

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made the day of , 198 , by RYAN homes, inc. and JAMES L. GARRETT CO., INC., hereinafter jointly called "Declarant".

WHEREAS, Declarant is the owner of certain real property in the Town of Pittsford, County of Monroe and State of New York, more particularly described in Schedule A attached hereto and made a part hereof, said land in its entirety being hereinafter referred to as the "Properties"; and

WHEREAS, Declarant has subdivided the Properties and desires to subject the same to those certain covenants, agreements, easements, restrictions, charges and liens (hereinafter referred to collectively as "Restrictions") as hereinafter set forth; and

WHEREAS, THE ESTATE HOMEOWNERS' ASSOCIATION, INC., is a New York Not-for-Profit Corporation formed for the purpose described in its Certificate of Incorporation herein;

NOW, THEREFORE, Declarant hereby declares that all of the properties, together with any and all improvements thereon and appurtenances thereunto, shall be held, sold and conveyed subject to the following covenants, easements, restrictions and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, burden and bind the properties for and during the period of time specified hereafter and all parties having any right, title or interest in the properties or any part thereof, their heirs, executors, administrators, successors, and assigns forever, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to THE ESTATE HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

Section 2. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 3. "Restricted Common Area" shall mean and refer to that part of the Common Area which is set aside for the exclusive use of a particular owner.

Section 4. "Declarant" shall mean and refer to RYAN homes, inc. and JAMES L. GARRETT CO., INC., jointly, their successors and assigns if such successors or assigns shall acquire more than one undeveloped lot from Declarant for the purpose of development.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map or resubdivision map of the Properties, with the exception of the Common Area.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is part of the Properties, including contract sellers, excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 8. "Unit" shall mean and refer to the structure built on any given Lot.

ARTICLE II
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, excluding any restricted common area, including any necessary rights of ingress and egress to Owner's property over the Common Area, which easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association, pursuant to its by-laws, to adopt rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.
- (b) the right of the Association to suspend the right to the use of any facilities on the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed 60 days for any infraction of its published rules and regulations.
- (c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the members approving such transfer. No such dedication or transfer shall be effective unless an instrument signed by 75% of each class of members, and their mortgagees, agreeing to such dedication or transfer has been recorded.
- (d) the right of invitees and business visitors of any Owner to ingress and egress over those portions of the Common Areas that lie within private roadways.
- (e) the right of the Association to designate certain portions of the Common Area as restricted common area and as parking lots for vehicles of Owners, their invitees and business guests.

Section 3. Date of Commencement of Annual Assessments and Due Dates. The assessments provided for herein shall be fixed from time to time, but at least annually, and shall commence as to all Lots on the first day of the month following the recording of this Declaration, and shall be prorated on the basis of the Estimated Budget for the first year, published in the Offering Plan, according to the number of months remaining in the fiscal year. The Board of Directors shall fix the amount of subsequent assessments from time to time, but at least annually, for each Lot at least thirty (30) days in advance of annual assessment period. Written notice of the assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors, and, unless otherwise provided, the Association shall collect each quarter from the Owner of each Lot one-fourth (1/4) of the annual assessment for such Lot. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer, or the Managing Agent, if any, of the Association setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, and the Lots, or any of them, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Members, present in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 of this Article V shall be sent to all Members not less than thirty (30) days nor more than

sixty (60) days in advance of the meeting. The presence of Members, in person or by proxy, entitled to cast two-thirds (2/3) of all the votes of the membership shall constitute a quorum.

Section 6. Uniform Equal Rate of Assessment. Both annual and special assessments must be fixed at a uniform equal rate for all Lots and may be collected on a quarterly basis.

