
BY-LAWS

OF

COUNTRY VILLAGE TOWNHOUSE ASSOCIATION, INC.
Town of Guilderland
Albany County, New York

TOBIN & DEMPFF
Country Village Development Corporaiton
and Cornell Development Corporation
3724 Carmen Road
Schenectady, New York 12203
518-356-5880

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BY-LAWS
OF
COUNTRY VILLAGE TOWNHOUSE ASSOCIATION, INC.

ARTICLE 1
PLAN OF PROPERTY OWNERSHIP

SECTION 1. DEFINITIONS. The following terms used herein shall have the meanings indicated below, unless another meaning is plainly indicated from the context.

"ASSIGNEE" means any individual, association or corporation which may assume, in writing, any of the duties of the SPONSORS under the DECLARATION.

"ASSOCIATION" means the Country Village Townhouse Association, Inc., successors and assigns.

"ASSOCIATION CHARGES" means charges allocated and assessed by the BOARD OF DIRECTORS to the OWNERS and upon the LOTS in accordance with their ASSOCIATION INTERESTS, necessary to operate and maintain the COMMON AREAS and meet ASSOCIATION EXPENSES.

"ASSOCIATION EXPENSES" means all costs and expenses to be incurred by the ASSOCIATION pursuant to the DECLARATION in connection with the operation and maintenance of ASSOCIATION property and enforcing OWNER'S obligations under the DECLARATION.

"BOARD OF DIRECTORS" means the board of directors of the ASSOCIATION.

"BUILDER" means a commercial builder or developer to whom the SPONSORS have sold a vacant LOT with the intention that such builder construct one attached or detached single family dwelling unit on such LOT for resale to a member of the general public.

"BY-LAWS" means these by-laws of the ASSOCIATION as the same may be amended by the MEMBERS of the ASSOCIATION.

"CERTIFICATE OF INCORPORATION" means the certificate incorporating the ASSOCIATION or any amendment thereto.

"CLOSING" means the date of closing title and delivery of a deed to a LOT.

"COMMON AREAS" means the areas of undeveloped land owned by the ASSOCIATION and reserved for the common use and enjoyment of the members of the ASSOCIATION.

"DECLARATION" means the declaration of covenants, easements and restrictions which are enforceable by the ASSOCIATION

dated _____, 1987, filed in the office of the Albany County Clerk in book _____ of Deeds, Page _____, as the same may be modified, amended, supplemented, or superceded from time to time.

"DECLARATION PROPERTY" means collectively the COMMON AREAS and any scenic or other easements.

"FIRST MEETING" had the meaning ascribed to it in Article III, Section 2, hereof.

"LOT" means any plot of land owned by an individual OWNER or the SPONSORS, as opposed to the ASSOCIATION, and shown upon the MAPS as said MAP may be amended, modified, supplemented, or superceded from time to time provided that the said land referred to in said MAPS shall be subject to the terms and provisions of the DECLARATION.

"MAJORITY OF THE OWNERS" has the meaning ascribed to it in Article III, Section 9 hereof.

"MAPS" means the maps entitled Subdivision Plan, Country Village Subdivision, prepared by the C.T. Male, P.C. and filed in the office of the Albany County Clerk on January 30, 1984, and referred to in the DECLARATION.

"NET PROCEEDS" means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorney's fees) incurred in obtaining such gross proceeds.

"OWNER" or "OWNERS", "MEMBERS OF THE ASSOCIATION" or "MEMBERS" means the record OWNER(S), whether one or more persons or entities, of the fee simple title to any LOT, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation or a BUILDER.

"RULES AND REGULATIONS" means the rules and regulations established in conjunction with these BY-LAWS for the operation of DECLARATION PROPERTY and maintenance of the LOTS as the same may be modified, amended, supplemented or superceded from time to time.

"SPECIAL ASSESSMENTS" means extraordinary charges imposed on OWNERS by the ASSOCIATION to pay for extraordinary expenses.

"SPECIAL REPLACEMENT MEETING" shall have the meaning ascribed to it in Article II, Section 2 hereof.

"SPONSORS" means Cornell Development Corporation and Country Village Development Corporation, a New York Corporation with offices at 3724 Carman Road, Schenectady, New York 12303.

SECTION 2. APPLICABILITY OF BY-LAWS. The provisions of these BY-LAWS are applicable to the DECLARATION PROPERTY and the LOTS and to the use and occupancy thereof.

SECTION 3. APPLICATION. All present and future OWNERS, lessees and occupants of LOTS and their families, and any other persons, partnerships, corporations or other entities who may use said LOTS in any manner are subject to these BY-LAWS, the DECLARATION and the RULES AND REGULATIONS.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupying a LOT shall constitute an agreement that these BY-LAWS, the RULES AND REGULATIONS and the provisions of the DECLARATION, are accepted, ratified, and will be obeyed.

SECTION 4. OFFICE. The office of the ASSOCIATION and of the BOARD OF DIRECTORS shall be located P.O. BOX 531, GUILDERLAND, N.Y. 12084

ARTICLE II

BOARD OF DIRECTORS

SECTION 1. NUMBER AND QUALIFICATION. The affairs of the ASSOCIATION shall be governed by a BOARD OF DIRECTORS. The BOARD OF DIRECTORS will control the administration, maintenance and repair of COMMON AREAS and levy the ASSOCIATION CHARGES upon OWNERS. Until the first meeting of OWNERS held pursuant to Section 1(a) of Article III of these BY-LAWS, the BOARD OF DIRECTORS shall consist of six persons designated by the SPONSORS. At present, it is intended that these individuals will be:

The SPONSORS expressly retain the rights to substitute other persons in place of the above named individuals until the resignation of the first BOARD OF DIRECTORS as set forth below. After the first meeting of the OWNERS and until the SPECIAL REPLACEMENT MEETING held pursuant to Section 1(b) of Article III of these BY-LAWS, the BOARD OF DIRECTORS shall consist of four persons designated by the SPONSORS and two persons elected by majority vote of the OWNERS other than the SPONSORS. After the SPECIAL REPLACEMENT MEETING, the OWNERS will elect a new BOARD OF DIRECTORS and the first BOARD OF DIRECTORS shall be OWNERS of LOTS or relatives of OWNERS of such LOTS residing at such OWNER'S LOT.

SECTION 2. POWERS AND DUTIES. The BOARD OF DIRECTORS shall have the powers and duties necessary for the administration of the DECLARATION PROPERTY and may do all such acts and things permitted by law and by the CERTIFICATE OF INCORPORATION, the DECLARATION and by these BY-LAWS. Such powers and duties of the BOARD OF DIRECTORS shall include, but shall not be limited to, the following:

(A) the power and duty to operate, care for, and maintain DECLARATION PROPERTY.

(B) the duty to fix, levy, collect and enforce payment by any lawful means all charges or assessments pursuant to the terms of the DECLARATION (in no event, however, shall the ASSOCIATION levy ASSOCIATION CHARGES or assessments in any one year which would be such as to violate the provisions of a "no-action letter" from the office of the Attorney General of the State of New York to the SPONSORS, dated February 4, 1988, without filing an offering plan or obtaining an additional no-action letter), to pay all expenses in connections with the duties described in this Section 2 of Article II, and all office and other expenses incident to the conduct of the business of the ASSOCIATION, including all license fee, taxes or governmental charges levied or imposed against the property of the ASSOCIATION.

(C) the power to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the ASSOCIATION, subject to the zoning regulations of the Town of Guilderland and all other applicable laws, statutes, rules, orders and decrees.

