

EXHIBIT C

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BY-LAWS

of

GUARD HILL HOMEOWNERS ASSOCIATION, INC.

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BY-LAWS  
OF  
GUARD HILL HOMEOWNERS ASSOCIATION, INC.

ARTICLE I  
APPLICABILITY OF BY-LAWS

Section 1. Applicability of By-Laws. The provisions of these By-Laws are applicable to Guard Hill Homeowners Association, Inc., a Not-For-Profit Corporation of the State of New York. The acceptance of a deed of conveyance of a Lot or the entering into a lease or the act of occupancy of a Home constructed on a Lot shall constitute an agreement that these By-Laws, the Rules and Regulations and provisions of the Declaration as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 2. Office. The office of the Association and of its Board of Directors shall be located at such place as designated by the Board of Directors.

ARTICLE II  
DEFINITIONS

Section 1. "Association" shall mean and refer to Guard Hill Homeowners Association, Inc., a New York Not-For-Profit Corporation, its successors and/or assigns.

Section 2. "Subdivision Map" shall mean and refer to the Subdivision Map entitled: "Subdivision Plat of Wayside", filed in the Westchester County Clerk's Office, Division of Land Records, on January 29, 1985, as Map No. 21827.

Section 3. "Properties" shall mean and refer to that certain real property shown on the Subdivision Map and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Members of the Association.

tion, and other than the individual Lots as shown on the Subdivision Map.

Section 5. "Lot" shall mean and refer to the numbered plots of land shown on the Subdivision Map with the exception of the Common Area.

Section 6. "Home" shall mean and refer to a residential unit situated on a Lot and attached to other Homes and forming a building.

Section 7. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Sponsor" and/or "Declarant" shall mean and refer to GUARD HILL DEVELOPMENT CORPORATION for as long as it continues to own any part of the Properties; its successors, assigns and grantees.

Section 10. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements applicable to the Properties to be recorded in the Office of the County Clerk, County of Westchester, Division of Land Records.

Section 11. "Institutional Lender" shall mean and refer to any bank, savings and loan association, insurance company, or mortgage company which holds a first mortgage on a Lot, together with the improvements thereon.

Section 12. "Board of Directors" shall mean and refer to the governing body of the Association.

### ARTICLE III MEMBERSHIP

Section 1. Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject to the covenants of record to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold any interest merely as security for

the performance of an obligation. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

Section 2. Suspension of Membership. During any period in which a Member shall be in default in the payment of any assessment levied by the Association against his or her Lot, the right to use the recreational facilities of such Member and his immediate family may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member and his immediate family may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Area and recreational facilities.

#### ARTICLE IV PROPERTY RIGHTS; RIGHTS OF ENJOYMENT

Section 1. Use and Enjoyment. Each Member and his or her immediate family shall be entitled to the use and enjoyment of the Common Area and recreational facilities as provided in the Declaration. Any Member may delegate his or her rights of enjoyment of the Common Areas and recreational facilities to his tenants or contract purchasers, provided they reside in the Home on the Lot. Such Member shall notify the Secretary in writing of the name(s) of such delegee(s). The rights and privileges of such delegee(s) are subject to suspension to the same extent as those of a Member and his immediate family.

Section 2. Member's Guests. A Member's guests may use the Common Area and recreational facilities subject to the Rules and Regulations governing such areas promulgated by the Association.

Section 3. Rules and Conduct. Rules and Regulations concerning the use and maintenance of the Lots and Homes and the Common Area shall be promulgated and may be amended by the Board of Directors. A majority vote of Owners at a Meeting may overrule the Board. Copies of such Rules and Regulations shall be furnished by the Board of Directors to each Owner prior to the time when same shall become effective. Initial Rules and Regulations which shall be effective until amended by the Board of Directors are annexed hereto and made part hereof as Schedule "A" to By-Laws.

ARTICLE V  
BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors which shall consist of a nine (9) persons (except during a period in which the Sponsor controls the Board of Directors which shall consist of three (3) persons); each of whom must be an Owner, except the original members of the Board of Directors shall be persons designated by the Sponsor, none of whom need be an Owner. The appointed individuals shall resign at the time of the first annual meeting ("Annual Meeting"), to be replaced by the members elected thereafter.