Section 7. Effect on Nonpayment of Assessments and Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum prevailing legal rate per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Each such Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of liens against real property, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage foreclosure on real property and such Owner hereby expressly grants to the Association a power of sale in connection with the foreclosure of said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. The Association, acting on behalf of the Lot Owners shall have the power to bid for the interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting Owner's portion of the premium for fire and other hazard insurance. No Owner may waive or otherwise escape liability for the assessments

provided for herein by non-use of the Common Area, or abandonment of his Lot, or by renunciation of membership in the Association. An Owner may give to the Association, nevertheless, subject to acceptance thereof by the Association, a deed in lieu of foreclosure.

Section 8. Subordination of the Association Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage given to any bank, savings bank, savings and loan association, pension fund, or other institutional lender or Declarant. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of any first mortgage, or by deed in lieu of foreclosure, given as above provided, shall extinguish the lien of such assessments as to payments which became due prior to the foreclosure sale and transfer. No foreclosure sale or transfer shall relieve such Lot owner from liability for any assessments thereafter becoming due or relieve the Lot from the lien thereof.

Section 9. Reserves and Surplus. The Association's Board may establish, from time to time, reserves for such lawful purposes as in its sole discretion it may determine necessary to be desirable for the greater financial security of the Association and the effectuation of its purposes. The Association shall not be obligated to spend in any fiscal year all the sums collected in such year, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply any such surplus to the reduction of the amount of the annual assessment in the succeeding year, but may carry forward the same from year to year.

Section 10. Contractual Authority. The Association shall be entitled to contract with any corporation, firm or other entity in the performance of the various duties imposed on the Association hereunder and the performance by any such entity shall be deemed the performance of the Association hereunder.

Section 11. In spite of any provision to the contrary in this Article V, the Declarant shall not be liable for the payment of common charges for any unsold lots owned by it, unless and until said lots are improved by completed units. For purposes of this section a completed unit shall be a unit for which a certificate of occupancy has been issued by the Town of Pittsford. The Declarant shall however, contribute to the Association that amount equal to the difference between the cost of operating the Association and the assessments collected from owners as set forth in the projected budget. Similarly the Declarant shall not be obligated to make any capital contribution except for the units which have been completed and are retained by Declarant.

ARTICLE VI
EXTERIOR MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces. Such exterior maintenance shall not include glass surfaces, screens, screen for storm doors, nor shall it include the maintenance or snow shoveling of individual sidewalks. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, guests or invitees, the cost of such maintenance and repairs shall be added to and become part of the assessment to which such Lot is subject. The above obligation does not include any maintenance or repairs caused by fire or other casualty to the premises owned individually by members of the Association.

ARTICLE VII
PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as part of the original construction of the dwelling units upon the Properties and placed on the dividing line between any two Lots

shall constitute a party wall for the purposes of this Declaration only, and to the extent not inconsistent with the provisions of this Article the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall he shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole costs of furnishing the necessary protection against such elements.

Section 5. Right of Contribution Runs with the Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article, except for disputes involving the Declarant, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator and the decision shall be by a majority of all of the arbitrators and be binding upon the parties. Judgment upon the award of the arbitrators may be taken in any court of law with jurisdiction thereof.

ARTICLE VIII
USE OF PROPERTY

The use of the properties shall be restricted to and in accordance with the following provisions:

A. Type of Dwellings: No building shall be erected, altered, placed or permitted to remain on any lot other than one single-family dwelling and a garage.

B. Use of Common Elements. The common areas shall be used for the furnishing of benefits and activities for which the same are reasonably intended, for the enjoyment of the units.

C. Occupancy. No unit shall be occupied by any persons taking possession in violation of the provisions of Article IX below.

D. Nuisances. No nuisances shall be allowed upon the properties nor shall any use or practice be allowed which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the properties by their residents.

E. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the properties or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The respective responsibilities of the owner and the Board of Directors of the Association of complying with the requirements of governmental bodies which require maintenance, modification or repair of the properties shall be the same as hereinabove provided for the maintenance and repair of that portion of the properties subject to such requirement.