(D) the power to borrow money, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred

(E) the power to dedicate , sell or transfer all or any part of its property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;

(F) the power to participate in mergers and consolidations with other not-for-profit corporations organized for the same purposes or to annex additional residential property and COMMON AREAS;

(G) the power to employ and dismiss the personnel necessary for the maintenance and operation of the COMMON AREAS, and the power to employ and dismiss attorneys, accountants and other professionals necessary for the conduct of the affairs of the ASSOCIATION, the selection process for employment and dismissal of such employees to be established at the sole discretion of the BOARD OF DIRECTORS;

(H) the power to adopt and amend the RULES AND REGULATIONS;

(I) the power to open and maintain bank accounts on behalf of the ASSOCIATION and to designate the signatories required therefor;

(J) the power to obtain insurance for the COMMON AREAS pursuant to Article V. Section 5 hereof;

(K) the power to make additions to and restore the COMMON AREAS in accordance with other provisions of these BY-LAWS after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(L) the power to adjust and settle claims under insurance policies obtained pursuant to Article V, Section 5 and execute and deliver releases upon settlement of such claims on behalf of all OWNERS;

(M) the power to have and to exercise any and all powers, rights and privileges which a corporation organized under the Not-for-Profit Corporation Law of the State of New York may now or hereafter have or exercise;

(N) the power to prosecute, maintain and defend representative actions by or against the ASSOCIATION as a whole;

(O) the power to modify or amend (but not terminate the DECLARATION as provided therein);

(P) the power to enforce the DECLARATION and any easements and deed restrictions placed on the LOTS, and;

(Q) the power to offer, on an optional basis, additional services to MEMBERS, including but not limited to organization of

neighborhood activities, lawn maintenance, snow removal and house watching services, the cost of such optional activities to be paid only by MEMBERS who elect to avail themselves of such services and which shall not be included as ASSOCIATION EXPENSES of the ASSOCIATION payable as an ASSOCIATION CHARGE or SPECIAL ASSESSMENT.

SECTION 3. LIMITATIONS ON EXERCISE OF POWER AND DUTIES.

(A) The ability of the BOARD OF DIRECTORS to exercise the foregoing powers is subject to the following requirements:

(1) 2/3rds of the votes cast by each of the two classes of MEMBERS at a meeting at which a quorum is present shall be required for the BOARD OF DIRECTORS to:

(a) mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property or security for money borrowed or debts incurred;

(b) exercise, the powers set forth in Paragraphs 2(C), 2(D), 2(E), 2(F), 2(K), 2(L), 2(N), and 2(O).

(c) undertake an activity or activities such as to require the filing of an offering plan or the submission of a request for a no-action letter with the New York State Department of Law.

(2) 2/3rds of the votes cast by each of the two classes of MEMBERS voting at a meeting at which a quorum is present shall be required to alter, modify or eliminate any of the provisions of the DECLARATION.

(3) A majority of the votes cast by both classes of MEMBERS shall be required for the adoption of modifications or amendments to the RULES AND REGULATIONS.

(B) Notwithstanding anything to the contrary contained in these BY-LAWS, so long as the SPONSORS or its ASSIGNEE shall continue to own one or more LOTS, the BOARD OF DIRECTORS may not, without the SPONSOR'S or such ASSIGNEE'S, as the case may be, prior written consent, (1) make any addition, alteration or improvement to the COMMON AREAS which would exceed in the aggregate the sum of \$1,000.00 in any year, or (2) assess any ASSOCIATION CHARGE for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, except in the same proportion as the present reserve fund, if any, bears to the total expenses of Operation, or (3) enter into any service or maintenance contract costing in the excess of \$1,000.00 per annum, or (4) borrow money on behalf of the ASSOCIATION or (5) amend the CERTIFICATE OF INCORPORATION, DECLARATION or these BY-LAWS, if such amendment would affect the rights of the SPONSORS under the CERTIFICATE OF INCORPORATION, DECLARATION or BY-LAWS. The SPONSORS shall have the right to

withhold its consent to any of the foregoing actions for any reason.

SECTION 4. MANAGING AGENT AND MANAGER. The BOARD OF DIRECTORS may select a managing agent and/or manager and enter into a management agreement or employ a managing agent and/or manager (including the SPONSORS or corporation organized by the SPONSORSS) for the ASSOCIATION at a compensation established by the BOARD OF DIRECTORS, to perform such duties and services as the BOARD OF DIRECTORS shall authorize. The BOARD OF DIRECTORS may terminate the employment of any managing agreement in accordance with its terms or terminate the employment of any managing agent and/or manager. The BOARD OF DIRECTORS may delegate to any manager or managing agent all of the powers granted to the BOARD OF DIRECTORS by these BY-LAWS other than the powers set forth in subdivisions (B) through (I), and (L) through (Q) of Section 2 of this Article II.

SECTION 5. ELECTION AND TERM OF OFFICE. The term of office of the members of the BOARD OF DIRECTORS elected at the FIRST MEETING shall expire on the date of the SPECIAL REPLACEMENT MEETING held pursuant to Section 2 of Article II of these BY-LAWS. At the SPECIAL REPLACEMENT MEETING, the term of office of two members of the BOARD OF DIRECTORS shall be fixed at three (3) years, the term of office of two members of the BOARD OF DIRECTORS shall be fixed to two (2) years, and the term of office of two members of the BOARD OF DIRECTORS shall be fixed at one (1) year. The OWNERS shall have the option of nominating any number of candidates for election to the BOARD OF DIRECTORS, and such nominations shall be effective if seconded. The nominees for the BOARD OF DIRECTORS receiving the highest number of votes at a meeting for the election of members thereof shall serve for the longest terms. Ties of three or more shall be resolved by a second vote among those tied. At the expiration of the initial term of office of each member of the BOARD OF DIRECTORS elected at the SPECIAL REPLACEMENT MEETING, his successor shall be elected to serve for a term of three (3) years. The members of the BOARD OF DIRECTORS shall hold office until their respective successors shall have been elected by the OWNERS.

SECTION 6. REMOVAL OF MEMBERS OF THE BOARD OF DIRECTORS.

(A) At any regular or special meeting of OWNERS, any one or more of the members of the BOARD OF DIRECTORS, other than a member designated by the SPONSORS, may be removed with or without cause by a majority of all classes of members and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the BOARD OF DIRECTORS whose removal has been proposed by the OWNERS shall be given an opportunity to be heard at the meeting. A member of the BOARD OF DIRECTORS designated by the SPONSORS may only be removed with or without cause by the SPONSORS and only the SPONSORS shall have the right to designate a replacement. If a member of the BOARD OF

DIRECTORS ceases to be an OWNER or a relative of an OWNER, unless such member is a designee of the SPONSORS, he shall be deemed to have resigned effective as of the date such ownership ceased.

(B) So long as the SPONSORS or the assignees shall continue to own any of the LOTS the SPONSORS shall have the right to designate no less than one of the members of the BOARD OF DIRECTORS.

SECTION 7. VACANCIES. Vacancies in the BOARD OF DIRECTORS caused by any reason other than removal of a member thereof by a vote of the OWNERS, or in the case of a SPONSORS designated director, by direction of the SPONSORS, as specified in Section 6 shall be filled by vote of a meeting of the BOARD OF DIRECTORS held for that purpose promptly after the occurrence of any such vacancy, even though the voters present at such meeting may constitute less than a quorum. Notwithstanding the foregoing the SPONSORS shall have the exclusive right to fill any vacancy arising by virtue of the death, incompetence or resignation of a member of the BOARD OF DIRECTORS appointed by the SPONSORS. Each person so elected or appointed shall be a member of the BOARD OF DIRECTORS until the next annual meeting, at which meeting a successor shall be elected for such member.

SECTION 8. ORGANIZATION MEETING. The first meeting of the members of the BOARD OF DIRECTORS following the FIRST MEETING of the OWNERS shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the members of the BOARD OF DIRECTORS and no notice shall be necessary to the newly elected members of the BOARD OF DIRECTORS in order legally to constitute such meeting, provided a majority of the whole BOARD OF DIRECTORS shall be present thereat.

SECTION 9. 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 two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the BOARD OF DIRECTORS shall be given to each member of the BOARD OF DIRECTORS, by mail or telegraph, at least three (3) business days prior to the day named for such meeting.

SECTION 10. SPECIAL MEETINGS. Special meetings of the BOARD OF DIRECTORS may be called by the president or secretary of the ASSOCIATION on three (3) business days' notice to each member of the BOARD OF DIRECTORS, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the OWNERS shall be called by the president or secretary of the ASSOCIATION in like manner and on like notice on the written request of at least three (3) members of the BOARD OF DIRECTORS.

SECTION 11. 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. Attendance by a member of the BOARD OF DIRECTORS at any meeting of the BOARD OF DIRECTORS shall constitute a waiver of notice by him of the time and place thereof. Any one or more members of the BOARD OF DIRECTORS or any committee thereof may participate in a meeting of the BOARD OF DIRECTORS or such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. If all the members of the BOARD OF DIRECTORS are present at any meeting of the BOARD OF DIRECTORS no notice shall be required and any business may be transacted at such meeting.

