more than 30 days after the date the budget summary is sent to the Unit Owners, for a meeting of the Unit Owners to ratify the budget. The budget shall be ratified, unless a majority of all the Unit Owners rejects the budget, whether or not a quorum is present. If the budget is rejected, the budget last ratified by the Unit Owners shall be in effect until the Unit Owners ratify a budget proposed by the Board.

11.3 Capital Budgeting.

11.3.1 Association Capital Budget. The Association Directors may from time to time, establish and include in the Annual Association Budget capital funding to provide a replacement reserve for the Common Areas and Facilities, to undertake major replacement or repair of such Common Areas and Facilities, and acquisitions of new or replacement property, and/or to fund deficiencies or shortfalls in the Association operating account as the Association Directors deem to be in the interest of the Association, provided that in no event shall the aggregate of deposits in such capital improvement accounts exceed such amounts as the Association Directors, by resolution, determine from time to time to be appropriate and necessary to meet the needs of the Association.

11.3.2 Capital Assessments. Capital Budgets approved by the Association Directors shall be funded by Assessments in accordance with these By Laws.

11.3.3 Capital Accounts. The deposits into such Capital Budget accounts shall be held in interest bearing savings accounts in the name of the Association. The interest from such Capital accounts shall be used to increase the funds available in the Capital Account. Funds held in a Capital Account shall be the sole and exclusive property of the Association, and Capital Account funds shall not be returned to Unit Owners upon sale of a Unit, nor shall amounts held in a Capital Account be credited a Unit Owner to offset Assessments, nor credited against any lien for unpaid Assessment arising under Article 11.9 of these By Laws.

11.4 Amended Budgets. The Association may, at any time, propose an Amended Budget and/or Capital Budget for the Association for review, approval and/or amendment by the Members of the Association at a Special Meeting called for that purpose.

11.5 Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors of the Association to prepare or adopt a Budget for any fiscal year, or the disapproval of an Annual Association Budget by the Members of the Association shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay their 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 Unit Owner shall continue to pay their Assessments at the rate established for the previous fiscal year until the new Annual or Adjusted Budget shall have been adopted by the Board of Directors of the Association.

11.6 Assessments.

11.6.1 Basis for Assessments. Assessments for the administration, management, operation, maintenance, repair and improvement of Haystack Highlands and its Common Areas and Facilities shall be made by the Board of Directors of the Association based upon the Association Budget approved by the Association Directors in accordance with Article 11.2 of these By Laws, together with such Special Assessments as may be approved by the Association Directors in accordance with Article 11.6.3 of these By Laws.

11.6.2 Assessment Period. Unless otherwise approved or agreed by the Association Directors, Assessments shall be made quarterly, in advance. Such assessment shall be payable in such installments as may from time to time be established by the Association Directors.

11.7 Assessment of Unit Owners.

11.7.1 Notice of Assessment. The Association shall send to each Unit Owner of Record a Notice of Assessment, advising the Unit Owner of the

Assessment against their Unit, and giving such reasonable period of time as the Association Directors may establish for payment of the Assessments.

11.7.2 Personal Obligations of Unit Owners. As provided in Section 11.3 of the Declaration, Assessments shall be the joint, several and personal obligations of all of the owners of a Unit.

11.7.3 Collection of Assessments. Assessments shall be collected by the Association in accordance with Section 11.4 of the Declaration, Assessments shall be the joint, several and personal obligations of all of the owners of a Unit.

11.7.4 Assessments Against Unfinished/Unsold Units.

11.7.4.1 Notwithstanding that Unit has been pre-sold, there shall be no Assessments against any Unit under construction by Declarant until construction of such Unit has been substantially completed and a Certificate of Occupancy has been issued for such Unit by the state or municipal authority having jurisdiction to issue Certificates of Occupancy, if any.