F. Interpretation. In interpreting deeds, mortgages, and plans, the original existing physical boundaries of a unit, (or in the event the unit is reconstructed in substantial accordance with the

original plan, its existing physical boundaries as reconstructed), shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in the deed, mortgage or plans, regardless of minor variance between boundaries shown on the plans or in the deed and those of the building.

G. Regulations. Regulations concerning use of the properties may be promulgated by the Board of Directors as hereinabove set forth; provided, however, that copies of such regulations are furnished to each unit owner prior to the time that the same become effective. The initial regulations, which shall be deemed effective until amended by the Board of Directors are annexed to and made a part of the By-Laws. Such regulations shall not impair or limit the rights of mortgagees as elsewhere recited.

H. Application To Declarant. These restrictions shall not apply to the business activities of Declarant or its successors during construction or any additions thereto, so long as there are no undue delays.

ARTICLE IX CONVEYANCE

The sale, voluntary transfer, conveyance or lease of units shall be subject to the following provisions:

A. Sale, Transfer, Conveyance or Lease. No unit owner may dispose of a unit or any interest therein by sale, voluntary transfer, conveyance or lease without first giving to the Board of Directors of the Association an opportunity to purchase or lease such unit at the same price or rental and on the same terms as were offered by the proposed purchaser or lessee. The Board of Directors shall have the right to purchase or lease on behalf of remaining unit owners or may present a substitute purchaser or lessee as provided below.

1. Notice to Board of Directors. A unit owner intending to sell, transfer, convey or lease his unit or any interest therein shall give notice to the Board of Directors of such intention, with the name and address of the intended purchaser, transferee or lessee, his residence address, the terms of the said sale or lease, and such other information as the Board of Directors reasonably may require. The giving of such notice shall constitute a warranty and representation by the unit owner to the Board of Directors and to any purchaser, transferee or lessee produced by the Board of Directors as hereinafter provided, that the unit owner believes the proposal to be bona fide in all respects.

2. Option of Board of Directors. Within ten (10) days after receipt of such notice, the Board of Directors shall give notice to the unit owner desiring to sell or lease either waiving its right of first refusal in its own behalf and for any substitute purchaser or Lessee, or furnishing a purchaser or Lessee or presenting an offer on behalf of the remaining members of the Association, on terms as favorable to the seller or lessor as the terms stated in the notice. In the event substitute purchasers or lessees or the remaining unit owners make an offer, the offeror may not have less than forty (40) days subsequent to the date of acceptance by the seller or lessor within which to close the transaction or execute the lease.

The unit owner giving such notice shall be bound to consummate the transaction with such substitute purchaser or lessee as may be furnished by the Board on behalf of the remaining unit owners.

3. Failure to Act. In the event the Board of Directors waives its right of first refusal, its waiver shall be in recordable form, signed by any officer of the Board, and shall be delivered to the purchaser or lessee. The failure of the Board of Directors to act within such ten (10) day period shall be deemed to constitute waiver of the right of first refusal following which the Board of Directors nevertheless shall prepare and deliver written waiver in recordable form, as aforesaid.

B. Unauthorized Transactions. Any sale, transfer, conveyance or lease which is not authorized pursuant to the terms of this Declaration or for which authorization has not been obtained pursuant to the terms of this Declaration, shall be void unless subsequently the Board of Directors waives its right of first refusal.

ARTICLE X
ARCHITECTURAL CONTROL

No building, fence, wall, storm or screen doors, awnings, mail box, or other structure of any type shall be commenced, erected, or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design, color and location in relation to surrounding structures and topography by the Board of Directors of the Association. In the event said Board fails to approve or disapprove such design and location within forty (40) days after said plans and specifications have been submitted to it, approval will not be required and the unit owner will be deemed to have fully complied with this Article.