SECTION 12. QUORUM OF THE BOARD OF DIRECTORS. At all meetings of the BOARD OF DIRECTORS, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the BOARD OF DIRECTORS present at a meeting at which a quorum is present shall constitute the decision of the BOARD OF DIRECTORS. 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 called may be transacted without further notice.

SECTION 13. ACTION WITHOUT A MEETING. Any action required or permitted to be taken by the BOARD OF DIRECTORS or any committee thereof may be taken without a meeting if all members of the BOARD OF DIRECTORS or the committee consent in writing to the adoption of a resolution authorizing such action, and the writing or writings are filed with the minutes of the proceedings of the BOARD OF DIRECTORS or the committee.

SECTION 14. COMPENSATION. No member of the BOARD OF DIRECTORS shall receive any compensation from the ASSOCIATION for acting as such. These BY-LAWS will not be amended to provide otherwise while the SPONSORS owns any LOTS.

SECTION 15. LIABILITY OF THE BOARD OF DIRECTORS. The members of the BOARD OF DIRECTORS shall not be liable to the OWNERS for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The OWNERS shall indemnify and hold harmless each of the members of the BOARD OF DIRECTORS against all liability to others arising from their acts as, or by reason of the fact that such person was, a member of the BOARD OF DIRECTORS. It is intended that the members of the BOARD OF DIRECTORS shall have no personal liability with respect to any contract made by them within the scope of their authority on behalf of the ASSOCIATION. It is also intended that the liability of any OWNER arising out of any contract made by the BOARD OF DIRECTORS or out of the aforesaid

indemnity in favor of the members of the BOARD OF DIRECTORS shall be limited to such proportion of the total liability thereunder as his ASSOCIATION INTEREST bears to the BOARD OF DIRECTORS or by the managing agent or by the manager on behalf of the ASSOCIATION shall provide that the members of the BOARD OF DIRECTORS, or the managing agent, or the manager, as the case may be, are acting only as agents of the OWNERS and shall have no personal liability thereunder (except as OWNERS) and that any liability shall be limited to such proportion of the total liability thereunder as his ASSOCIATION INTEREST bears to the ASSOCIATION INTEREST of all the OWNERS. Members of the BOARD OF DIRECTORS designated by the SPONSORS shall not incur any liability for self-dealing in connection with any contract made by the BOARD OF DIRECTORS on behalf of the OWNERS with the SPONSORS provided that any compensation paid under such contract shall be at then competitive rates for similar goods and services in Albany County, New York.

SECTION 16. EXECUTIVE COMMITTEE. The BOARD OF DIRECTORS may, by resolution duly adopted, appoint an executive committee to consist of members of the BOARD OF DIRECTORS, at least one of whom shall be a member designated by the SPONSORS so long as the SPONSORS have the right to designate a member of the BOARD OF DIRECTORS. Such Executive Committee shall have and may exercise all the powers of the BOARD OF DIRECTORS in the management of the business and affairs of the ASSOCIATION during the intervals between the meetings of the BOARD OF DIRECTORS insofar as may be permitted by law, except that the executive committee shall not have the power to exercise any of the powers set forth in subdivisions (B), (C), (D), (F), (H), (N), (O), and (P) of Section 2 of Article II.

SECTION 17. OTHER COMMITTEES. The BOARD OF DIRECTORS may by resolution create such other committees as it shall deem appropriate and such committees shall have such powers and authority as the BOARD OF DIRECTORS shall vest therein. The members of any such committee, at least one of whom shall be designated by the SPONSORS so long as the SPONSORS have the right to designate a member of the BOARD OF DIRECTORS, shall be appointed by the president of the ASSOCIATION. Such other committee or committees shall not have the power to do any act which the executive committee may not do under Section 16.

ARTICLE III

OWNERS

SECTION 1. VOTING CLASSES. (A) ALL OWNERS including the SPONSORS shall be class A members and shall have one vote for each LOT owned.

(B) This Section may not be amended without the consent of the SPONSORS pursuant to the CERTIFICATE OF INCORPORATION.

SECTION 2. MEETINGS. (A) FIRST MEETING. Within thirty (30) days after the CLOSING on the twenty-first (21st) LOT (other than to a BUILDER) the OWNERS other than the SPONSORS will, at a duly called meeting of the BOARD OF DIRECTORS, elect one OWNER who is independent of the SPONSORS to serve on the BOARD OF DIRECTORS. Within thirty (30) days after CLOSING on the forty-second (42nd) LOT (other than to a BUILDER) the OWNERS other than the SPONSORS will, at a duly called meeting of the BOARD OF DIRECTORS, elect a second OWNER who is independent of the BOARD OF DIRECTORS to serve on the BOARD OF DIRECTORS. The SPONSORS will designate which of its appointed members of the BOARD OF DIRECTORS are to be replaced by OWNERS elected pursuant to this paragraph.

(B) SPECIAL MEETINGS. At the earlier of 30 days from the CLOSING of title to the last LOT, other than to a BUILDER, or five years after the first CLOSING other than to a BUILDER, the members constituting the then BOARD OF DIRECTORS will call for a SPECIAL REPLACEMENT MEETING to elect a new BOARD OF DIRECTORS. Upon the election of the new BOARD OF DIRECTORS, the members of the first BOARD OF DIRECTORS shall resign.

(C) ANNUAL MEETINGS. Annual meetings of OWNERS shall be held on the first anniversary of the first meeting of the OWNERS held pursuant to Section 2(A) of this Article III and annually thereafter unless such day falls on a Saturday, Sunday or legal holiday, in which event the meeting for that year shall be held on the succeeding Monday.

The OWNERS may transact such other business at such meetings as may properly come before them.

SECTION 2. PLACE OF MEETINGS. Meetings of the OWNERS shall be held at the principal office of the ASSOCIATION or at such other suitable place convenient to the OWNERS as may be designated by the BOARD OF DIRECTORS.

SECTION 3. SPECIAL MEETINGS. It shall be the duty of the president of the ASSOCIATION to call a special meeting of the OWNERS if so directed by resolution of the BOARD OF DIRECTORS or upon petition signed and presented to the secretary by not less than 25 percent of the class A members. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

SECTION 4. NOTICE OF MEETINGS. It shall be the duty of the secretary of the ASSOCIATION to mail a notice of each annual, SPECIAL REPLACEMENT MEETING or special meeting of the OWNERS, at least ten (10) but not more than forty (40) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each OWNER of record, at the OWNER'S LOT address or at such other address as such OWNER shall have designated by notice in writing to the secretary of the

ASSOCIATION. If the purpose of any meeting shall be to act upon a proposed amendment to the DECLARATION of these BY-LAWS, the notice of meeting shall be mailed at least thirty (30) days prior to such meeting. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

SECTION 5. ADJOURNMENT OF MEETINGS. If any meeting of the OWNERS cannot be held because a quorum is not present, a majority of the OWNERS who are present at such meeting, 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.

SECTION 6. ORDER OF BUSINESS. The order of business at all meetings of the OWNERS shall be as follows:

- (A) Roll call.
- (B) Proof of notice of meeting.
- (C) Reading of minutes of preceding meeting.
- (D) Reports of officers.
- (E) Report of BOARD OF DIRECTORS.
- (F) Reports of committees.
- (G) Election of inspectors of election(when so required)
- (H) Election of members of the BOARD OF DIRECTORS (when so required)
- (I) Unfinished business.
- (J) New business.

SECTION 7. TITLE OF LOTS. Title of LOTS may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a trust, corporation or partnership, or in the name of a fiduciary.

SECTION 8. VOTING. Inspectors of election, who shall tally all votes taken and announce the results thereof, shall be elected by open ballot prior to the commencement of voting on any other issue. Voting on all other issues may be done by open ballot or closed ballot, as those present may select by a show of hands. The OWNER or OWNERS of each LOT or some person designated by such OWNER or OWNERS to act as proxy on his or their behalf and who need not be an OWNER, shall be entitled to cast the vote appurtenant to such LOT at all meetings of the OWNERS. The designation of any proxy shall be made in writing to the

secretary of the ASSOCIATION, and shall be revocable at any time by written notice to the secretary of the ASSOCIATION by the OWNER or OWNERS so designating. Any or all of such OWNERS may be present at any meeting of the OWNERS and may vote or take any other action as an OWNER or OWNERS either in person or proxy. The total number of votes of all OWNERS (other than the SPONSORS) shall equal the number of LOTS within the subdivision and each OWNER or OWNERS (other than the SPONSORS) shall be entitled to cast one vote at all meetings of the OWNERS for each LOT owned by such OWNER or OWNERS. In the case a LOT owned by more than one party, no more than one vote shall be ascribed to that LOT. Such vote may be cast only by an unanimous decision of such OWNERS and may not be split into fractions. A fiduciary shall be the voting member with respect to any LOT owned in a fiduciary capacity.

