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AMENDED AND RESTATED BYLAWS
OF
LANCELOT SHORES IMPROVEMENT ASSOCIATION
FARMINGTON, NH
INTRODUCTION

THE FOLLOWING "Amended and Restated Bylaws of Lancelot Shores Improvement Association" completely amend and restate the Bylaws of Lancelot Shores Improvement Association recorded in the Strafford County Registry of Deeds beginning at Book 1830 Page 0244 and all amendments thereto recorded prior to the date hereof. Upon recording of the within new Bylaws of Lancelot Shores Improvement Association, the prior Bylaws and any amendments thereto of Lancelot Shores Improvement Association are hereby repealed and shall no longer have any force or effect.

THESE AMENDED AND RESTATED BYLAWS shall govern the entity known as Lancelot Shores Improvement Association, as described and created under its Articles of Agreement, dated September 11, 1968, as amended and in effect from time to time, and shall be binding upon all present and future Members, tenants, and occupants of any lots in the Association and to all other persons who shall at any time use the Association or any portion thereof.

The acquisition or rental of any lot or the act of occupancy or use of any Lot, will signify that the party acquiring, renting, occupying or using such Lot has accepted and ratified the terms and conditions of these Bylaws and agrees to comply therewith.

This covenant to abide by these Bylaws shall run with the land and each Lot in the Association and shall be binding thereon.

ARTICLE I

DEFINITIONS

Certain of the terms as used in this set of Bylaws are defined and shall have meaning as follows, unless the context clearly indicates a different meaning thereof:

1. "Association" or "Association of Members" or "Lancelot Shores Improvement Association" means the association of the Members acting as a group in accordance with these Bylaws.

DRAFT

2. "Board" or "Board of Directors" means the governing body of the Association elected pursuant to these Bylaws.
3. "Common Area" means all of that area not part of any Lot, including, but not limited to, the roads and beaches.
4. "Common Expenses" means all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation and/or maintenance of reserves pursuant to the provisions of these Bylaws.
5. "Lot" means any taxable Lot as deemed such by the Town of Farmington that rests within the Property.
6. "Owner" means an owner of record of any Lot in the Property.
7. "Property" means the premises described in Appendix A, including land, all buildings and other improvements and structures now or hereafter thereon, all easements, rights and appurtenances belonging thereto, and all personal property now or hereafter used in connection therewith, which have been or are intended to be submitted to the provisions of these Bylaws.
8. "Rules" means such rules and regulations as the Board from time to time may adopt relative to the use of the Property or of any part thereof, as the same may be amended pursuant to the terms of these Bylaws.

ARTICLE II

GENERAL

1. The Association. The Lancelot Shores Improvement Association is a homeowners association formed for the purpose of governing the Common Area, and in general administering and enforcing these Bylaws and the Rules promulgated pursuant hereto.
2. Members. A Member of record of a Lot in the Property shall automatically become a Member of the Association, and the membership of a Member shall terminate when he ceases to be a Member with such membership automatically transferred to such Member's successor in interest. All present and future Members, mortgagees, lessees and occupants of Lots, their employees, and any other person(s) who may use a Lot are subject to these Bylaws.
3. Purpose. The administration of the Association shall be governed by these Bylaws, and all present and future holders of any interest in the Association shall be members of the Lancelot Shores Improvement Association and bound by the terms hereof. The Association, through its Board of Directors unless otherwise noted, has the responsibility of administering, managing and maintaining the Common Area and the improvements thereon which it owns and over which it

DRAFT

has been or may be granted easements or which it otherwise controls.

4. Bylaws Applicability. The acceptance of a deed, and/or the conveyance, letting, use or occupancy of a Lot in the Property, shall constitute an agreement that the Member, mortgagee, lessee, guest and/or occupant of any Lot shall abide by these Bylaws and the Rules of the Association as any or all provisions may be amended from time to time.

5. Office. The offices of the Association and of the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

6. Property Rights. Each Member shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Lots owned by the Association, any improvements thereon or thereto, including the beaches, boat ramps, and docks, and any other items added to the beach Lots, and the roads of the Association, the responsibility for all of which, and the exclusive management and control thereof, is the Association's, acting through the Board of Directors.

ARTICLE III

MEETINGS

1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place as may be designated by the Board of Directors and stated in the notice of meeting.

2. Bi-Annual Meetings. The Association shall hold two Association meetings each year. The meetings are to be held in Farmington, New Hampshire on a date to be determined by the Board of Directors, which dates, if at all practicable, shall be during the months of May and August. At such Bi-Annual Meetings the Members may transact any business as may properly come before them.

3. Special Meetings. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Clerk by not less than twenty percent (20%) of the Lots having voting rights.

The notice of any Special Meeting shall state the time and place of such meeting and the purpose thereof. If such notice is not given within ten (10) days after delivery of a written request to call the meeting, with the date for the Special Meeting set for no later than thirty (30) days thereafter, the Member(s) requesting the meeting may fix the time, date and place of the meeting and give notice to all other Members. No business shall be transacted at a Special Meeting except as stated in the notice.

DRAFT

4. Notice of Meeting. Notice of Bi-Annual Association meetings shall be sent with at least twenty-one days' (21) notice. Notice of Special Meetings shall be given with a minimum of seven (7) days' notice. Notices may be sent by email, hand delivery or first class, United States mail. The Notice shall state the purpose thereof, as well as the time and place where it is to be held, to each Member of record, at the address of their respective Lot or at such other address as each Member may have designated by notice in writing to the Clerk.