ARTICLE XI
INSURANCE AND CASUALTY DAMAGES

The Board of Directors shall obtain and maintain, to the extent obtainable, insurance coverage insuring the structures and all other insurable improvements upon the properties, including all Association property and all individual Units, and improvements and betterments, and all personal property as may be owned by the Association in an amount equal to the maximum insurable replacement value thereof as determined annually by the insurance company affording such coverage with a maximum of \$1,000.00 deductible. Such coverage shall afford protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement and such other risks as from

time to time customarily shall be covered with respect to buildings similar in construction, location and use as the units and Association structures, including but not limited to, vandalism, malicious mischief, windstorm and additional perils. The property insurance will be on a blanket basis so that the total policy limit is available for any one loss.

Insurance covering public liability and property damage shall be provided in such amounts and in such forms as shall be required by the Board of Directors, but in no event less than \$1,000,000.00 for bodily injury to one person per occurrence; \$2,000,000.00 for aggregate bodily injury to all persons per one occurrence and \$250,000.00 property damage per occurrence; including, but not limited to, hired automobile, non-owned automobile and off-premises employee coverage (if there are any employees).

In the event workmens compensation insurance is required by law for the Association, a workmens compensation policy meeting those requirements shall be procured.

All liability insurance will contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to a Unit Owner.

With the exception of the insurance furnished by the Sponsor during construction, all insurance policies upon the properties (with the exception of the policies purchased by Unit Owners themselves as outlined in the following paragraph) shall be purchased by the Board of Directors for the benefit of the Unit Owners and their respective mortgagees, as their interest may appear subject, however, to the loss payment provisions in favor of the Association hereinafter set forth. The policies shall provide for the issuance of certificates of insurance with mortgagee endorsements to the holders of first mortgages on the Units or any of them, and shall provide that the insurer waives

(f) the right of the Association to designate certain portions of the Common Area as sidewalks for the use of Owners, their invitees and business guests.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the by-laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

ARTICLE III EASEMENTS

Section 1. Easements for Utilities. Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Properties.

Section 2. Easements for Encroachments. Each Lot, and the property included in the Common Area, shall be subject to an easement for encroachments created by construction, settling and overhangs for all buildings constructed by Declarant. A valid easement for said encroachments, and for the maintenance of same, so long as such encroachments stand shall and does exist. In the event that any structure containing two or more living units is partially or totally destroyed and then rebuilt, or is in need of repair, the Owners of the living units so affected agree that minor encroachments of parts of the adjacent living units on adjoining Lots or on the Common Area due to such construction shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 3. Other Easements. There is hereby created a blanket easement upon, across, over and under all of the Properties, for ingress, egress, installation, replacement, repair and maintenance of all utilities, including but not limited to water, sewers, gas, telephones and electricity, and a master cable television system. By

virtue of this easement it is expressly permissible to erect and maintain the necessary transformers or other equipment on the Properties, and to affix and maintain underground electrical or telephone wires and conduits, sewer and water lines, gas lines and cable television conduits on or below any residence or land owned by any Owner. An easement is hereby granted to the Association, its officers, agents, employees, including employees of any management company, having a contract with the Association over all of the Common Areas, and to enter any residence to perform the duties of maintenance and repair of the residences or Common Area, to maintain any utilities for which an easement has been granted and to prevent damage to any other residence. An easement is hereby reserved to Declarant to enter the Common Areas during the period of construction and sale of the Properties, or any additions to the Properties, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of residences, including, without limitation, a business office, sales office, storage area, construction yards, signs and model units, provided that this does not unreasonably obstruct access by members of the Association.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subjected by this Declaration to assessment by the Association shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Voting Rights. The Association shall have two classes of voting membership.

Class A members shall be all Owners with the exception of Declarant. Each Class A member shall be entitled to one vote. When more than one person holds an interest in any Lot, all such persons

shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot, nor shall any member be entitled to more than one vote regardless of the number of lots he owns.