11.7.4.2 Upon issuance of a Certificate of Occupancy for such Unit, the Declarant shall provide a copy of such Certificate of Occupancy or Certificate of Substantial Completion to the Secretary, and the Unit shall be fully assessed as of the date of such Certificate of Occupancy or Certificate of Substantial Completion in accordance with the Schedule of Percentage Interests in effect as of the date of such Assessment.

11.8 Special Assessments. Nothing herein shall impair the right of the Board to make and assess emergency expenditures in excess of an approved Budget. Upon approval of a Special Assessments by the Association, the Special Assessments shall be assessed against the Unit Owners and shall be paid by the Unit Owners not later than thirty (30) days following receipt of notice of such Special Assessments.

11.9 Effect of Non-Payment of Assessment.

11.9.1 Delinquent Assessments. Any assessment not paid by the due date established by the Association shall constitute a Delinquent Assessment and a lien upon the Unit of the delinquent Owner.

11.9.2 Notice and Enforcement of Lien. If an assessment is not paid with thirty (30) days after due date, the Association Directors may file a notice of lien in the Wilmington Land Records, bring an action at law against the Unit Owner obligated to pay same or may bring an action to foreclose any lien against the Unit.

11.9.3 Interest and Attorneys' Fees. In either event, the Owner shall be liable for any unpaid assessment, interest thereon at such rate as may, from time to time, be established by the Directors (but in no event in excess of the maximum legal rate of interest chargeable under Vermont law), together with collection costs, and reasonable attorney's fees.

11.9.4 No Waiver. Failure of the Association to give notice of lien or bring action to enforce the lien shall not constitute a waiver of the lien or impair the right of the Association to assert the lien against a subsequent Unit Owner.

11.10 Notice to Prospective Purchasers.

11.10.1 Status of Unit Account. The Treasurer of the Association, or, if so designated, the Managing Agent for the Association, shall not later than ten (10) days following receipt of written notice of impending sale of conveyance of a Unit, given by the Unit Owner or the agent for the Unit Owner, notify the Unit Owner or the agent, in writing of the status of the account of such Unit Owner, including any delinquencies or penalties then outstanding. Such notice shall also contain a statement of the Unit Owner's account for the current billing period, including the amount charged to the Unit Owner for the billing period, the due date of payment, whether or not payment has been received and any advance payments made by the Unit Owner.

11.10.2 Reliance by Purchaser. As long as a closing on the conveyance of the Unit occurs prior to the end of the then current billing period, the Unit purchaser may rely upon such written notice and the Association shall be estopped from claiming or assessing against such Unit purchaser any costs or expenses other than those set forth in the written notice of account; provided, however, that nothing herein shall affect or impair the right of the Association to collect any delinquent or unpaid assessments from the selling Unit Owner.

12. RULES AND REGULATIONS

12.1 Rules and Regulations.

12.1.1 Promulgation and Adoption. Rules and Regulations for the operation, maintenance and use of Haystack Highlands, and the restrictions and requirements for the use and maintenance of each Unit may be initially promulgated by the Declarant, or thereafter by the Board of Directors of the Association, and adopted, amended and/or repealed by the Association in accordance with this Article.

12.1.2 Effect of Rules and Regulations. Upon recording in the Wilmington Land Records, such rules and regulations, including any amendments thereto, shall be incorporated into and made a part of these By Laws.

12.2 Amendments to Rules and Regulations. After the adoption of the initial Rules and Regulations by the Declarant the Rules and Regulations may be amended or repealed by the Board of Directors of the Association at any regular or special meeting.

12.3 General Provisions.

12.3.1 Effective Date: These By Laws shall be effective as of the date of recording of the same in the Wilmington Land Records.

12.3.2 Severance: The rights, interests and obligations of each Unit Owner in the Common Areas and Facilities shall run with the land and be inherent in the title to the Unit. No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to any Unit without including the rights and interests of such Unit Owner in the Common Areas and Facilities. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests so omitted, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the common Areas and Facilities appurtenant to a Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Common Areas and Facilities. The foregoing notwithstanding, nothing in this Paragraph shall affect or impair any rights reserved to Declarant in Section 17 of the Declaration.