Section 2. Election. At the first Annual Meeting the Members shall elect three (3) of the Directors for a term of one year; three (3) of the Directors for a term of two years; and three (3) of the Directors for a term of three years; and at each Annual Meeting thereafter, the Members shall elect Directors to replace those Directors whose terms have expired, each for a term of three (3) years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the majority of the membership of the Association shall be filled by a majority vote of the remaining members of the Board of

Directors at a special meeting of such Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a majority; and each such person so elected shall be a member of the Board of Directors to serve the remaining term. In the event a member of the Board of Directors shall cease to be an Owner, his position on the Board of Directors shall be deemed vacant and shall be filled in accordance with this Section 6 of Article V hereof.

Section 7. Organization Meeting. The first meeting of the members of the Board of Directors following the first Annual Meeting of the Members shall be held within ten (10) days thereafter, at such time and place as shall be fixed by the Members at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, provided a majority of the whole Board of Directors shall be present thereat.

Section 8. Regular Meetings. Regular meetings ("Regular Meetings"), of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least one (1) such Meeting shall be held once every quarter during each fiscal year. At the beginning of each fiscal year a schedule of Regular Meetings shall be set and notice sent to each Member of the Association. Written notice of Regular Meetings of the Board of Directors shall be given to each member of the Board of Directors at least three (3) business days prior to the date of such Meeting.

Section 9. Special Meetings. Special meetings ("Special Meetings"), of the Board of Directors may be called by the President on three (3) business days' notice to each member of the Board of Directors, given by mail or telegram, which notice shall state the time, place and purpose of the Meeting. Special Meetings of the Board of Directors shall be called by the President or the Secretary in like manner and on like notice on the written request of at least three (3) members of the Board of Directors.

Section 10. Waiver of Notice. Any member of the Board of Directors may, at any time, waive notice of any Meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Actual attendance by a member of the Board of Directors at any Meeting of the board shall constitute a waiver of notice by him of the time and place thereof. If all members of the Board of Direc-



tors are present at any Meeting of the Board of Directors, no notice shall be required and any business may be transacted at such Meeting.

Section 11. Quorum of Board of Directors. At all Meetings of the Board of Directors a majority of the members elected or appointed and serving on the Board shall constitute a quorum for the transaction of business. For voting purposes, a majority vote includes a vote based on a majority of the members elected or appointed and serving on the Board. If at any Meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the Meeting from time to time. At any such adjourned Meeting at which a quorum is present, any business which might have been transacted at the Meeting originally may be transacted without further notice.

Section 12. Officers. At each Annual Meeting of the Board of Directors, the Board shall elect a President, Vice President, Secretary and Treasurer, all of whom shall be members of the Board of Directors. The officers of the Association shall serve at the pleasure of the Board of Directors and until their successors are elected. Upon the affirmative vote of a majority of the members of the Board of Directors any officer may be removed.

A. President. The President shall be the chief executive officer of the Association. He or she shall preside at all Meetings of the Association and of the Board of Directors, and shall hold general powers and duties which are incident to the office of a president of a stock corporation organized under the laws of the State of New York including, but not limited to, the power to appoint such committees from time to time as he or she may, in his or her discretion, decide are appropriate to assist in the conduct of the affairs of the Association.

B. Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be assigned or delegated to him or her by the Board of Directors or by the President.

C. Secretary. The Secretary shall keep the minutes of all Meetings of the Associa-

tion and of the Board of Directors; he or she shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of a secretary of a stock corporation under the laws of the State of New York.

D. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements of the Association including a separate account for each Member, which, among other things, shall contain the amount of each assessment, the date when due, the amount paid thereon, and the balance remaining unpaid. The Treasurer shall be responsible for the deposit of all monies and other valuable assets in the name of the Association in such depositories as may from time to time be designated by the Board of Directors, and he or she shall, in general, perform all the duties incident to the office of the treasurer of a stock corporation organized under the laws of the State of New York.

Section 13. Agreements, Contracts, Leases, Deeds and Checks. All agreements, contracts, leases, deeds, checks and other instruments of the Association shall be executed by any two (2) officers of the Association or by such other person or persons as may be designated by the Board of Directors.

Section 14. Fidelity Bonds. The Board of Directors shall use its best effort to obtain adequate fidelity bonds for any and all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute an Association expense.