Notice of the time, place and purpose(s) of any meeting of the Members may be waived in writing by any members of the Association, either before or after the holding of such meeting, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Member of the Association at such meeting without protesting, either prior to or at the commencement of the meeting, the lack of proper notice, shall be a waiver of notice of such meeting.

5. Voting Requirements. A Member shall be deemed to be in good standing and entitled to vote at any Bi-Annual Meeting or at any Special Meeting of the Association if, and only if, he shall have fully paid all assessments made or levied and due against him by the Board of Directors as hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him, at least three (3) days prior to the date fixed for such Bi-Annual or Special Meeting. Nothing herein will deny a delinquent Member from otherwise participating in the meeting.

6. Voting. Each Member shall be entitled to one undivided vote on all Association matters for each Lot owned in the Association. All votes shall be weighted equally. Except as otherwise noted in the these Bylaws a majority of votes shall mean more than 50% of the Members who are entitled to vote on any given matter. As applied to a person who is not a natural person, such as a Trust or a corporation, the word "person" shall be deemed for the purposes of this section to be the designated representative of any such entity. Since a Member may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the votes pertaining to each Lot owned by that Member. But if more than one of such persons is present, the vote appertaining to that Lot shall be cast only in accordance with the agreement of a majority of them and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Lot without protest being made forthwith by any of the others to the person presiding over the meeting. Where multiple Members of a Lot cannot agree to cast their vote unanimously (in the case where there are an even number of Members present either in person or by valid proxy) or cannot agree to cast their vote in accordance with the agreement of a majority of them (in the case where there are an odd number of Members present either in person or by valid proxy), then no vote shall be cast for that Lot. Unless specifically directed otherwise in these Bylaws, the vote either in person or by proxy of more than fifty percent (50%) of the eligible Members shall be binding upon the Association.

Any voting conducted at an Association meeting, Bi-Annual or Special, may be held open for a period of time of up to twenty (20) days from the date of the meeting, after which time

DRAFT

if insufficient votes have been acquired, either in person, in writing or by proxy, the vote shall fail, but may be re-presented at any subsequent Association meeting.

Voting may be conducted by mail, postal or email, without a meeting, and in a manner as the Board determines.

Any action of the Board of Directors may be overturned by a vote of a majority of Members present and eligible to vote at a duly called Association meeting.

7. Proxies. The votes appertaining to any Member may be cast pursuant to a proxy issued by the Association with the Association seal. Proxies may be used to establish a quorum. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Member or by any of such persons, that it be revoked. The appearance of a Member at any Association or Special Meeting shall void any proxy previously signed by the Member. Revocation shall not affect any vote or act previously taken or authorized.

8. Quorum. A quorum shall be established only if at least twenty-five percent (25%) of the Members appear in person or by proxy at any such Association meeting. If a Lot is owned by more than one person, the appearance by any Member thereof shall be sufficient to meet the requirement that a Member appear in order for a quorum to exist. Regardless of whether a Member is entitled to vote pursuant to Paragraph 7 herein, the Member's presence shall be counted for purposes of establishing a quorum. Proxies may be used to establish a quorum.

If any meeting of the Members cannot be organized due to the failure to obtain a quorum, the Members who are present, either in person or by proxy, may vote by a majority to adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. If any meeting is so adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed, announced and posted at such meeting.

9. Order of Business. The order of business at all meetings of the Association shall be as follows, unless otherwise changed by the Board of Directors: (a) roll call, (b) recitation of proof of notice of meeting, (c) acceptance of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) election of Directors, if applicable; (h) unfinished business; and (i) new business, any of which may be waived.

10. Conduct of Meeting. The President, or his designate, shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a record book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat. In the discretion of the Board of Directors, Roberts Rules of Order shall govern the conduct of all meetings, or any portion thereof, of the Association when not in conflict with these Bylaws.

DRAFT

ARTICLE IV

BOARD OF DIRECTORS

1. Powers and Responsibilities. The affairs and business of the Association shall be managed by a Board of Directors which shall have all of the powers and responsibilities necessary for the administration of the affairs of the Association, including the health, safety and welfare of the Members, and may do all such acts and things as are not by law or these Bylaws directed to be exercised and done exclusively by the Association toward these ends, including waiving or enforcing any provision of these Bylaws and/or Rules and Regulations as amended from time to time as it deems appropriate in its sole discretion. The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters that might arise between meetings of the Board of Directors. In addition to the general duties imposed by these Bylaws, the Board of Directors shall have the power to perform and shall be responsible for the following:

A. Preparation of an annual budget in connection with which there shall be established the assessment of each Member for maintenance and protection of the Common Area and operation of the Association.