SECTION 9. MAJORITY OF THE OWNERS. As used in these BY-LAWS the term "Majority of the OWNERS" shall mean those OWNERS having more than 50 percent of the total authorized votes of all classes present in person or by proxy at any meeting of the ASSOCIATION at which a quorum is present, as determined in accordance with the provisions of Section 10 of this Article III.

SECTION 10. QUORUM. Except as otherwise provided in these BY-LAWS or the DECLARATION, the presence in person or by proxy of the OWNERS having 50 percent or more of the total authorized votes of each of the classes shall constitute a quorum at all meetings of the ASSOCIATION.

SECTION 11. MAJORITY VOTE. The vote that constitutes the majority of the votes cast of each of the classes at a meeting at which a quorum shall be present shall be binding upon all OWNERS for all purposes except where in the DECLARATION, these BY-LAWS or by law, a higher percentage vote is required.

SECTION 12. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the OWNERS may be taken without a meeting if the number of the OWNERS required by the DECLARATION, these BY-LAWS or applicable law consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the records of the ASSOCIATION.

ARTICLE IV

OFFICERS

SECTION 1. DESIGNATION. The principal officers of the ASSOCIATION shall be the president, the secretary and the treasurer, all of whom shall be elected by the BOARD OF DIRECTORS. The BOARD OF DIRECTORS may appoint a vice president, an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary.

SECTION 2. ELECTION OF OFFICERS. The officers of the ASSOCIATION shall be elected annually upon an affirmative vote of the majority of the members of the BOARD OF DIRECTORS at the organization meeting of each new BOARD OF DIRECTORS and shall hold office at the pleasure of the BOARD OF DIRECTORS.

SECTION 3. REMOVAL OF OFFICERS. Upon the affirmative vote of a majority of the BOARD OF DIRECTORS, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the BOARD OF DIRECTORS, or at any special meeting of the BOARD OF DIRECTORS called for such purpose.

SECTION 4. PRESIDENT. The president shall be the chief executive officer of the ASSOCIATION. He shall preside at all meetings of the OWNERS and of the BOARD OF DIRECTORS. He shall have all of the general powers and duties which are incident to the office of president of a not-for-profit corporation organized under the Not-for-Profit Corporation Law of the State of New York, including but not limited to the power to appoint members of committees created by the BOARD OF DIRECTORS from among the OWNERS from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the ASSOCIATION.

SECTION 5. SECRETARY. The secretary shall keep the minutes of all meetings of the OWNERS and of the BOARD OF DIRECTORS; he shall have charge of such books and papers as the BOARD OF DIRECTORS may direct; and he shall, in general perform all duties incident to the office of secretary of a not-for-profit corporation organized under the Not-for-Profit Corporation Law of the State of New York.

SECTION 6. 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, and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the BOARD OF DIRECTORS, or the managing agent, in such depositories as may from time to time be designated by the BOARD OF DIRECTORS, and he shall, in general, perform all the duties incident to the office of treasurer of a not-for-profit corporation organized under the Not-for-Profit Corporation Law of the State of New York.

SECTION 7. AGREEMENTS, CONTRACTS, DEEDS, CHECKS, ETC. All agreements, contracts, deeds, leases, checks and other instruments of the ASSOCIATION shall be executed by such person as may be designated by the BOARD OF DIRECTORS.

SECTION 8. COMPENSATION OF OFFICERS. No officer shall receive any compensation from the ASSOCIATION for acting as such.

ARTICLE V

OPERATION OF THE PROPERTY

SECTION 1. DETERMINATION OF ASSOCIATION EXPENSES AND FIXING OF ASSOCIATION CHARGES. (A) From time to time, but not less frequently than once a year, the BOARD OF DIRECTORS shall: (1) prepare and adopt a budget for the ASSOCIATION, subject, in all respects, to the strictures set forth in Section 2 of Article II hereof; (2) determine the aggregate amount of ASSOCIATION CHARGES necessary to be charged to the OWNER'S in order to meet the ASSOCIATION EXPENSES; and (3) allocate and assess such ASSOCIATION CHARGES among the OWNERS based on each OWNER'S ASSOCIATION INTEREST. The BOARD OF DIRECTORS shall advise all OWNERS promptly thereafter in writing of the amount of ASSOCIATION CHARGES payable by each of them and, not later than ten (10) days next preceding the date upon which the first installment of newly-determined ASSOCIATION CHARGES is due, shall furnish copies of the budget (in a reasonable itemized form) upon which such ASSOCIATION CHARGES are based to all OWNERS. The BOARD OF DIRECTORS may, at its sole discretion and subject to the structures set forth in Section 2 of Article II hereof, from time to time increase or decrease the amount of ASSOCIATION CHARGES allocated to the LOTS and payable by the OWNERS and may modify its prior determination of the ASSOCIATION EXPENSES for any fiscal year so as to increase or decrease the amount of ASSOCIATION CHARGES payable for such fiscal year or portion thereof; however, no such revised determination of ASSOCIATION EXPENSES shall have a retroactive effect on the amount of ASSOCIATION CHARGES payable by the OWNERS for any period to the date of such new determination.

(B) The failure or delay of the BOARD OF DIRECTORS to prepare or adopt a budget or to determine the ASSOCIATION EXPENSES for any fiscal year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof or a release of any OWNER from the obligation to pay ASSOCIATION CHARGES. In such event, the ASSOCIATION CHARGES that were computed on the basis of the ASSOCIATION EXPENSES last determined for any fiscal year or portion thereof shall continue thereafter to be the ASSOCIATION CHARGES payable by the OWNERS until a new determination of the ASSOCIATION EXPENSES shall be made.

(C) In addition to the foregoing duty to determine the amount of and assess ASSOCIATION CHARGES, the BOARD OF DIRECTORS shall have the right, subject, in all respects, to the strictures contained hereunder, to levy SPECIAL ASSESSMENTS to meet the ASSOCIATION EXPENSES. All SPECIAL ASSESSMENTS shall be levied against all OWNERS in the same proportion as are ASSOCIATION CHARGES and may be payable either in one lump sum or in installments, as the BOARD OF DIRECTORS shall determine, provided, however that the BOARD OF DIRECTORS shall give each

OWNER not less than fifteen (15) days' written notice prior to the date upon which such SPECIAL ASSESSMENT, or the first installment thereof, shall be due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. The BOARD OF DIRECTORS shall have all rights and remedies for the collection of SPECIAL ASSESSMENTS as are provided herein for the collection of ASSOCIATION CHARGES.

(D) The excess of all rents, profits and revenues derived from the use of any space forming a part of, or include in, any COMMON AREA remaining after deduction of all expenses incurred in connection with generating the same which is received by the ASSOCIATION shall constitute income of the OWNERS, and shall be collected on behalf of the OWNERS by the BOARD OF DIRECTORS and applied against the ASSOCIATION EXPENSES for the year in which collected. In the event that such net rents, profits and revenues, together with the ASSOCIATION CHARGES and any SPECIAL CHARGES and any SPECIAL ASSESSMENTS collected from the OWNERS, for any such year, then such excess shall be applied by the BOARD OF DIRECTORS against the ASSOCIATION EXPENSES for the next succeeding year(s) of operation, and no OWNER shall be entitled to a distribution of any portion of such excess.

SECTION 2. PAYMENT OF ASSOCIATION CHARGES. (A) ALL OWNERS (including the SPONSORS or its designees with respect to unsold LOTS, for so long as the same are owned thereby) shall be obligated to pay ASSOCIATION CHARGES and SPECIAL ASSESSMENTS assessed by the BOARD OF DIRECTORS pursuant to the terms of Section 1 of this Article V at such time or times as the BOARD OF DIRECTORS shall determine. Unless otherwise determined by the BOARD OF DIRECTORS, ASSOCIATION CHARGES shall be payable in quarterly installments on the first day of January, April, July and October. To the extent permitted by law, the BOARD OF DIRECTORS shall have a lien on each LOT, on behalf of all OWNERS, for unpaid ASSOCIATION CHARGES and SPECIAL ASSESSMENTS assessed against such LOT. Such lien, however, shall be subordinate to the extent required by law, to any liens for real estate taxes assessed against such LOT and a lien for all sums unpaid of a first mortgage of record placed on the LOT at the time of purchase by that OWNER.