Section 15. Liability of the Board of Directors and Owners. Any contract, agreement or commitment made by the Board of Directors shall state that it is made by the Board of Directors as agent for the Owners as a group only and that no member of the Board of Directors nor individual Owners shall be liable for such contract, agreement or commitment. The Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Owner shall be limited to such proportion of the total liability thereunder as his interest bears to the aggregate interest

of all Owners. The Board of Directors shall have no liability to the Owners in the management of the Association except for willful misconduct or bad faith and Owners shall severally indemnify all members of the Board of Directors against any liability or claims arising from acts taken by a member of the Board of Directors in accordance with his duties as such member except acts of willful misconduct or acts made in bad faith. Such several liability of the Owners shall, however, be limited as to each Owner to such proportion of the total liability thereunder as such Owner's interest bears to the aggregate interest of all Owners.

# ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee ("Nominating Committee"). Nominations may also be made from the floor at the Annual Meeting. The Nominating Committee shall consist of three (3) Members appointed by the Sponsor as long as the Sponsor owns twenty-five (25) Lots, or four (4) years from the date the Declaration is recorded, whichever first occurs. Thereafter the Nominating Committee shall consist of a chairman who shall be a member of the Board of Directors, and two or more Members of the Association. After the Sponsor ceases control, the Nominating Committee shall be appointed by the Board of Directors prior to each Annual Meeting of the Members to serve from the close of such Annual Meeting until the close of the next Annual Meeting, and such appointment shall be announced at each Annual Meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Prior to the first Annual Meeting, such nominations may be made from among Members or non-members. Subsequent to the first Annual Meeting, nominations may only be made from among Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

# ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the following powers:

A. To adopt and publish Rules and Regulations governing the use of the Common Area and recreational facilities thereof, and the personal conduct of Members, their immediate family and guests thereon; to amend same from time to time; and to establish penalties for the infraction thereof. Rules and Regulations and amendments thereto shall be binding upon the Members, their immediate family and guests when the Board has approved them in writing and delivered a copy of such Rules and Regulations and all amendments to each Member.

B. To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

C. To open bank accounts on behalf of the Association and designate the signatories required therefor;

D. To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

E. To employ workers, contractors and supervisory personnel, and to purchase supplies and equipment; to enter into contracts to provide maintenance and other services and generally to have the powers of a manager in connection with the matters hereinabove set forth. So long as the Sponsor is in control of the Board of Directors, it will not enter into any contract which will bind the Association for a period in excess of three (3) years, unless the Contract provides that it may be cancelled by the Association upon ninety (90) days' notice; and

F. To appoint such committees as deemed appropriate in carrying out its purposes.

G. To bring and defend actions by or against one or more Members and pertinent to the operation of the Association and to assess special assessments to pay the cost of such litigation.

H. To hire a Managing Agent to perform and exercise the powers of the Board of Directors in the management of the Association.

I. To buy or lease Homes and to take any steps necessary to repair or renovate any Home so acquired or leased and to vote as Owner, offer for sale or lease such Home, or take any other steps regarding such Home as shall be deemed proper by the Board of Directors.

J. To make additions, alterations, or improvements to the Common Area as allowed by the Declaration.

K. To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Area and the area of the Properties maintained by the Association, provided, however, that (1) ~~the consent of~~ at least sixty-six and two-thirds (66-2/3rds) percent in number of all Home Owners, obtained at a Meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of TEN THOUSAND (\$10,000.00) DOLLARS; and (2) no lien to secure repayment of any sum borrowed may be created on any Lot or its interest in the Association without the written consent of the Owner of said Lot.

L. To act as an agent of each Owner who has given his written authorization to complain or apply to the local and county real estate tax assessment agency board of review by filing a single complaint on behalf of all such Owners pursuant to the applicable sections of the Real Property Tax Law; and to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person pursuant to the applicable sections of

the Real Property Tax Law. The Board of Directors may retain legal counsel on behalf of all Owners for which it is acting as agent and charge all such Owners a pro-rata share of expenses, disbursements, and legal fees for which charges the Board of Directors shall have a lien pursuant to Article IX of these By-Laws.

M. To enter into and upon the Lots when necessary and at as little inconvenience to the Owners as possible in connection with the maintenance, care and preservation of the Property.