B. Making assessments against Members to defray the Common Expenses for the Association, establishing the means and methods of collecting such assessments from the Members, collecting said assessments, depositing the proceeds thereof in a bank depository and using the proceeds to carry out the administration of the Association. Unless otherwise determined by the Board of Directors, the annual assessments against each Member for his proportionate share of the Common Expenses shall be payable in one payment due at a date each year to be set by the Board of Directors;

C. Providing for the operation, repair, replacement and maintenance of all of that portion of the Common Area owned or controlled by the Association, including but not limited to designating, hiring and dismissing the personnel necessary therefore, and, where appropriate, providing for the compensation of such personnel and for the purchase or use of equipment, supplies and materials to be used by such personnel in the performance of their duties;

D. Making and amending Rules providing details concerning the operation, use and enjoyment of the Common Area for the health, safety and welfare of the Members and occupants and enforcing by legal means the provisions of these Bylaws and any Rules, and bringing any proceedings which may be instituted on behalf of the Members;

DRAFT

E. Obtaining and carrying insurance against casualty and liability and paying the premium cost thereof and making, or contracting for the making of, repairs, additions and improvements to, or alterations of, the Common Area and repairs to, and restoration of, the Common Area in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty;

F. Opening of bank accounts on behalf of the Association and designating signatories required therefor and keeping books with detailed accounts of the receipts and expenditures affecting the Association and the administration of the Association. The said books shall be available for examination by the Members and their duly authorized agents at reasonable times and places. All books and records shall be kept in accordance with generally accepted accounting practices. All funds shall be deposited in federally insured institutions or accounts;

G. Leasing, managing and otherwise dealing with the Property or facilities for which easements or rights are conveyed to the Association, but the Board may not sell any portion of the Common Area without the permission of a majority of Members eligible to vote at a duly called Association meeting;

H. Terminate a Member's use of the beaches and items appurtenant thereto such as docks and boat ramps, after thirty (30) days notice to the Member; and

I. Such other things and acts not inconsistent with the law and with these Bylaws.

2. Number of Directors. The Board of Directors shall be composed of five (5) persons. Directors shall consist only of Members or spouses of Members, or where a person that is a Member is not a natural person, any natural person having authority to act as the designated representative of any such entity. Each Lot may have only one Member on the Board of Directors. No household, as determined by the Board of Directors, shall have more than one member on the Board.

3. Election and Term of Office. The term in office shall be three (3) years. The terms shall be staggered such that one (1) position on the Board of Directors is elected one year; two (2) positions are elected the next year; and two (2) positions are elected the next year. Each Director shall hold office until his successor has been elected. Each Lot may have only one Member on the Board of Directors. No Member shall serve on the Board for more than six (6) consecutive years this provision would result in a Board comprised of less than five (5) members, in which case this term limit provision is waived.

4. Regular Meetings. Regular meetings of the Board of Directors may be held without call or notice at such time and place as shall be determined, from time to time, by agreement of all of the Directors. At least four (4) meetings shall be held during each twelve (12) month period after the Bi-Annual Meeting of the Association. Members are welcome to attend Board meetings, but

DRAFT

may not participate without the express permission of a majority of Board members who may cede such permission to the presiding officer. Meetings may be held electronically including via the Internet.

5. Special Meetings. Any Board member, on five (5) business days' notice to the other Directors, may call special meetings of the Board of Directors. Such notice shall be given personally or by mail, electronic mail, telephone, text or other internet communication and such notice shall state the time, place and purpose of the meeting.

6. Waiver of Notice. Before or within ten (10) days after any Special Meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board, in person or electronically, shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the Directors need appear for a quorum to be established. Proxies are not valid for Board meetings. Board members may appear by audio and/or video conference.

8. Vacancies. Any vacancies on the Board of Directors shall be filled by a vote of the remaining Directors until the expiration of the vacant Director's term of office or until the next Association Meeting at which time the Members shall vote for the person to fill the unexpired term of the Director, whichever shall occur first.

9. Removal of Directors. A Director may be removed from the Board of Directors only by resignation, by an affirmative vote of two-thirds of the Members, or by judicial decree.

10. Compensation. No Director shall receive any compensation from the Association for acting as such. Nor shall any Director accept anything of value from people providing or proposing to provide services or products to the Association. Directors may, however be reimbursed for travel and business expenses.

11. Conduct of Meetings. The President, or his designee, shall preside over all meetings of the Board of Directors and the Clerk shall keep minutes of the meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings, which minutes shall be filed in the Record Book of the Association. Minutes shall be made available either electronically and/or in hard copy as determined by the Board of Directors.

12. Report of Board of Directors. The Board of Directors shall present at each Bi-Annual Meeting, and when called for by vote of the Association at any Special Meeting of the Association, a full and clear statement of the business and condition of the Association.

DRAFT

13. Fidelity Bonds. The Board of Directors may require that all Directors, Officers, agents, employees and volunteers of the Association handling or responsible for handling funds belonging to or administered by the Association furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense.

14. Dispensing With Vote. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without meeting if the members of the Board of Directors shall individually or collectively consent in writing by simple majority (either electronically or on paper) to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Any actions taken by the Board outside of a meeting, may be affirmed by majority vote at a duly noticed Board meeting.

15. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Members for any mistake in judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith or actions that are contrary to the provisions of the Declaration or of these Bylaws. The Members shall indemnify and hold harmless each of the Directors from and against (i) all contract or negligence liability to others arising out of contracts made by and action taken or omitted by the Board of Directors on behalf of the Members unless any such contract or action shall have been made, taken or omitted in bad faith due to willful misconduct or contrary to the provisions of the Declaration or of these Bylaws and (ii) expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by such Director(s) in connection with any threatened, pending or completed action, suit or proceeding unless he acted in bad faith or was guilty of willful misconduct or acted contrary to the provisions of these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability (except as Members) with respect to any contract made or action taken or omitted by them on behalf of the Members, unless made, taken or omitted in bad faith, due to willful misconduct or contrary to such provisions. It is also intended that the liability of any Member arising out of any contract, action or omission 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 Member's assessed ownership interest. Every written agreement made by the Board of Directors shall, if obtainable, provide that the members of the Board of Directors are acting only as agents for the Members and shall have no personal liability thereunder (except as Members) and that each Member's liability thereunder shall be limited to such Member's assessed ownership interest.