12.3.3 Applicable Laws: This Declaration, the By Laws and the administrative rules and regulations adopted hereunder, if any, are in

addition to, and not in lieu of, the rights and obligations provided for by the Acts and by other applicable laws which inure to the benefit of and are binding upon any person affected thereby.

12.3.4 Savings Provision: The invalidity of any provision of these By Laws shall not be deemed to impair or effect in any manner the validity or effect of the remainder of these By Laws. In the event any of the provisions of these By Laws are inconsistent with any of the provisions of the Acts, the provisions of these By Laws shall prevail unless statutory provisions shall be mandatory or the provisions herein are invalidated by legal proceedings.

12.3.5 No Waiver: No provision contained in these By Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

12.3.6 Captions: The captions herein are inserted only as a matter of convenience and for reference, and in no way limit or affect the scope of the By Laws or the intent of any provision hereof.

12.3.7 Gender: The use of the masculine in these By Laws 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.

12.3.8 Binding Effect: These By Laws shall be binding upon and inure to the benefit of the Declarant and each and every party acquiring ownership or an interest in any Unit subject to this Declaration and their heirs, successors and assigns.

13. AMENDMENTS

13.1 Amendments.

13.1.1 Amendment by Directors. The Board of Directors of the Association may, by a two-thirds (2/3) vote, amend these By Laws at any regular or special meeting of the Board or Association.

13.1.2 Recording of Amendment. No amendment to these By Laws shall be valid unless set forth as an amendment and duly recorded in the Wilmington Land Records.

13.2 Consent to Amendment. Except as otherwise provided in these By Laws, these By Laws may be amended by the Declarant prior to the Transfer Date and thereafter by a vote of 67 percent of the Percentage Interests of the Unit

Owners, voting in person or by proxy, at a Meeting duly held in accordance with the provisions of these By Laws; at which there is a Quorum of Members provided, however, that:

13.2.1 If such amendment shall materially reduce or impair any rights, privileges, powers and options of the Declarant, such amendment shall require the joinder of the Declarant.

13.2.2 Change in Percentage Interests and Voting Interest, except as provided in Section 8 of the Declaration;

13.2.3 Change in Boundaries of any Unit, except as provided in Section 19 of the Declaration;

13.2.4 Expansion or construction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium, except as provided in Section 19 of the Declaration;

13.2.5 Imposition of any restriction on Unit Owner's right to sell or transfer their Unit.;

13.2.6 Restoration or repair of the condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents; or

13.2.7 Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs.

13.3 Amendment to Correct Condominium Documents. If, in the judgment of the Declarant or of the Board of Directors of the Association, any amendment to these By Laws is necessary to cure any ambiguity or to correct or supplement any provision of these By Laws that is defective, missing or inconsistent with any other provision hereof, or with the Act, or the Declaration, 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 condominium projects, then at any time, and from time to time, the Declarant or the Directors of the Association may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Condominium Property.

14. ARBITRATION

14.1 Arbitration. In the event of a deadlock of the Association Directors with respect to any action or decision of the Association under these By Laws, the Association shall, at the request of any two Directors, submit the dispute to binding arbitration. The decision by the arbitrators shall be binding upon the

Association. By acceptance of deeds to their Units, each Unit Owner shall be deemed to have acknowledged and agreed that these By Laws contain an agreement to arbitrate and that they understand that neither they nor the Association will be able to bring a lawsuit concerning any dispute that may arise which is covered by this arbitration provision, unless the dispute involves a question of constitutional or civil rights. Instead, the Association shall submit any such dispute to an impartial arbitration in accordance with this Article.

15. CERTIFICATION OF ADOPTION OF BY LAWS

The undersigned hereby certifies that the By Laws of the Association were adopted by unanimous vote of the Declarant.

Haystack Highlands, LLC

By: _____
Its Duly Authorized Member

ATTEST:

Secretary