Section 2. Duties. It shall be the duty of the Board of Directors to, but not be limited to:

A. Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members or at any Special Meeting of the Members when such statement is requested in writing by one-fourth (1/4th) of the Members who are entitled to vote, (subsequent to Sponsor relinquishing control of the Board of Directors);

B. Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

C. As more fully provided herein and in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article IX; and

(2) Send written notice of each assessment to every Owner subject thereto, at least thirty (30) days in advance of each annual assessment period.

D. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable

charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

E. Procure and maintain adequate liability and hazard insurance, workers' compensation and disability insurance (both if necessary), and other insurance as is necessary and deemed appropriate on property owned or maintained by the Association, to include Directors' liability insurance. In addition, adequate fire insurance with extended coverage will be obtained for the Common Area, buildings and improvements;

F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

G. Cause the Common Area, the Lots to the extent applicable, and the recreational facilities to be maintained; and

H. Cause the exterior of the Homes to be maintained as outlined in Article VIII of the Declaration.

I. Exercise architectural control as set forth in Article VII of the Declaration.

J. Insure adequate insurance policies are in effect for Owners as set forth in Article XI of the Declaration and to take appropriate administrative steps to insure compliance with same.

#### ARTICLE VIII MEETINGS OF MEMBERS; VOTING

Section 1. Meetings. The first Annual Meeting of the Association shall take place within thirty (30) days after the fourth (4th) anniversary date of filing the Declaration, or upon transfer of the one hundred eighty-seventh (187th) Lot to a purchaser, whichever first occurs; and thereafter, on or about the anniversary date of the first Annual Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to

time fixed by the Directors and designated in the notices of such Meetings.

⑤ Section 2. Notice. The Secretary shall mail notices of meetings to each Member of the Association, directed to his last known post office address as shown on the records of the Association, by regular mail, postage prepaid. Such notice shall be mailed not less than ten (10) days nor more than fifteen (15) days before the due date of such Meeting and shall state the date, time and place of the Meeting and the purpose or purposes thereof. In lieu of mailing, said notice may be left at the usual place of residence or business of the Member.

Section 3. Special Meetings. It shall be the duty of the President to call a Special Meeting of the Members of the Association whenever he is directed to do so by resolution of the Directors or upon written request of one-quarter (1/4th) of the Members who are entitled to vote thereon. This duty shall not arise until such time subsequent to the holding of the first Annual Meeting.

Section 4. Notice of Special Meeting. The Secretary shall cause notice of such Meeting to be given to each Member of the Association in the manner provided in Section 2 of this Article, except that notice of such Meetings shall be given not less than five (5) nor more than ten (10) days before the date fixed for such Meeting. No business shall be transacted at any Meeting except as stated in the notice thereof unless by consent of two-thirds (2/3rds) of the Members present either in person or by proxy.

Section 5. Membership List. The Secretary shall compile and shall keep up to date at the principal office of the Association a complete list of the Members and their last known post office addresses. This list shall be open to inspection by all Members and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute books of the Association containing the minutes of all Meetings of the Association and Board of Directors and all resolutions of the Directors.

Section 6. Voting. Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III herein. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for each Lot shall be exercised as the Owners of each Lot shall



determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

Notwithstanding the above, as long as Sponsor owns twenty-five (25) Lots, or for a period not to exceed four (4) years from the date the Declaration is filed, whichever first occurs, only the Sponsor may vote or appoint members of the Board of Directors.

Section 7. Entitlement to Vote. In no event may Members' voting rights be suspended for non-payment of assessments.

Section 8. Quorum. Except as otherwise provided by these By-Laws, the presence in person or by proxy of a majority of the Members of the Association shall constitute a quorum at any meeting of Members. If any meeting of Members cannot be organized because a quorum has not attended, the Members present, either in person or by proxy, may adjourn the Meeting to a time not less than forty-eight (48) hours from the time the original Meeting was called. In the event of any such adjourned Meeting, no further notice of the adjourned date need be given to any of the Members.

Section 9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. A proxy may be given by a Member to an Institutional Lender which holds the mortgage on such Member's Lot.

Section 10. Order of Business. The order of business at all Meetings of the Members of the Association shall be as follows:

- A. Roll Call
- B. Proof of Notice of Meeting  
or Waiver of Notice
- C. Reading of Minutes of  
preceding Meeting
- D. Reports of Officers
- E. Reports of Committees
- F. Unfinished Business
- G. New Business
- H. Adjournment

ARTICLE IX  
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. This Section is governed by Section 1 of Article V of the Declaration.