No Board member is authorized to act on behalf of the Board of Directors without the written permission and approval of the Board of Directors.

16. Availability of Records. The Board of Directors shall make available to all Members, mortgagees, and to insurers or guarantors of any mortgage on a Lot within seven (7) business days of a written request, current copies of the Bylaws and Rules and Regulations concerning the Association and the books, records and financial statements of the Association. "Available" means available for inspection and copying at the requesting Member's expense, upon request,

DRAFT

within a reasonable period of time after such request has been made. Any holder, insurer or guarantor of a mortgage on a Lot shall be entitled, within a reasonable time after written request, to an audited or reviewed financial statement for the immediately preceding fiscal year at a cost to be determined by the Board of Directors, which cost, if any, shall be assessed to the Lot of the Member making the request. No Member or affiliated group of Members shall make such a request or be otherwise entitled to inspect any records of the Association more frequently than every ninety (90) days. Further, the Board may assess a fee for oversight and monitoring and copying any such records.

17. Licenses and Easements. The Board members shall have the power and authority to grant permits, licenses and easements over the Property for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property.

18. Voting. Each Board member is entitled to one vote. All votes shall be treated equally. Proxies shall not be valid for meetings of the Board of Directors.

19. Enforcement. The Board of Directors is empowered to pass any Rules and Regulations regarding the enforcement of the provisions of the Bylaws and Rules and Regulations, including, but not limited to, setting fine and fee schedules, towing vehicles, and instituting legal actions, any costs of which shall be deemed assessments for purposes of collection.

20. Audit. At least every third year the Board of Directors shall ensure a financial review by a certified public accountant is undertaken.

ARTICLE V

OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Vice President, a Clerk, a Secretary and a Treasurer, all of whom shall be elected by the Board and who must be Board members. The Board may appoint such other officers as in its judgment may be necessary who need not be on the Board of Directors. All Officers shall consist only of Members or spouses of Members or where a person that is a Member is not a natural person, any natural person having authority to act as the designated representative of any such entity. No person shall hold more than one office.

2. Election of Officers. The officers of the Association shall be elected annually by the Board at the first meeting of each new Board after the Association's Bi-Annual Meeting where Board members are elected and shall hold office at the pleasure of the Board. The Board at a regular meeting or special meeting called for such purpose shall fill any vacancy in an office.

DRAFT

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and accept such office. Any officer elected or appointed by the Board of Directors may be removed at any time by vote of a majority of the Board of Directors with or without cause.

4. President. The President shall be the chief executive officer; he or his designate shall preside at meetings of the Association and, if present, at meetings of the Board of Directors and shall be an ex officio member of all committees; he shall have general and active management of the business of the Association and shall see that all orders and resolutions of the Board are carried into effect. He shall have all of the general powers and duties that are usually vested in or incident to the office of president of a stock corporation organized under the laws of the State of New Hampshire. Any of the powers of the President herein may be designated to any other designee, although the President shall assume final responsibility for all Association actions.

5. Vice President. The Vice President shall have all of the duties of the President in the absence of the President.

6. Clerk. The Clerk, or the Clerk's designee, shall keep the Record Book current and in his custody to include copies of the financials of the Association and the minutes of all Meetings of the Association, the Board and any Committees. The Clerk shall give, or cause to be given, notice of all meetings of the Association, special meetings of the Board and meetings of the committees and shall perform such other duties as may be prescribed by the Board or President. The Clerk may compile and keep current at the principle office of the Association (i) a complete list of the Members and their last known post office addresses; (ii) a complete list of names and addresses of Member mortgagees, together with conformed copies of mortgages; and (iii) copies of these Bylaws and any Rules. These lists and documents shall be open to inspection by all Member and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. No member or affiliated group of members who share a common cause as determined by the Board of Directors shall make such a request or be otherwise entitled to inspect any records of the Association more frequently than every ninety (90) days. Any of the powers of the Clerk herein may be vested in a designee, as approved by the Board, although the Clerk shall assume final responsibility for all Association records.

7. Secretary. The Secretary, or the Secretary's designee, shall attend all meetings of the Board of Directors and all meetings of the Association, shall record the minutes of all proceedings in the Record Book of the Association, and shall perform like duties for committees when required.

8. Treasurer. The Treasurer shall have the custody of all funds and securities that are now not under the control of the Directors and, with the assistance of the Directors, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data and shall deposit all money and other valuable affects in such depositories as may be designated by the Board. Such records shall include, without limitation, chronological listings of all assessments and Common Expenses on account of the Property and each Member and the amounts paid and the amounts due on such assessments by each Member. The books and records of the

DRAFT

Association should be kept in accordance with generally accepted accounting principles and procedures. The Treasurer shall disburse funds as ordered by the Board, where possible, taking proper vouchers for such disbursements and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Association. Members shall have the right to examine the books of the Association at reasonable times and places as noted in this Article. No Member, or affiliated group of Members, shall make such a request or be otherwise entitled to inspect any records of the Association more frequently than every ninety (90) days. Any of the powers of the Treasurer herein may be vested in a designee, as approved by the Board, although the Treasurer shall assume final responsibility for all Association records.