(B) A Purchaser or other successor-in-title to the OWNER of a LOT shall be liable for the payment of all ASSOCIATION CHARGES and SPECIAL ASSESSMENTS accrued and unpaid against such LOT prior to his acquisition thereof, except that, to the extent permitted by law, a first mortgage acquiring title to a mortgaged LOT, or a purchaser at a mortgage foreclosure sale held with respect to a first mortgage on the LOT at the time of purchase by that OWNER shall not be held liable, and such mortgaged LOT shall not be subject to lien, for the payment of any ASSOCIATION CHARGES and SPECIAL ASSESSMENTS assessed subsequent to the recording of such first mortgage and prior to the acquisition of title to such LOT by the first mortgage or by such purchaser. However, in the event of a foreclosure of a first mortgage

(whether by sale, deed in lieu of foreclosure or otherwise), the defaulting OWNER shall remain fully liable for the payment of all unpaid ASSOCIATION CHARGES and SPECIAL ASSESSMENTS that are deemed uncollectible by the BOARD OF DIRECTORS from such defaulting OWNER shall be deemed an ASSOCIATION EXPENSE, collectible from all those who are OWNERS at the time that the same is levied.

(C) No OWNER shall be exempted from liability for the payment of ASSOCIATION CHARGES or SPECIAL ASSESSMENTS by waiving the use or enjoyment of any and all of the COMMON AREAS or by abandoning his LOT. Except as expressly provided to the contrary in Section 6 of this Article V and Article VIII hereunder, no OWNER shall be entitled to a diminution or abatement in the ASSOCIATION CHARGES or SPECIAL ASSESSMENTS payable thereby for any inconvenience or discomfort arising from: (1) the failure or interruption of any utility or other service; (2) the making of repairs or improvements to the COMMON AREAS or any LOT (including, without limitation, such OWNER'S LOT) pursuant to the terms of Sections 8 and 12 of this Article V; or (3) any action taken by the BOARD OF DIRECTORS or the officers of the ASSOCIATION to comply with law.

SECTION 3. STATEMENT OF ASSOCIATION CHARGES. The BOARD OF DIRECTORS shall promptly provide a written statement of all unpaid ASSOCIATION CHARGES due from any OWNER upon its receipt of a written request therefore from such OWNER. In addition, each OWNER shall be permitted to examine the books of account of the ASSOCIATION at reasonable times on business days.

SECTION 4. DEFAULT IN PAYMENT OF ASSOCIATION CHARGES. (A) The BOARD OF DIRECTORS shall take prompt action to collect any ASSOCIATION CHARGES due to the ASSOCIATION that remain unpaid for more than 30 days after the date due for the payment thereof. In connection therewith, the BOARD OF DIRECTORS shall have the right and obligation to cause liens for all sums due and owing to the BOARD OF DIRECTORS to be filed in the Albany County Clerk's Office and/or to institute all other proceedings deemed necessary or desirable by the BOARD OF DIRECTORS to recover all such unpaid ASSOCIATION CHARGES, together with all additional sum of money collectible by the BOARD OF DIRECTORS by reason of such nonpayment pursuant to the terms of Paragraph (B) hereof. A suit to recover a money judgment for unpaid ASSOCIATION CHARGES, however, shall be maintainable without foreclosing or waiving the liens securing such charges.

(B) In the event that any OWNER shall fail to make prompt payment of ASSOCIATION CHARGES, such OWNER shall be obligated to pay interest thereon at the lesser of the highest rate permitted to be charged to individuals under applicable laws or eighteen percent (18%) per annum, to be computed from the date thereof until paid in full, together with all costs and expenses paid or incurred by the BOARD OF DIRECTORS, the managing agent or the manager (if any) in connection with collecting such unpaid

ASSOCIATION CHARGES with interest as aforesaid and/or in foreclosing the aforementioned lien, including, without limitation, reasonable attorneys' fees and disbursements and court costs. In addition, if the BOARD OF DIRECTORS shall bring an action to foreclose the aforementioned lien, the defaulting OWNER will be required to pay a reasonable rental for the use of his LOT, from the date of the commencement of said action and the plaintiff in such foreclosure actions shall be entitled to the appointment of a receiver to collect the same. All such interest, costs and expenses and rentals shall be added to and shall constitute ASSOCIATION CHARGES payable by such OWNER.

(C) In any action brought by the BOARD OF DIRECTORS to foreclose a lien on a LOT because of unpaid ASSOCIATION CHARGES, the BOARD OF DIRECTORS shall have, on behalf of all OWNERS, the power to purchase such LOT at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey or otherwise deal with such LOT (but not to vote the votes appurtenant to the same). In the event that the NET PROCEEDS received on such foreclosure shall be insufficient to satisfy the defaulting OWNER'S obligations to the ASSOCIATION, such OWNER shall remain liable for the deficit. If the amount owed by the defaulting OWNER is deemed uncollectible by the BOARD OF DIRECTORS, the amount owed shall be charged to all OWNERS as an ASSOCIATION EXPENSE. Any surplus on such foreclosure sale shall be paid to the defaulting OWNER after first paying all liens on such OWNER'S LOT in the order of priority of such liens.

SECTION 5. INSURANCE. The BOARD OF DIRECTORS shall be required to obtain and maintain, to the extent obtainable, legal liability insurance and such other insurance as the BOARD OF DIRECTORS may determine. All such policies shall be in such amounts as the BOARD OF DIRECTORS shall deem necessary and shall provide that adjustments of loss shall be made by the BOARD OF DIRECTORS and that the NET PROCEEDS thereof shall be payable to the ASSOCIATION. The BOARD OF DIRECTORS shall review the amounts of the ASSOCIATION insurance policies annually. The BOARD OF DIRECTORS shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the BOARD OF DIRECTORS make from time to time determine, covering each member of the BOARD OF DIRECTORS, the managing agent, the manager, employees of the ASSOCIATION and each OWNER and covering all claims for bodily injury or property damage arising out of any occurrence in the COMMON AREAS. The public liability insurance policy to be maintained for the period commencing with the first CLOSING on a LOT until the first meeting of the BOARD OF DIRECTORS following the first annual meeting of the OWNERS, will have a limit of \$500,000.00.

The OWNERS shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation, and further provided that the liability of the carriers issuing insurance procured by the BOARD OF DIRECTORS shall not be affected or diminished by reason

of any such additional insurance carried by any OWNER. The OWNERS shall not do or permit any act or thing to be done in or to their LOTS or the COMMON AREAS which is contrary to law or which invalidates or is in conflict with any public liability, fire or other policies of insurance at any time carried by the BOARD OF DIRECTORS for the benefit of the ASSOCIATION or which shall or might subject the ASSOCIATION or the OWNERS to any liability or responsibility to any person or for property damage; nor shall any OWNER keep anything on or about his LOT except as now or hereafter permitted by the Board of Fire Underwriters, Fire Department, Fire Insurance Rating Organization or other authority having jurisdiction, and then only in such manner or such quantity so as not to increase the rate for fire insurance applicable to the COMMON AREAS; nor shall any OWNER use his LOT in a manner which will increase the insurance rate for the COMMON AREAS over that in effect for the insurance maintained by the ASSOCIATION for the benefit of the OWNERS. An OWNER who fails to comply with the provisions of this Section 5 shall pay all costs, expenses, fines, penalties or damages which may be imposed upon the ASSOCIATION or the OWNERS by reason thereof and shall also reimburse the ASSOCIATION for that portion of all fire insurance premiums thereafter paid by the BOARD OF DIRECTORS which shall have been charged because of such failure by the OWNER.

SECTION 6. REPAIR OR RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY. In the event of damage to or destruction of the COMMON AREAS as a result of fire or other casualty, upon an affirmative vote of a majority of the BOARD OF DIRECTORS, the BOARD OF DIRECTORS shall arrange for the prompt repair and restoration of the COMMON AREAS and shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute an ASSOCIATION EXPENSE and the BOARD OF DIRECTORS on behalf of the ASSOCIATION may assess all the OWNERS for such deficit as part of the ASSOCIATION CHARGES.

In the event of a fire or other casualty loss to a LOT, the OWNER will continue to pay the ASSOCIATION CHARGES of his respective LOT.