Section 2. Purpose of Assessments; Responsibilities of Association. This Section is governed by Section 2 of Article V of the Declaration.

Section 3. Annual Assessments. This Section is governed by Section 3 of Article V of the Declaration.

Section 4. Special Assessments for Capital Improvements. This Section is governed by Section 4 of Article V of the Declaration.

Section 5. Rate of Assessment. This Section is governed by Section 5 of Article V of the Declaration.

Section 6. Sponsor's Obligation. Notwithstanding anything to the contrary contained in the Declaration or these By-Laws, the Sponsor covenants and accepts its obligation to pay Association Charges and special assessments (except as limited herein) for each Lot it owns.

Section 7. Date of Commencement of Annual Assessments; Due Dates. This Section is governed by Section 7 of Article V of the Declaration.

Section 8. Effect of Non-Payment of Assessments; Remedies of the Association. This Section is governed by Section 8 of Article V of the Declaration.

Section 9. Subordination of the Lien to Mortgages. This Section is governed by Section 9 of Article V of the Declaration.

Section 10. Exempt Property. This Section is governed by Section 10 of Article V of the Declaration.

#### ARTICLE X MORTGAGES

Section 1. Notice to Association. This Section is governed by Section 1 of Article VI of the Declaration.

Section 2. Notice of Unpaid Assessments. This Section is governed by Section 2 of Article VI of the Declaration.

Section 3. Notice of Default. This Section is governed by Section 3 of Article VI of the Declaration.

ARTICLE XI  
BOOKS, RECORDS, AND REPORTS

Section 1. Books and Records. The books and records and all papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member and the Institutional Lender of any Member. The Declaration, Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member and the Institutional Lender of any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 2. Reports. An annual report of the receipts and expenditures of the Association, certified by an independent certified public accountant, shall be rendered by the Board of Directors to all Members and to all mortgagees of Lots who have requested the same, promptly after the end of each fiscal year.

ARTICLE XII  
CERTAIN ADDITIONAL REMEDIES

Section 1. Self Help. If any Owner shall violate or breach any of the provisions of the Declaration, these By-Laws or the Rules and Regulations (the "Association Documents"), and shall fail to cure such violation or breach within three (3) days after receipt of written notice of the same from the Board of Directors or the Managing Agent (or, with respect to any violation or breach not reasonably susceptible to cure within such period, to commence such cure within such three-day period and thereafter to prosecute such cure with due diligence to completion); the Board of Directors shall have the right to summarily abate, remove, or cure such violation or breach or commencement of same without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Board of Directors shall determine that the abatement, removal or cure of any such violation or breach is immediately necessary for the preservation or safety of the Properties or for the safety of the Owners or other individuals or is required to avoid the suspension of any necessary service, the Board of Directors may take action immediately, without prior notice and without allowing the said Owner any period of time with-

in which to cure or to commence to cure such violation or breach.

Section 2. Abatement and Enjoinment.

A. In the event that any Owner shall violate or breach any of the provisions of the Association Documents, the Board of Directors shall have the right to enjoin, abate or remedy the commencement, continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

B. The violation or breach of any of the terms of the Association Documents with respect to any of the rights, easements, privileges, or licenses granted to Sponsor or its designee, shall give Sponsor or such designee the right to enjoin, abate or remedy the commencement, continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

Section 3. Remedies Cumulative. The remedies specifically granted to the Board of Directors or the Sponsor or its designee shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity, and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Board of Directors or the Sponsor or Sponsor's designee, as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise of any other remedy.

Section 4. Costs and Expenses. All sums of money expended, and all costs and expenses incurred, by (A) the Board of Directors in connection with the abatement, enjoinder, removal or cure of any violation, breach or default (or commencement of same) committed by an Owner pursuant to the terms of Section 1 or Paragraph (A) of Section 2 hereof; or (B) Sponsor in connection with any abatement, enjoinder, or remedy of any violation or breach (or commencement of same) of the Association Documents pursuant to the terms of Paragraph (B) of Section 2 hereof, shall immediately be payable by (A) the Owner to the Association in the event set forth in (A) of this Section 4; or the offending party (i.e., the Board of Directors or the Owner) to the Sponsor in the event set forth in Paragraph (B) of this Section 4; which amount shall, in either event, bear interest, to be computed from the date expended, at the maximum rate of interest legally chargeable to

such party. All sums payable by an Owner to the Board of Directors pursuant to the terms of this Section 4 shall, for all purposes hereunder, constitute an assessment payable by such Owner.