9. Agreements, Contracts, Deeds, Etc. All agreements, contracts, deeds, leases, and other instruments of the Association for expenditures or obligations may be executed by any Officer of the Association or by such other person or persons as may be designated by the Board of Directors.

10. Compensation of Officers. No Officer shall receive any compensation from the Association for acting as such. Nor shall any Officer accept anything of value from people providing or proposing to provide services or products to the Association.

ARTICLE VI

OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Assessments Against Members.

A. Fiscal Year. The fiscal year of the Association shall consist of the twelve (12) month period commencing on January 1 of each year and terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Board of Directors.

B. Preparation and Approval of Budget. Each year the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount which it considers necessary during the ensuing fiscal year for the cost of maintenance, management, operation, repair and replacement of the those items over which the Association has control. Such budget shall also include such reasonable Reserves as further referenced in Paragraph D herein. The said budget shall constitute the basis for determining each Member's assessment for the Common Expenses of the Association. The budget shall be ratified by the Members unless replaced with another budget by a majority of Members eligible to vote at a duly called Association meeting.

DRAFT

C. Assessment and Payment of Common Expenses. The total amount of the estimated funds set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Member equally, and shall be a lien against each Member's Lot. The budget and notice of any increase in the annual assessment shall be provided by the Board to the Members at least sixty (60) days before the annual assessment is due. On or before the 31st of March of each year each Member shall be obligated to pay to the amount assessed by the Association through the Board of Directors in full. The Board of Directors, in its discretion, may change this due date to reflect the wishes of the Association to include pre-payment of sums, quarterly payments or other payment periods as the Board of Directors deems appropriate. Additionally, the Board of Directors shall present such an accounting of the Association at each Bi-Annual meeting. Any amount accumulated in excess of the amount required for actual expenses and budgeted reserves shall be rolled over into the next fiscal year's operating budget.

D. Reserves. The Board of Directors shall build and maintain both an adequate operating reserve and an adequate capital reserve for contingencies and replacements of this portions of the Common Area for which the Association is responsible. At the end of each fiscal year all funds accumulated during such year for reserves for contingencies and replacement of the said Common Area shall be placed in a separate, interest-bearing bank account, or such other financial account as the Board determines, segregated from the general operating funds and used only for such purposes. If for any reason, including nonpayment of any Member's assessment, the reserves are inadequate, the Board of Directors may, at any time, levy a further assessment, which shall be assessed against the Members according to their respective votes in the Association and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on the Members by a statement in writing giving the amount and reasons therefore and such assessment shall become effective on a date noted by the Board of Directors, but not less than ten (10) days after the delivery or mailing of such notice of further assessment. The Board of Directors may only so specially assess either for emergency repairs/safety measures for which the capital reserve account has insufficient funds or to provide sufficient funds pursuant to a long-term capital study commissioned by the Board and which the Association follows.

The Reserves may be used for any purposes in the discretion of the Board of Directors.

E. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Member's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Member shall continue to pay the annual charge at the then rate established for the previous fiscal period until ten

DRAFT

(10) days after a statement has been mailed or delivered showing the annual payment which is due under this new annual or adjusted budget.

2. Payment of Common Expenses. All Members shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Paragraph 1 of this Article V. No Member may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Area or by abandonment of his Lot. No Member shall be liable for the payment of any part of the Common Expenses assessed against his Lot or other acquiring Member by virtue of any transfer or other conveyance, but said Member shall be jointly and severally liable with the transferring Member for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the acquiring Member's right to recover from the transferring Member the amounts paid by the acquirer therefor.

3. Recordable Statement of Unpaid Assessments. Any such acquiring Member or transferring Member shall be entitled to a recordable statement from the Board of Directors or setting forth the amount of the unpaid assessments against the transferring Member and such acquiring Member shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. The Board may set a fee as a prerequisite for the issuance of such statement.

4. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Member that remain unpaid for more than thirty (30) days from the due date for payment thereof.

5. Uncollectible Assessments. Any assessments that are not collectible due to waiver or limitation by the provisions of Paragraph 3 above may be collectible from all Members.

6. Payment of Real Estate Taxes. The real estate taxes due to the Town of Farmington for individual Lots shall be paid by the Member directly to the City when due. Taxes for each Lot are not divisible between the Lot and the Common Area. This section of Article V may not be revised or deleted without the approval or waiver of the appropriate governing authority of the Town of Farmington.

ARTICLE VII

MAINTENANCE

1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Area such maintenance to be funded as hereinafter provided as Common Expenses. The Area of Common Responsibility shall include, but need not be limited to:

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A. All beaches, docks, decks, piers and ramps associated with the beaches, landscaping and other flora, parks, structures, and improvements, including any streets, signage, street lights, sidewalks, bike and pedestrian pathways/trails, if any, situated upon or which serves the Common Area;

B. All ponds, streams and/or wetlands located within the Common Area, including any retaining walls, or dams (earthen or otherwise) retaining water therein, and any fountains, lighting, pumps, conduits, and similar equipment installed therein or used in connection therewith; and

C. Any property and facilities owned or controlled by the Association, and made available, on a temporary or permanent bases, for the primary use and enjoyment of the Association and its Members.