Class B members shall be the Declarant or its successors or assigns, and shall be entitled to one vote for so long as a Lot is owned. Class B membership shall cease and be converted to Class A membership on _____ or at such time as title to all 59 Lots has been conveyed by Declarant, whichever first occurs. Prior to _____, or such time as title to all 59 Lots has been conveyed by Declarant, Class A members shall not be entitled to vote for members of the Board of Directors.

ARTICLE V

COVENANT FOR ANNUAL OR SPECIAL ASSESSMENT

Section 1. Creation of the Lien and personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The covenant in this Section shall not constitute a guarantee, or promise of any kind by Declarant to pay any assessment, or any other obligation of any Owner, other than Declarant. The annual and special assessments, together with interest, costs, and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to the Owner's successors in title unless expressly assumed by them.

Notwithstanding the provisions of this Article V, the Declarant shall be obligated to pay only the difference between the amount collected on completed and transferred units (which amount will not exceed the budgeted amount per completed unit) and the actual cost of operation for the Association. In addition, the Declarant shall pay the capital improvement charges only for completed units.

Section 2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively (i) to operate, maintain, repair, improve, construct, reconstruct and preserve, on a non-profit basis, the Common Area owned by the Association, exclusively for the benefit of its members, their guests, tenants and invitees; and (ii) to maintain, repair, reconstruct, replace and preserve, on a non-profit basis the Lots, and the improvements constructed thereon, for the purpose of preserving the exterior appearance and configuration of said Lots and Homes, including, but not limited to, foundations, all exterior (outside) walls, including window casements (excluding, nevertheless, all glass replacements or breakage and window screens and excluding window cleaning), exterior face of chimney and exterior doors (excluding, nevertheless, storm and screen doors), roof and roof members, facia and exterior trim, gutters and down spouts, driveways, walks and parking areas, trees, shrubs and grasses and other exterior improvements, (excluding patio areas, courtyards, atriums and/or decks, the maintenance of which is the sole responsibility of the individual owner who has exclusive use of these restricted common areas). Except for the structural portion of the exterior walls and roof members, there shall be no obligation on the part of the Association to maintain, repair, reconstruct, replace or preserve any part of the interior of any Home or any fixtures or mechanical system (including but not limited to heating, including chimney, lighting, plumbing, air-conditioning) for any Owner. The above obligation shall not include any maintenance, repairs or replacements caused by fire or other casualty to a Home, except as provided under Article VII, Section 3 and Article XI.

its right of subrogation as to any claims against Unit Owners, the Board of Directors and their respective employees, agents and guests. Such policy will also contain waivers of invalidity on account of acts of the insured, and ten days notice prior to any cancellation of any such policy. Each Unit Owner shall have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Board of Directors of the Association subject to the rights of mortgagees of the Unit Owners. All net proceeds under the policies shall be payable to the Association as Trustee.

Each Unit Owner may obtain insurance, at his own expense, affording coverage upon his personal property and for his personal liability and additional insurance required by law, if any, but all such insurance shall contain the same waiver of subrogation as that to which reference is made above, and may be obtained from the insurance company from which the Board of Directors obtains coverage against the same risk, liability or peril, if the Board of Directors has such coverage. To the extent that a Unit Owner obtains coverage for any risk related to his Unit from an insurer other than the Association's insurer, he shall provide current certificates of coverage and deliver them to the Board of Directors.

Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Board of Directors and charged as common expenses.

The Board of Directors will arrange for repair of the Units in the event of casualty loss, unless at a meeting of the Board of Directors the Association Declaration is terminated. In the event the insurance proceeds are not sufficient to defray the cost of re-construction and repair to the units, the balance of the cost of such re-construction and repair or the estimate thereof will be assessed against all Unit Owners. In the event of a casualty loss, the Unit Owner will continue to pay the common charges on his Unit.

The Association may secure such other forms of insurance coverage as its Board of Directors may from time to time direct to be paid as a common expense.