ARTICLE XIII  
NOTICES

Section 1. Definitions. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Directors or to any Director or Association Member, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid, sealed wrapper, addressed to the Board of Directors, such Director or Association Member, at such address as appears on the books of the Association.

Section 2. Service of Notice; Waiver. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE XIV  
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: "Guard Hill Homeowners Association, Inc., New York 1984".

ARTICLE XV  
AMENDMENTS

Section 1. Amendments. These By-Laws may be amended, at a Regular or Special Meeting of the Members, by the assent of two-thirds (2/3rds) vote of the Members who are voting in person or by proxy. Any amendment which adversely affects the interest of the Sponsor shall be effective only if the prior written consent of said Sponsor is obtained, so long as Sponsor is the Owner of a Lot.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control;

and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVI  
FISCAL YEAR

The fiscal year of the Association shall be as determined by the Board of Directors.

ARTICLE XVII  
MISCELLANEOUS

Section 1. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these By-Laws.

Section 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and do not define, limit, or describe the scope of these By-Laws, or the intent of any provisions thereof.

Section 3. Waiver. No restrictions, condition, obligation or covenant 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 thereof which may occur.

Section 4. Gender. The use of the masculine gender 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, whenever the context so requires.

Section 5. Sponsor's Rights. Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor or its designee shall continue to own at least twenty-five (25) Lots as defined herein, but in no event later than four (4) years from the date the Declaration is filed, the Board of Directors may not, without the Sponsor's prior written consent, (A) make any addition, alteration or improvement to the Common Area; or (B) assess any Association Charges for the creation of, addition to, or replacement of, all or part of a reserve, contingency or surplus fund; or (C) enter into a service or maintenance contract for work not covered by contracts in existence on the date the Declaration is filed; or (D) borrow money on behalf of

the Association; or (E) increase or decrease the services or maintenance set forth in the Projected Budget of the Williamsburg Ridge Offering Plan; or (F) purchase any materials, equipment or other goods costing in excess of ONE THOUSAND (\$1,000.00) DOLLARS. Sponsor shall not use its veto power or control of the Board of Directors to reduce the level of services described in the Offering Plan, or prevent capital repairs, or prevent expenditures required to comply with applicable laws or regulations. While Sponsor is in control of the Board of Directors, no mortgage liens shall be placed on the Common Area after completion of construction without the consent of at least fifty-one (51%) percent of the Owners other than Sponsor or Sponsor's designee.

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EXHIBIT C

SCHEDULE "A"

RULES AND REGULATIONS

FOR

GUARD HILL HOMEOWNERS ASSOCIATION, INC.

(1) The Homes shall be used for residences only, except that they may be used as professional offices by a resident thereof, provided such professional use does not violate local zoning regulations regarding use of a Home for business purposes as defined in the single family residential zone; and provided further that the prior consent of the Board of Directors to such professional use is obtained.

(2) No industry, business, trade, occupation or profession (except as allowed herein) of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained, or permitted on any part of the Properties nor shall any "For Sale", "For Rent", or "For Lease" signs or other window displays or advertising be maintained or permitted on any Lot or in any Home therein nor shall any Home be used or rented for transient, hotel or motel purposes. The right is reserved by the Sponsor to place "For Sale", "For Rent", or "For Lease" signs on any unsold or unoccupied Home, but in no event will any such sign be larger than one (1) foot by two (2) feet. Notwithstanding this provision or any other provision to the contrary, Homes may be used as a professional office by a person who also resides on the premises. Said professional use is subject to applicable governmental regulations and the prior written permission of the Board of Directors. However, no illuminated or other sign may be used in connection with said use excepting only a professional shingle, non-illuminated and not larger than the size permitted by the local building requirements, with the approval of the Board of Directors.