The Association may maintain other property which it does not own, including without limitation, utility easements, if the Board of Directors determines that such maintenance is necessary or desirable.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Members as part of the Common Expenses.

2. Additions, Alterations or Improvements by Members. No Member shall make any structural additions, alterations or improvements in or to the Common Area without the prior written consent thereto of the Board of Directors or by a majority of the Members present and eligible to vote at a duly called Association meeting.

ARTICLE VIII

INSURANCE

1. Property Insurance. The Board or its duly authorized agent shall obtain insurance for all insurable improvements on the Property against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard, together with all betterments and improvements. Premiums for all insurance on the Property shall be a Common Expense of the Association. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

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2. Liability Insurance. The Board or its duly authorized agent shall obtain and administer insurance for the Board and the Members against any liability to the public or to the Members (and their invitees or tenants) incident to the ownership and/or use of the Common Area, and including the personal liability exposure of the Members, incident to the ownership and/or use of the Common Area. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) for any occurrence and Two Million Dollars (\$2,000,000) in the aggregate per year (such limits and coverage to be reviewed at least annually by the Board and increased in its discretion). Said policy or policies shall be issued on a comprehensive liability basis, and shall provide cross liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his/her or their action against another named insured.
3. Directors and Officers Insurance. The Board or its duly authorized agent shall obtain Directors and Officers insurance for the benefits of the Officers, Directors, and any committee members of the Association, and if reasonably available, members of the Association acting on behalf of the Board against any liability arising out of, resulting from, or related to the performance of their duties as Officers, Directors and/or committee members of the Association, and members of the Association acting on behalf of the Board with limits of liability for such insurance of not less than One Million Dollars (\$1,000,000) per incident and Two Million Dollars (\$2,000,000) in the aggregate per year.
4. All policies shall be written with a company licensed to do business in the State of New Hampshire.
5. Premiums upon insurance policies purchased by the Board of Directors of the Association shall be paid by the Association as a Common Expense and proceeds of such policies shall be payable to the Board of Directors of the Association.
6. Exclusive authority to adjust losses under policies hereafter enforced shall be vested in the Board of Directors or its authorized representative.
7. In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Members for their mortgages.
8. The Board of Directors shall be required to make every effort to secure insurance policies that will provide for the following:
 - A. A waiver of subrogation by the insurer as to any claims against the Board of Directors and Members and their respective servants, agents and guests;
 - B. A provision that the master policy cannot be canceled, invalidated, or suspended on account of the conduct of any one or more individual Members;

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C. A provision that the master policy cannot be canceled, invalidated, or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the defect; and

D. That any "no other insurance" clause in the master policy exclude individual Member's policies from consideration.

ARTICLE IX

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

1. Determination to Reconstruct or Repair. If any part of the Common Area shall be damaged by casualty, whether it shall be reconstructed or repaired shall be determined in the following manner:

A. Damage or destruction to the Common Land shall be repaired or reconstructed unless waived by at least seventy-five (75%) percent of the total vote of the Members. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within nine months, then the period shall be extended until such information shall be made available; provided, however, that such extension shall not exceed sixty (60) days.

B. If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction, as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Land, or in the event no repair or reconstruction is made after making such settlement as is necessary and appropriate with the affected Member or Lessee and their mortgagee(s), as their interests may appear, if any Lot is involved, shall be retained by and for the benefit of the Association. This is a covenant for the benefit of any mortgagee of a Lot and may be enforced by such mortgagee;

C. If any funds should be turned over to the Association as compensation for damage or destruction to a residential Lot or improvements thereon, said proceeds should be turned over to the Member of said Lot and/or its mortgagee in proportion to the damage to said Lot and the improvements thereon.

D. In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event, the

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Common Area shall be restored to its natural state and maintained as an undeveloped portion of the Area by the Association in a neat and attractive condition.

2. Procedure for Reconstruction and Repair.

A. If the Board of Directors determines pursuant to the provisions of Article IX, Paragraph 1 hereof that the Common Area shall be reconstructed or repaired, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the damage to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary. The Board shall contract for such repair and restoration and in doing so shall exercise its sole discretion in selecting from among said estimates.

B. If the proceeds of insurance, paid to the Board as trustee for the Members and their mortgagees, are not sufficient to defray completion of reconstruction and/or repair, to include the Association's insurance deductible, or upon completion of construction and repair the funds for the payment of the costs thereof are insufficient, and in the Board's determination, based upon information provided by the carrier, the cause of the damage is not attributable to the actions of one or more Members, then assessments in sufficient additional amounts to provide payment of such costs shall be made against all Members equally. If, in the Board's discretion, the cause of the action that led to the insurance claim, is traceable to the actions or inactions of Member or a Member's family, guest(s), or licensee(s), and the proceeds of insurance are not sufficient to defray completion of reconstruction and repair, or upon completion of construction and repair the funds for the payment of the costs thereof are insufficient, the Board may assess any deficiency to the offending Member(s) in proportion to the cost of reconstruction and/or repair of both their Lot as well any affected Common Area. If all or any portion of such assessments are not available to the Board prior to the time that the amounts thereof are needed to provide payment of such costs, the Board may borrow such amounts, on behalf of the Association.