SECTION 7. ABATEMENT AND ENJOYMENT. (A) In the event that any OWNER shall violate or breach any of the provisions of the DECLARATION or these BY-LAWS on his part to be observed or performed, the BOARD OF DIRECTORS shall have the right to enjoin, abate or remedy the continuance or repetition of any such violation or breach by appropriate proceedings.

(B) The violation or breach of any of the terms of the DECLARATION or these BY-LAWS with respect to any rights, easements, privileges or licenses granted to the SPONSORS or its ASSIGNEES shall give to the SPONSORS or such Assignee the right

to enjoin, abate or remedy the continuation or repetition of any such violation or breach by appropriate proceedings.

SECTION 8. MAINTENANCE AND REPAIR. (A) All maintenance, repairs and replacements to any LOT, whether structural or non-structural, ordinary or extraordinary, shall be made by the OWNER of such LOT pursuant to the DECLARATION.

(B) Subject to the provisions of Subsection (C) hereof all maintenance, repairs and replacements to the COMMON AREAS shall be made by the BOARD OF DIRECTORS and, to the extent not covered by insurance, shall be charged to all the OWNERS as an ASSOCIATION EXPENSE. Promptly upon obtaining knowledge thereof, each OWNER shall report to the BOARD OF DIRECTORS or to the managing agent any defect or need for repairs for which the BOARD OF DIRECTORS is responsible pursuant to the terms hereof. All maintenance, repairs and replacements performed hereunder or otherwise, whether by or at the behest of an OWNER or the BOARD OF DIRECTORS, shall be performed in such a manner as shall not unreasonably disturb or interfere with any OWNERS or the tenants and occupants of any LOT.

(C) If any maintenance, repairs or replacements to the COMMON AREAS, whether ordinary or extraordinary, is necessitated by the negligence, misuse or abuse of any OWNER, the entire cost and expense thereof shall be borne by such OWNER. Each OWNER SHALL be responsible for any and all damage to any LOT or to the COMMON AREAS resulting from such OWNER'S failure to maintain, repair or replace his or her LOT or any portion thereof as required herein.

(D) Those areas of the LOTS exposed to public view shall be kept clean and in good appearance at the sole cost and expense of the OWNERS thereof.

(E) The BOARD OF DIRECTORS shall keep the COMMON AREAS free from rubbish and hazardous conditions.

SECTION 9. RESTRICTIONS ON USE OF LOTS. In order to provide for congenial occupancy of the LAND and for the protection of the values of the LOTS, the use of the LAND shall be restricted to and shall be in accordance with the RULES AND REGULATIONS concerning the use of the LOTS and the DECLARATION PROPERTY may be promulgated and amended from time to time by the BOARD OF DIRECTORS provided that copies of such RULES AND REGULATIONS are furnished to each OWNER not less than five (5) days prior to the time that they become effective. Any RULES AND REGULATION may be rescinded by vote of a majority of the OWNERS at a meeting duly called for such purpose.

SECTION 10. ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO THE COMMON AREAS. Except as otherwise provided in the DECLARATION or in these BY-LAWS, all necessary or desirable alterations,

additions or improvements in or to any of the COMMON AREAS shall be made by the BOARD OF DIRECTORS, and the cost and expense thereof shall constitute an ASSOCIATION EXPENSE. Notwithstanding the foregoing, however, whenever the cost and expense of any such alterations, additions or improvements would, in the judgment of the BOARD OF DIRECTORS, exceed \$500.00 in the aggregate in any calendar year, such proposed alterations, additions or improvements shall not be made unless first approved by a majority of both classes or OWNERS. Except as otherwise provided in the DECLARATION and in these BY-LAWS, all such alterations, additions or improvements costing \$500.00 or less in the aggregate in any calendar year may be made as aforesaid without the approval of the OWNERS.

SECTION 11. USE OF COMMON AREAS AND FACILITIES. (A) An OWNER shall not store any vehicles, packages or objects of any kind on any portion of the DECLARATION PROPERTY except where expressly permitted by the BOARD OF DIRECTORS.

(B) The DECLARATION PROPERTY shall be used only for those purposes as may be designated by the BOARD OF DIRECTORS. No OWNER shall make any addition, alteration, improvement or change in or to any DECLARATION PROPERTY without prior written consent of the BOARD OF DIRECTORS and in compliance with the terms of the DECLARATION.

ARTICLE VI

MORTGAGES OF LOTS

SECTION 1. MORTGAGING OF LOTS-GENERAL. Each OWNER shall have the right to mortgage his LOT, subject only to the terms and conditions contained in Section 2 of this Article VI.

SECTION 2. RESTRICTIONS ON MORTGAGING. (A) No OWNER shall be permitted to mortgage, pledge or hypothecate his LOT unless and until he shall have paid in full to the BOARD OF DIRECTORS all unpaid ASSOCIATION CHARGES and SPECIAL ASSESSMENTS theretofore assessed against such LOT and all interest, costs and expenses attributable to such unpaid ASSOCIATION CHARGES and SPECIAL ASSESSMENTS.

(B) No OWNER shall execute any mortgage or other document mortgaging, pledging or hypothecating title to his LOT without including therein its appurtenant interest in the ASSOCIATION, so as to prevent any severance of LOT ownership. Any mortgage or other instrument purporting to affect a LOT from its appurtenant membership in the ASSOCIATION without including all such LOT interest in the ASSOCIATION shall be deemed and taken to include the interest so omitted, even though the latter shall not be expressly mentioned or described therein.

SECTION 3. NOTICE OF UNPAID ASSOCIATION CHARGES AND DEFAULT. Whenever requested in writing by a mortgagee, the BOARD OF DIRECTORS shall promptly report to such mortgagee any default by his mortgagor(s) in the payment of ASSOCIATION CHARGES or SPECIAL ASSESSMENTS or in the observance or performance of any of the provisions of the DECLARATION or these BY-LAWS as to which the BOARD OF DIRECTORS has knowledge. The BOARD OF DIRECTORS shall, when giving notice to an OWNER of any such default, also send a copy of such notice to his mortgagee, if so requested. However, the BOARD OF DIRECTORS shall have no liability for any failure, through oversight or negligence, in notifying a mortgagee of any default by his mortgagor under the DECLARATION or these BY-LAWS, provided that (A) the BOARD OF DIRECTORS shall advise such mortgagee of the default promptly after discovering such failure and (B) if the BOARD OF DIRECTORS shall foreclose a lien on such mortgagor's LOT pursuant to the terms of Section 4 of Article V hereunder by reason of such default, the BOARD OF DIRECTORS shall pay to such mortgagee any NET PROCEEDS of any foreclosure sale of such LOT (after retaining all sums due and owing to the BOARD OF DIRECTORS pursuant to the DECLARATION or these BY-LAWS) or such lesser sum as shall be due and owing to such mortgagee.

SECTION 4. PERFORMANCE BY MORTGAGEES. Any sum or money to be paid or any act to be performed by an OWNER pursuant to the terms of the DECLARATION and these BY-LAWS may be paid or performed by his mortgagee, and the BOARD OF DIRECTORS shall accept such mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such OWNER.

SECTION 5. EXAMINATION OF BOOKS. Each mortgagee shall be permitted to examine the books of account of the ASSOCIATION at reasonable times on business days, but not more frequently than once a year.

SECTION 6. CONSENT OF MORTGAGEES. Except as otherwise expressly provided for herein or in the DECLARATION, no consent or approval by any mortgagee shall be required with respect to any determination or act of the BOARD OF DIRECTORS or any OWNER, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against his mortgagor.

ARTICLE VII

SALES AND LEASES OF LOTS

SECTION 1. SALES AND LEASES. Subject to the terms of Section 4 of this Article VII, any LOT OWNER shall take title subject to any unpaid ASSOCIATION CHARGES and SPECIAL ASSESSMENTS, and subject to all costs and expenses paid or incurred in connection with ASSOCIATION dues collection proceedings for the particular LOT, including without

limitation, reasonable attorneys' fees, disbursements and court costs.

SECTION 2. NO SEVERANCE OF OWNERSHIP. No OWNER shall execute any deed or other instrument conveying title to his LOT without including therein its appurtenant interest in the ASSOCIATION. Any deed or other instrument purporting to affect a LOT shall be taken to include all such LOTS interest in the ASSOCIATION, even though such interest shall not be expressly mentioned or described therein. No part of the appurtenant interest of any LOT may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance or other disposition of the LOT to which such interest is appurtenant. Nothing contained in this Section 2, however, shall prohibit the lease of any LOT without the simultaneous lease of its appurtenant interest in the ASSOCIATION.