ARTICLE XII
GENERAL PROVISIONS

Section 1. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective heirs, successors and assigns for a period of thirty (30) years from the date this Declaration is recorded, after which time the covenants and restrictions shall be automatically extended for successive periods of ten (10) years each, unless an Instrument signed by the then Owners of seventy-five percent (75%) of the land has been recorded, agreeing to change said covenants and restrictions, in whole or in part. This Declaration may be amended during the first 30-year period by an Instrument, signed by not less than ninety percent (90%) of the Owners, and thereafter by an Instrument signed by not less than seventy-five percent (75%) of the Owners. Any amendment must be recorded in the Monroe County Clerk's Office to be Effective.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way effect any other provisions, which shall remain in full force and effect.

Section 3. Enforcement. The Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this _____ day of _____, 1985.

RYAN homes, inc.

BY: _____
Charles F. Ryan, II

JAMES L. GARRETT CO., INC.

BY: _____
Richard J. Garrett

STATE OF NEW YORK)
COUNTY OF MONROE) ss.:
CITY OF ROCHESTER)

On this _____ day of _____, 1985, before me personally came CHARLES F. RYAN, II, to me personally known, who, being by me duly sworn, did depose and say that he resides in the Town of Pittsford; that he is the President of RYAN homes, inc., the corporation described herein, and which executed the within Instrument; that he knows the seal of said corporation; that the seal affixed hereto is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; that he signed his name thereto by like order.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF MONROE) ss.:
CITY OF ROCHESTER)

On this _____ day of _____, 1985, before me personally came RICHARD J. GARRETT, to me personally known, who, being by me duly sworn, did depose and say that he resides in the Town of Pittsford; that he is the President of JAMES L. GARRETT CO., INC., the corporation described herein, and which executed the within Instrument; that he knows the seal of said corporation; that the seal affixed hereto is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; that he signed his name thereto by like order.

NOTARY PUBLIC

EXHIBIT B

CERTIFICATE OF INCORPORATION
OF
THE ESTATE HOMEOWNERS' ASSOCIATION, INC.
(Under Section 402 of the
Not-For-Profit Corporation Law)

LEON T. SAWYKO, for the purpose of forming a corporation pursuant to Section 402 of the Not-for-Profit Corporation Law, does hereby certify:

FIRST: The name of the corporation is THE ESTATE HOMEOWNERS' ASSOCIATION, INC. (the "Corporation").

SECOND: The Corporation is a corporation defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law.

THIRD: The purpose or purposes for which the Corporation is formed are: To promote and protect the interests of the owners of property in The Estate Subdivision; to provide for the acquisition, development, construction, management, maintenance and preservation of corporation property; to enforce all covenants, easements, restrictions and agreements within the subdivision; and to do any act or thing incidental to or connected with the foregoing purposes or in advancement thereof; but not for the pecuniary profit or financial gain of its members, directors or officers except as permitted under the Not-for-Profit Corporation Law.

FOURTH: The Corporation shall be a Type A corporation under Section 201 of the Not-for-Profit Corporation Law.

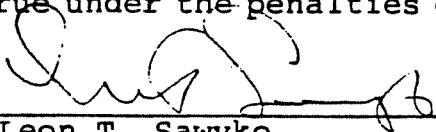
FIFTH: The office of the Corporation is to be located in the Town of Brighton, County of Monroe, State of New York.

SIXTH: The territory in which the operations of the Corporation will principally be conducted is the Town of Pittsford, in the County of Monroe, State of New York.

SEVENTH: The Secretary of State of the State of New York is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process served upon him is: The Estate Homeowners' Association, Inc., 37 Allens Creek Road, Rochester, New York 14618.

EIGHTH: The name and address of the registered agent which is to be the agent of the Corporation upon whom process against it may be served, is: Richard J. Garrett, Jr., 37 Allens Creek Road, Rochester, New York 14618.

IN WITNESS WHEREOF, the subscriber has signed this Certificate this 10th day of October, 1984 and hereby affirms the statements contained herein are true under the penalties of perjury.