3. Disbursements of Construction Funds.

A. The net proceeds of insurance collected on account of a casualty and any additional amounts collected by the Board of Directors from assessments against Members on account of such casualty shall constitute a construction fund from which the Board of Directors shall disburse payment of the cost of reconstruction and repair.

B. The construction fund shall be paid by the Board of Directors in appropriate progress payments to such contractors, suppliers and personnel engaged in performing the work or supplying materials or services for the repair and reconstruction as are designated by the Board of Directors.

DRAFT

C. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds. If there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be equally distributed to the Members.

D. When the damage is to both Common Area and Lots, the insurance proceeds shall, to the extent practical, be applied first to the cost of repairing the Common Area and the balance to the cost of repairing the Lots.

ARTICLE X

SALES AND ALIENATION OF LOTS

1. No Severance of Ownership. No Member shall execute any deed, lease, mortgage or instrument conveying or mortgaging the title to his Lot without including therein the Member's share in the Association it being the intention hereof to prevent any severance of such combined ownership. Any such deed, lease, mortgage or other instrument purporting to affect such title or one or more of such interests, without including such title or one or more of such interests, without including all such title or interests, shall be deemed and taken to include the title or interests so omitted, even though the latter shall not be expressly mentioned or described therein.

2. Payment of Assessments. No Member shall be permitted to convey, mortgage, sell, lease, give or devise his Lot unless and until he (or his personal representative) shall have paid in full to the Board of Directors all unpaid Common Expenses theretofore assessed by the Board of Directors with respect to his Lot and shall have satisfied all unpaid liens with respect to his Lot, except mortgages. Where this provision is satisfied at the time of execution of a mortgage, there shall be no requirement that it again be satisfied at the time of a subsequent foreclosure of such mortgage or deed in lieu of such foreclosure. In the event that the Lot is subject to outstanding assessments previously levied against such Lot and the acquiring Member or the transferring Member requests a recordable statement pursuant to Paragraph 3 of Article VI, the statement shall expressly state any waiver of or failure or refusal to exercise the right of the Association to prevent the disposition of such Lot, in any case where such waiver, failure or refusal may exist. Failure or refusal to furnish such a statement as provided in said Paragraph 3 shall not only constitute a waiver of such assessment, but will also make the above-mentioned prohibition inapplicable to any such disposition of the Lot.

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ARTICLE XI

AMENDMENT TO BYLAWS

These Bylaws may be modified or amended by a vote of two-thirds of the Members of the Association. No such Amendment shall be effective unless and until it is filed with the Strafford County Registry of Deeds.

ARTICLE XII

DEEDS AND MORTGAGEES

Change of membership in the Association shall be established by recording in the Registry of Deeds for Strafford County, State of New Hampshire a deed establishing record title to a Lot in the Association. Upon such a transfer of ownership, the Member shall immediately deliver to the Board of Directors of the Association a photostatic copy of the deed showing the Volume and Page of same. Should the new Member fail to do so within thirty (30) days of the date of the filing of said Deed or within thirty (30) days of the passage of this amendment, the Board may acquire one, and the Member shall pay all costs, including Registry and attorney's fees, and such fees shall act as a lien against the Lot until paid in full. The Board of Directors shall keep such photostatic copy on file as evidence of the Grantee's membership in the Association for all purposes, rights, and obligations as set forth in these Bylaws. The Member designated by such instrument shall thereby become a Member of the Association. At such time, the membership of the prior Member shall be thereby terminated.

All costs, including Registry and attorney's fees, incurred to enforce this Paragraph, shall be assessed to the Lot and shall act as a lien against the Lot until paid in full.

ARTICLE XIII

NOTICE

1. Manner of Notice. Except as otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications provided for or required under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally, emailed to the Member at an email address on file with the Association for the Member or if sent by United States first class mail, postage pre-paid (i) if to a Member, at the address of his Lot and at such other address as the Member may have designated by notice in writing to the Clerk or (ii) if to the Association, the Board of Directors at the Association or at such other address, including an

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email address, as shall be designated by notice in writing to the Members pursuant to this Section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of these Bylaws, a waiver thereof, in writing, to include electronic writing, signed by the Member entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE XIV

COMPLIANCE AND DEFAULT

1. Relief. Each Member shall be governed by and shall comply with all of the terms of these Bylaws and the Rules and any amendments of the same. A default by a Member of any of the provisions of these Bylaws and/or Rules shall entitle the Association, acting through the Board of Directors to the following relief:

- A. Fines. The Board of Directors shall have the right to levy against a Member such just and appropriate fines as it deems advisable for noncompliance with any of the provisions of these Bylaws or the Rules and Regulations of the Association. All such fines shall be added to and shall constitute a Common Expense assessed to that Member and payable by such Member(s). Until such time as the Bylaws or Rules and Regulations are amended, the fine for each violation of any portion of these Bylaws or Rules and Regulations shall be up to \$500.00 for each such violation, which amount is left to the sole discretion of the Board of Directors. Any such fine levied by the Board of Directors may be appealed for review by the Association at the next Association meeting. Further, any costs incurred to enforce the provisions of these Bylaws and/or Rules and Regulations shall be assessed to the Member.
- B. Legal Proceedings. Failure to comply with any of the terms of these Bylaws and the Rules shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors or, if appropriate, by any aggrieved Member.
- C. Additional Liability. Each Member shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by the act, neglect or carelessness of the act, neglect or carelessness of any member of his family or his tenants, guests, employees, agents or invitees, but only to the extent that such