SECTION 3. GIFTS AND DEVISES, ETC. Any OWNER shall be free to convey or transfer his LOT, together with its appurtenant interest in the COMMON AREAS by gift, or to devise the same by will or to have the same pass by intestacy, without restriction, provided, however, that each succeeding OWNER shall be bound by, and his LOT shall be subject to, the provisions of these BY-LAWS.

SECTION 4. EXCEPTIONS. The provisions of Section 1 of this Article VII shall not apply with respect to (A) the acquisition, sale or lease or a LOT and appurtenant interest in the ASSOCIATION by the SPONSORS or its designees or (B) the acquisition, sale or lease of a LOT, together with the appurtenant interest, by a mortgagee who shall acquire title to such LOT by foreclosure or by deed in lieu of foreclosure.

ARTICLE VIII

CONDEMNATION

In the event of a taking in condemnation or by eminent domain of part or all of the COMMON AREAS, the award made for such taking shall be payable to the ASSOCIATION. If replacement or reconstruction is feasible in the opinion of the BOARD OF DIRECTORS and if 51% or more of the OWNERS duly and promptly approve such replacement or reconstruction, the BOARD OF DIRECTORS shall arrange for such replacement or reconstruction and the BOARD OF DIRECTORS shall disburse the proceeds of such award to the contractor engaged in such replacement or reconstruction in appropriate progress payments. If replacement or reconstruction is not feasible in the opinion of the BOARD OF DIRECTORS, or if 51% of more of the OWNERS do not duly and promptly approve such replacement or reconstruction, the BOARD OF DIRECTORS shall apply to NET PROCEEDS of such award to the ASSOCIATION EXPENSES.

ARTICLE IX

RECORDS

The BOARD OF DIRECTORS shall keep detailed records of the actions of the BOARD OF DIRECTORS, minutes of the meetings of the BOARD OF DIRECTORS, minutes of the meetings of the OWNERS, and financial records and books of account of the ASSOCIATION, including a chronological listing of receipts and expenditures, as well as a separate account for each LOT which, among other things, shall contain the amount of each assessment of ASSOCIATION CHARGES against such LOT, the date when due, the amount paid thereon, and the balance remaining unpaid. The BOARD OF DIRECTORS shall also keep available for inspection by the OWNERS or their agents, copies of the DECLARATION, the BY-LAWS and the RULES AND REGULATIONS.

An annual report of the receipts and expenditures of the ASSOCIATION, prepared by an independent certified public accountant, shall be rendered by the BOARD OF DIRECTORS to all OWNERS and to all mortgagees of LOTS who have requested the same, promptly after the end of each fiscal year. The cost of such report shall be paid by the OWNERS as an ASSOCIATION EXPENSE.

ARTICLE X

AMENDMENT AND WITHDRAWAL

No LOT or portion of the DECLARATION PROPERTY shall be withdrawn from the DECLARATION unless at least 80 percent of all OWNERS agree to such removal by duly recorded instrument.

The SPONSORS will not vote its votes appurtenant to the unsold LOTS in favor of such withdrawal unless at least 80 percent of the OWNERS so elect for such withdrawal, at which time the SPONSORS may choose to vote either in favor of or against withdrawal from the DECLARATION of the ASSOCIATION, as it sees fit.

Except as hereinafter provided otherwise, these BY-LAWS may be modified or amended by approval of 66-2/3 percent in number of all OWNERS.

The following provisions of these BY-LAWS may not be amended without the consent in writing of the SPONSORS so long as it or its designee shall be the OWNER of one or more LOTS:

(A) Section 2 of Article II-Insofar as it provides that the BOARD OF DIRECTORS may not exercise certain powers without the

SPONSOR'S prior written consent so long as the SPONSORS or its designee shall continue to own one or more LOTS.

(B) Sections 16 and 17 of Article II-Insofar as they provide for representation of the SPONSORS or its designee on the executive committee or any other committee created by the BOARD OF DIRECTORS so long as the SPONSORS or its designee is the OWNER of one or more LOTS.

(C) Section 1 of Article III-Insofar as it provides that the SPONSORS shall be the sole class B member entitled to 10 votes for each LOT owned.

(D) Section 8 of Article III-Insofar as it provides that the SPONSORS or its designee as the OWNER of one or more LOTS, may vote the votes appurtenant thereto.

Notwithstanding anything to the contrary herein contained, no provision of these BY-LAWS relating to the use of the LOTS may be amended without the consent of every OWNER affected by such amendment.

ARTICLE XI

CONFLICTS

These BY-LAWS are set forth to comply with the requirements of the laws of the State of New York. In case any of these BY-LAWS conflict with the provisions of said laws of the DECLARATION, the provisions of said laws or of the DECLARATION, as the case may be, shall control.

ARTICLE XII

MISCELLANEOUS

SECTION 1. NOTICES. All notices hereunder shall be sent by registered or certified mail to the BOARD OF DIRECTORS at the office of the BOARD OF DIRECTORS or to such other address as the BOARD OF DIRECTORS may hereafter designate from time to time, by notice in writing to all OWNERS and to all mortgagees of LOTS. All notices to the SPONSORS shall be sent to Cornell Development Corporation, at 3724 Carman Road, Schenectady, New York, 12303. All notices to any OWNER shall be sent by registered or certified mail to the address of the OWNER'S LOT or to such other address as may have been designated by him from time to time, in writing, to the BOARD OF DIRECTORS. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

SECTION 2. 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 3. CAPTIONS. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these BY-LAWS, or the intent of any provision hereof.

SECTION 4. GENDER. The use of the masculine gender in these BY-LAWS shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, whenever the context so requires.

SECTION 5. WAIVER. No restriction, condition, obligation or 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 thereof which may occur.

DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS

Declaration of Covenants, Easements, and Restrictions (the "Declaration") made this 15th day of January, 1988 by Cornell Development Corporation and Country Village Development Corporation, a New York Corporation with its principal place of business at 3724 Carman Road Schenectady, New York, 12203 (the "SPONSORS");

W I T N E S S E T H

WHEREAS, the SPONSORS are the OWNER of certain real property located in the Town of Guilderland, Albany County, State of New York more particularly shown on maps entitled Subdivision Plan, Country Village prepared by C.T. Male, P.C. and filed in the office of the Albany County Clerk on January 30, 1984 in Drawer 172 Map 6233; (the "Map") and

WHEREAS, the plan for the development of said property has received the approval of the Planning Board of the Town of Guilderland; and

WHEREAS, the SPONSORS desire to subject all of the LOTS, as shown on the Maps (collectively the "LOTS" and individually each a "LOTS") to certain covenants, easements and restrictions hereinafter set forth, each and all of which are for the benefit of said LOTS and each OWNER (hereinafter defined) and are enforceable by the ASSOCIATION (as hereinafter defined) as hereinafter provided; and

WHEREAS, the SPONSORS desire to provide for each OWNER to be a member of the ASSOCIATION:

NOW, THEREFORE, the SPONSORS, for itself, its successors and assigns, declares that the LOTS shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements and conditions hereinafter set forth and that the real property described on the Maps shall be known as hereinafter set forth:

FIRST: The word and term "OWNER" as used herein shall be deemed to be the record title OWNER of any LOT subject to this Declaration.

The word and term "LOT" as used herein shall be deemed to mean any LOT as shown on the Maps.

The word and term "STREET" as used herein shall be deemed to mean any street, highway or other thoroughfare as shown on the Maps, whether designated as street, avenue, boulevard, road, drive or otherwise.

The word and term "ASSOCIATION" shall mean the Country Village Townhouse Association, Inc., a not-for-profit corporation organized under the laws of the State of New York to provide for

the maintenance, preservation and architectural control of a portion of the real property described on the Maps.

The term "COUNTRY VILLAGE" shall mean the real property described on the Maps.

SECOND: Contemporaneously with the filing of this Declaration, the SPONSORS will grant to the ASSOCIATION fee title to certain lands (the "Common Areas") within the subdivision designated on the Maps by areas shaded with vertical lines. The conveyance to the ASSOCIATION shall be subject to the following:

The SPONSORS retain the right, for the three year period commencing on the date of the grant of the Common Areas to the ASSOCIATION, to construct such signs on the Commons Areas as it shall determine to be useful to the residents and to landscape the Common Areas with plantings, lawns, berms and other vegetation. The ASSOCIATION shall be responsible for the maintenance of these improvements.