Leon T. Sawyko
Two State Street
Rochester, New York 14614

EXHIBIT C

BY-LAWS
OF
THE ESTATE HOMEOWNERS' ASSOCIATION

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BY-LAWS OF
THE ESTATE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I – IDENTITY

Adopted as of October 2004

These are the By-Laws of The Estate Homeowners' Association, Inc., a Type A not-for-profit corporation.

These By-Laws provide the method by which The Estate Homeowners' Association, Inc., (herein the "Association"), a homeowners' association in the Town of Pittsford, Monroe County, New York, organized under the Not-For-Profit Corporation Law, shall be governed.

ARTICLE II - DEFINITIONS

- A. "Association" shall mean and refer to The Estate Homeowners' Association, Inc., its successors and assigns.
- B. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions.
- C. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.
- D. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the Common Area.
- E. "Owner" shall mean and refer to the record owner whether one or more person or entities of the fee simple title to any lot which is a part of the properties.
- F. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the Office of the Clerk of the County of

Monroe on October 16, 1985 in Book 6792 of Deeds, page 144, as amended by Amendment No. 1, recorded in the Office of the Clerk of the County of Monroe on July 2, 2004 in Liber 9982 of Deeds, page 465.

G. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration

H. "Unit" shall mean and refer to the structure built on any given Lot.

ARTICLE III – MEMBERS

A. Annual Meeting. The annual meeting of the Members for the election of directors and the transaction of other business shall be held each year on such day and at such hour in the months of September or October as shall be fixed by the Board of Directors.

B. Special Meetings. A special meeting of the Members may be called at any time by the Board of Directors, and shall be held on such day and at such hour as is fixed in the notice of the meeting.

C. Place of Meetings. Meetings shall be held at such place within the Towns of Brighton or Pittsford, Monroe County, New York, as may be fixed by the Board of Directors.

D. Notice of Meetings. Notice of each meeting of Members shall be in writing and shall state the place, date and hour of the meeting. Notice of a special meeting also shall state the purpose or purposes for which the meeting is called. A copy of the notice of any meeting shall be given, personally or by first class mail, not less than ten (10) nor more than fifty (50) days before the date of the meeting, to each Member entitled to vote at the meeting. If mailed, such notice is given when deposited in the United States mail, with postage thereon prepaid, directed to the Member at such address as appears on the record of Members, or, if the Member shall have filed with the Secretary a written request that notices be mailed to some other address,

then directed to the Member at such other address. Notice of meetings of Members need not be given to any Member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any Member at any meeting, whether in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by such Member.

E. Organization. At each meeting of Members, the President shall preside and the Secretary shall act as secretary of the meeting. If the President is not present, the Vice President shall preside. If none of those designated to preside or to act as secretary of the meeting shall be present, the Members present in person and by proxy and entitled to vote at the meeting shall select someone to preside or to act as secretary, as may be needed.

F. Quorum. At each meeting of Members, a majority of the Members entitled to vote thereat, present in person or by proxy, shall constitute a quorum for the transaction of business.

G. Voting. At each meeting Members, every Member shall be entitled to cast one vote. When more than one Member holds an interest in any Unit, the vote for such Unit shall be exercised as they themselves determine, but in no event shall more than one vote be cast with respect to any one Unit. All matters shall be determined by a majority vote of the Members, except that directors shall be elected by a plurality of the votes cast.

H. Proxies. Every Member entitled to vote at a meeting of Members or to express consent or dissent without a meeting may authorize another person or persons to act for him/her by proxy. Every proxy must be signed by the Member or the Member's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member

executing it, except as otherwise provided by law.

I. List of Members at Meetings. A list of Members, certified by the Secretary, shall be produced at any meeting of Members upon the request therefor of any Member who has given written notice to the Secretary that such request will be made at least ten (10) days prior to such meeting.

J. Action Without a Meeting. Whenever Members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by all of the Members entitled to vote thereon.