(3) Nothing shall be done or kept in any Home or on any Lot, or the Common Area, which will increase the rate of insurance on the building in which the Home is located or the contents thereof, without the prior consent of the Board of Directors. No Homeowner shall permit anything to be done or kept in his Home or on his Lot or in the Common Area which will result in the can-



cellation of insurance on the building in which the Home is located, the Home itself or the contents thereof, or which would be in violation of any law. No Owner or occupant or any of his agents, servants, employees, licensees or visitors shall at any time bring into or keep in his Home any flammable, combustible, or explosive fluid, material, chemical or substance in such quantity or under such conditions as to create a dangerous condition, or which would result in any increased rate of insurance. The Board of Directors' opinion in this regard shall be conclusive.

(4) All radio, television or other electrical equipment of any kind or nature installed or used in each Home shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters, and the public authorities having jurisdiction, and the Owner alone shall be liable for any damage or injury caused by any radio, television, or other electrical equipment in such Home. No radio or television aerial or other similar device shall be erected on the roof or exterior walls of any building or the Lot (as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements).

(5) Nothing shall be done in any Home or on any Lot or to the Common Area which will impair the structural integrity of any building or Home, or which would structurally change any of the buildings.

(6) Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Board of Directors.

(7) No animals or reptiles of any kind shall be raised, bred or kept in any Home or on any Lot or in the Common Area, except that dogs and cats or other household pets, not to exceed a total of two (2) per Lot, may be kept in Homes subject to the Rules and Regulations adopted by the Board of Directors, provided that they are not kept, bred or maintained for any commercial purposes; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Properties subject to these restrictions, upon three (3) days' written notice from the Board of Directors. In no event shall any animal be permitted in any portion of the Common Area unless carried or on a leash, or in any grass or garden plot under any circumstances.

(8) No noxious or offensive activity shall be carried on in any Home or on any Lot or in the Common Area, nor shall anything be done therein, either willfully or

negligently, which may be or become an annoyance or nuisance to the other Owners or occupants.

(9) There shall be no obstruction of the Common Area nor shall anything be stored in or on the Common Area without the prior consent of the Board of Directors except as hereinafter expressly provided.

(10) Except in areas designated by the Board of Directors, there shall be no playing, lounging or parking of baby carriages or playpens, bicycles, wagons, toys, vehicles, benches or chairs, on any part of the Common Area.

(11) No clothes, sheets, blankets, laundry of any kind or other article shall be hung out of a Home or exposed, nor shall any rugs or mops be shaken or hung from or on any of the windows, doors, balconies or patios of a Home, nor shall an Owner sweep, throw or permit to be swept or thrown therefrom any dirt or other substance. The Common Area and Lots shall be kept free and clear of rubbish, debris and other unsightly materials.

(12) Each Owner shall keep his Home and Lot in a good state of preservation and cleanliness and each Owner shall be obligated to maintain and keep in good order and repair his own Home in accordance with the provisions of these By-Laws.

(13) Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of his Home or on his Lot; and no sign, awning, canopy, shutter, window air conditioners or other projections of any kind shall be fixed to or placed upon the exterior walls or doors, roof or any part thereof, or exposed on or at any window, without the prior consent of the Board of Directors; which consent shall be completely discretionary.

(14) No washing of automobiles shall take place on any part of the Properties, nor shall the parking areas be used for any purpose other than to park passenger vehicles.

(15) The Board of Directors may assign individual parking spaces to Owners or occupants. In addition, the Board of Directors may promulgate and enforce reasonable parking regulations.

(16) The agents of the Board of Directors or the managing agent, and any contractor or workman authorized by the Board of Directors or the managing agent, may enter any Home in the building at any reasonable hour of the

day for the purpose of inspecting such Home for the presence of vermin, insects or other pests and for the purpose of taking such measurements as may be necessary to control or exterminate any such vermin, insects or other pests.

(17) The only garbage cans or garbage bins to be used on the Properties, shall be those provided by the Sponsor or the Board of Directors.

(18) The Board of Directors or its designated agent, may retain a passkey to the Homes for emergency purposes. No Owner shall alter any lock or install a new lock on any door of his or her Home without the written consent of the Board of Directors. In the event such consent is given, the Owner shall provide the Board of Directors or its agent, with an additional key pursuant to its right of access to the Home.

(19) The Board of Directors or its designee shall have the right of access to any Home for the purposes of making inspections, repairs, replacements or improvements or to remedy certain conditions which would result in damage to other portions of the buildings.

(20) Any consent or approval given under these Rules and Regulations may be added to, amended or repealed, at any time by resolution of the Board of Directors.

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