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expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

- D. No Waiver of Rights. The failure of the Association, the Board of Directors or of a Member to enforce any right, provision, covenant or condition which may be granted by these Bylaws or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board of Directors or any Member to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Member pursuant to any term, provision, covenant or condition of these Bylaws, or the Rules and Regulations shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by these Bylaws or the Rules and Regulations, or at law or in equity.
- E. Interest. In the event of a default by a Member against him for the imposition of any fine, fee, late payment or expense which continues for a period in excess of thirty (30) days, such Member shall be obligated to pay interest on the amount due at the rate of eighteen percent (18%) per annum, from the due date thereof. In addition, the Board of Directors shall have the authority to impose a late payment charge on such defaulting Members in an amount to be set by the Board of Directors on any amount so overdue, if any such properly assessed fees, fines and/or assessments are not received within thirty (30) days of the date due. The Member is also subject to the said interest on any unpaid late payment charge if the late payment charge is not paid within thirty (30) days after imposition of the late payment charge.
- F. Late Fees. Any fee that is not paid within thirty (30) days of the date due shall be subject to a late fee of \$50.00 for each thirty day period it is overdue. This fee is subject to interest and is to be considered a delinquency subject to collection as if it were a delinquent assessment.
- G. Abatement and Enjoinment of Violations by Members. The violation of any Rule or Regulation adopted by the Board of Directors, or the breach of any of the provisions of these Bylaws contained herein shall give the Board of Directors, in addition to any other rights set forth in these Bylaws, the following rights:
- a. to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or

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- b. to suspend or limit the right of the Member committing the violation to use any part of the Area of Common Responsibility during the continuance of such violation.
- H. Costs and Fees. In any action, the prevailing party shall be entitled to reimbursement of the reasonable costs and reasonable attorneys' fees incurred in the action in the discretion of the Court. Notwithstanding this provision, all costs and attorney's fees incurred in a collection case shall be paid by the delinquent Member(s).
- I. Except as otherwise noted herein, all payments made to the Association on any Member account shall be applied in the following order of priority:
- a. Interest
 - b. Late fees
 - c. Fines
 - d. Costs and fees
 - e. Special assessments (when such a payment is made, it shall be credited, if due in installments, from most delinquent installment to least delinquent installment)
 - f. Regular assessments (payments shall be credited from the most delinquent assessment to the least delinquent assessment)

All of the items listed herein are to be considered a Common Expense assessed to the Member.

2. Lien for Assessments.

- A. The total annual assessment of each Member for the Common Expenses including any special assessment levied pursuant to these Bylaws is hereby declared to be a lien levied against the Lot of such Member which lien shall be effective when perfected by its filing with the Registry of Deeds.
- B. Any lien for assessments and/or other Common Expenses shall include, but not be limited to, interest, late charges, costs and attorneys' fees and may be foreclosed in the manner provided by the laws of the State of New Hampshire for the foreclosure of power of sale mortgages or by suit brought in the name of the Board of Directors acting on behalf of the Association. Should the Association foreclose in this manner the Member shall be required to pay a reasonable rental for the Lot as assessed by the Board of Directors, unless and until the Lot is further sold either by foreclosure of an entity having higher priority than the Association or by judicial decree.

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C. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the same and foreclosure shall be available without bringing suit to recover a money judgment.

ARTICLE XV

RESALE BY MEMBER

- 1. Member Transfer Fee. Upon the transfer or sale of any Lot, the buyer of said Lot shall be assessed a sum of \$300.00 to be raised every five (5) years from the effective date of this documents at the rate of inflation over the past five years as a permanent contribution to the Association’s capital reserve fund. This assessment is to be collected at closing by the selling or conveying party or his agent and is to be delivered to the Association through its Board of Directors within five (5) days of recording of the Lot deed.

- 2. Any mortgagee of a first mortgagee of record or other purchaser of a Lot who obtains title to a Lot as a result of foreclosure of a mortgage, his successors or assigns shall be liable for the share of the Common Expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to each Lot by such acquirer. This provision recognizes the provisions of RSA 479 as it relates to the discharge of any encumbrance, such as a Memorandum of Lien, filed against the Lot by the Association, but also recognizes that any such debt is owed the Association under theories including, but not limited to, Unjust Enrichment and Quantum Meruit.

ARTICLE XVI

COMPLIANCE, CONFLICT AND MISCELLANEOUS PROVISIONS

- 1. Severability. If any provisions of these Bylaws or any section, sentence, clause, phrase, or word or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

- 2. Waiver. No provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same (except where a right is dependent upon notice to be given within a specified period), irrespective of the number of breaches which may occur.

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3. Captions. The captions contained in these Bylaws are for convenience only and are not part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

4. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

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APPENDIX A

A certain tract or parcel of land situate in the Town of Farmington, in the County of Strafford and State of New Hampshire being more particularly described on plans duly recorded with the Strafford County Registry of Deeds and further noted as Plan, 3, Pocket 9, Folder 4, Plan 3A, Pocket 9, Folder 4, and Plan 3B, Pocket 9, Folder 4 as referenced and further described on a Deed from Great Northern Land Corporation to the Lancelot Shores Improvement Association, Inc. filed with the Strafford County Registry of Deeds on September 30, 1970 beginning at Book 876, Page 380 and incorporated herein.