THIRD: Every person or entity who is a record OWNER of a fee or undivided fee interest in any LOT which is subject to the terms of this Declaration shall be obligated to pay his or her share of all costs and expenses incurred by the ASSOCIATION pursuant to this Declaration in connection with the operation of the ASSOCIATION (the "ASSOCIATION Expenses") and maintenance of the common areas and shall be a member of the ASSOCIATION. The board of directors of the ASSOCIATION shall be permitted to incur expenses in the manner provided for in the By-Laws of the ASSOCIATION. Membership shall be appurtenant to and may not be separated from ownership of any LOT so long as said LOT is subject to the terms and provisions of this Declaration. This obligation shall be set forth in the respective deeds to the LOTS conveyed. Notwithstanding the aforesaid, this paragraph shall not apply to a commercial builder or developer to whom the SPONSORS have sold a vacant LOT with the intention that such builder construct one or more houses on such LOT for resale to a member of the general public (a "Builder"), and the SPONSORS shall remain responsible for ASSOCIATION Expenses for LOTS until such LOT is reconveyed to another entity.

FOURTH: Each OWNER shall grant a right of access to the common areas, and the ASSOCIATION shall grant a right of access to the common areas, to the SPONSORS and its contractors, subcontractors, agents and employees for the purpose of fulfilling the SPONSOR'S obligations to complete the LOTS, and in connection with any further development of, or construction on, the property described on the Maps provided that access thereon shall not be exercised with respect to any LOT in such a manner as will unreasonably interfere with the use of such LOT for its permitted purposes.

FIFTH: No dwelling, building, fence, garage or other structure shall be erected, altered, constructed, reconstructed

or moved on the LOTS until the design and location thereof and accompanying landscaping shall be approved in writing by the SPONSORS as long as the SPONSORS owns any LOTS, and thereafter by the ASSOCIATION. Any dwelling or structure constructed within the "building unit" lines shown on the subdivision map prepared by C.T. Male, P.C., entitled Country Village, is approved by SPONSORS as to location for the purposes of this Declaration.

Any OWNER or potential OWNER desiring to so proceed shall submit three (3) sets of building plans, also showing planned landscaping, plus a building permit application to the SPONSORS or to the ASSOCIATION, as the case may be, at least thirty (30) days prior to the date such OWNER or potential OWNER needs a decision. In the event that the SPONSORS or the ASSOCIATION, as the case may be, shall fail to answer any written, reasonably detailed request for such approval within thirty (30) days after such request is received, such failure to respond shall constitute consent to such request.

SIXTH: No tent, shack, trailer (or similar structure), boat or motorized vehicle shall be used as a dwelling on a LOT or STREET either temporarily or permanently.

SEVENTH: No signs, billboards or advertising media shall be erected or maintained on the LOTS, with the exception of (i) one temporary sign indicating a LOT is for sale or (ii) permanent sign indicating the location of a professional office as and if permitted by zoning regulations of the Town of Guilderland and the By-Laws.

EIGHTH: Trucks, trailers, boats, motorcycles and commercial and recreational vehicles shall be kept garaged overnight when on or about the LOT and any STREET.

NINTH: Only "umbrella" type clotheslines may be erected in the Subdivision. One "umbrella" type clothesline may be maintained on the rear of such LOT in such a manner as to not be visible from any STREET.

TENTH: All trash and garbage receptacles must be stored out of sight from any STREET except on the certain day(s) of the week when trash and/or garbage is removed either by the Town of Guilderland or private trash removal firms.

ELEVENTH: Any structure erected on a LOT shall have a minimum frontal setback of 30 feet or such greater distance as required by the laws, ordinances or regulations of the Town of Guilderland. Variations from this requirement must be approved by the ASSOCIATION.

TWELFTH: All front light, and outside mail and paper box stands shall be in conformity with the style designated by the ASSOCIATION.

THIRTEENTH: The color ,design, or components of a principal exterior building material, a principal exterior building element, a fence, or any structure on a LOT shall not be changed from that present when the OWNER took possession of the property unless said OWNER has received the prior written approval of the ASSOCIATION.

FOURTEENTH: Any construction on any LOT shall be completed within twelve (12) months of the granting of the approval required by paragraph fifth hereof and any alteration commenced on any LOT shall be completed not later than ten (10) months after the date of the commencement of such alteration. In the event construction is not completed within the aforesaid time periods, the SPONSORS shall have the rights, but not the obligation, to repurchase the LOT from the OWNER at the cost paid to the SPONSORS for the LOT, minus SPONSOR'S costs in connection therewith,,including but not limited to attorneys' fees. It is recognized that the SPONSORS will incur costs in retaking a LOT, and is likely to incur significant expense in maintaining or removing any partially built structure; therefore, no compensation will be given to an OWNER for a partially completed structure. All grading, seeding and landscaping shall be completed not later than (7) seven months after the date of completion of the dwelling or alteration. Any portion of any LOT being used as driveway or parking area shall be surfaced with concrete or blacktop not later than seven (7) months after completion of the dwelling or alteration to which it relates.

FIFTEENTH: The ASSOCIATION shall have the duty and obligation to:

(A) enforce provisions of the covenants, restrictions and easements in this Declaration for the benefit of the ASSOCIATION and the OWNERS; and

(B) fix, levy, collect and enforce payment by any lawful means all charges or assessments pursuant to the terms of this Declaration and the By-Laws necessary for the ASSOCIATION to enforce the provisions of this Delaration and perform its obligations.

SIXTEENTH: Violation or breach of any of the covenants, easements, restrictions or conditions herein contained shall give the ASSOCIATION the right to obtain an injunction or court order, requiring the OWNER causing such violation to summarily abate and remove from his LOT, at the expense of the violating OWNER, the thing or condition that may be or exists thereon contrary to the intent and meaning of the provisions hereof.

SEVENTEENTH: All the easements, restrictions, conditions, covenants, charges and agreements, contained herein shall run with the land and continue as such until 50 years from the date of the recording of this Declaration, and they shall, as they then are in force, be extended from that time for successive

periods of twenty (20) years, unless the BOARD OF DIRECTORS on behalf of the ASSOCIATION shall by a writing in recordable form alter, modify or eliminate any or all of these provisions. Upon dissolution of the ASSOCIATION other than incident to a merger or consolidation, the assets of the ASSOCIATION shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the ASSOCIATION was created. In the event that such dedication is not accepted, such assets shall be granted, conveyed and assigned to any for-profit or not-for-profit corporation, association, trust or other organization to be devoted to such similar purposes.

EIGHTEENTH: Invalidation of any one of these covenants, easements, conditions and restrictions by judgment or court order shall in no way affect any of the other remaining provisions which shall remain in full force and effect.

NINETEENTH: The covenants, easements and restrictions heretofore set forth are not intended to and do not affect any real property other than the LOTS and do not obligate the SPONSORS to impose similar restrictions on other LOTS owned by it. SPONSORS will assume and absorb all ASSOCIATION costs until the transfer of LOTS, at which time the LOT purchasers shall assume said costs subject to the terms of this Declaration.

TWENTIETH: Initially, any and all of the rights and powers of the SPONSORS contained herein may be assigned to any individual, association or corporation which may assume the duties of the SPONSORS hereunder pertaining to the particular rights and powers assigned (the "Assignee"), and upon the Assignee's evidencing its consent in writing to accept such assignment it shall have the same rights and powers, and be subject to the same obligations and duties as are given to and assumed by the SPONSORS. All rights and privileges of the SPONSORS contained herein shall otherwise be retained by the SPONSORS. At the earlier of (1) the date on which the SPONSORS no longer owns any LOTS (including voting rights of LOTS conveyed to a Builder) or (2) five years after the transfer of title to the first LOT all rights and privileges contained herein whether previously assigned or otherwise, shall be vested in the ASSOCIATION which thereafter shall be the entry with the power to enforce such rights and privileges with respect to such LOT. The provisions herein contained shall bind and be to the benefit of and be enforceable at law and equity by the entity herein described as being entitled to enforce such rights and privileges, as the case may be, and failure to enforce any of the restrictions, assessments, conditions and covenants herein contained shall in no event be deemed a waiver of the right to do so thereafter.