ARTICLE IV - BOARD OF DIRECTORS

A. Number and Qualification. The Association shall be governed by a Board of Directors consisting of not less than three (3) nor more than seven (7) persons, as shall be fixed from time to time by resolution of the Board of Directors; provided that no decrease in the number of directors shall shorten the term of any incumbent director. Directors shall be Members of the Association.

B. Term and Election. The Directors shall serve for terms of three (3) years each, and shall be divided into three (3) classes, of equal numbers of Directors, or as the Board shall determine. At each Annual Meeting, Directors shall be elected to succeed those whose terms then expire, and they shall serve for terms of three (3) years and until their successors are elected.

C. Resignation and Removal of Directors. A Director may be removed with or without cause by a majority vote of the Members of the Association; or for cause by vote of the Directors provided there is a quorum of not less than a majority present at the meeting of Directors at which such action is taken. In the event of death, resignation or removal of a

Director, his/her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

D. Compensation. Directors and Officers shall not be entitled to receive compensation for any services rendered to the Association. However, a Director may be reimbursed for actual expenses incurred in the performance of his/her duties with the approval of the Board.

E. Action Taken Without a Meeting. Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or committee consent in writing to the adoption of the resolution authorizing the action.

F. Action by Teleconference. Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or a 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.

G. Powers and Duties. The Board of Directors shall exercise all the powers and duties permitted the governing body of the Association, including those existing under the Not-For-Profit Corporation Law. Such powers and duties shall be exercised in accordance with the provisions of the Declaration which governs the properties, and shall include but shall not be limited to the following powers and duties:

1. To make and collect assessments, including special assessments, against Owners to defray the costs of the Association.
2. To use the proceeds of assessments in the exercise of its powers and duties.
3. To assure the maintenance, repair, replacement and operation of all Association

property for the common use and enjoyment of the Owners.

4. To assure the reconstruction of improvements after casualty and the further improvement of the Association's property.
5. To make and amend the Rules and Regulations respecting the properties.
6. To exercise on behalf of the remaining Members or others the right of first refusal to purchase or lease Units in the manner provided by the Declaration.
7. To enforce by legal means the provisions of the Declaration, By-Laws and the Rules and Regulations.
8. To maintain insurance coverage insuring the structures and all other insurable improvements upon the properties, including all Association property and all individual Units, for the protection of the Owners and the Common Areas of the Association as provided in the Declaration.
9. To pay the cost of all snow plowing, electric, water, sewer, and other utility services rendered to the Association.
10. To employ personnel for reasonable compensation to perform, or to retain and/or contract for, the services required for proper administration of the purposes of the Association.
11. To contract for management of the Association and to delegate to such contractor the powers and duties of the Board of Directors except such as are specifically required by the Association Documents to have approval of the Board of Directors.
12. To receive, consider, and act upon any application which pertains to the alteration of a Unit in accordance with Article X of the Declaration.
13. To suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such

rights may also be suspended after a notice and hearing for a period not to exceed sixty (60) days for infraction of published Rules and Regulations.

14. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors without cause; and thereupon remove the Director in accordance with Section C of this Article.

15. To convey to a Unit Owner title to any part of the Common Area lying within the boundaries of the Block upon which the Unit has been built, not to exceed, however, 5% of the square footage of the living area of the Unit, for the sole purpose of enlarging the living area of the Unit, upon such terms and conditions recommended by the Board of Directors in its sole discretion, subject to approval with the written consent of at least two-thirds of the Units; provided that all costs and expenses incident to such conveyance and to the construction of the enlargement of the Unit shall be the responsibility of the Unit Owner. The living area of a Unit shall not include garage, storage, or unfinished area of the basement, as determined by the Board of Directors.

H. Method of Calling Meetings.

1. The annual meeting of the Board shall be held within thirty (30) days following the Annual Meeting of Members in each year.

2. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by the Board. Notice of regular meetings shall be given to each director personally or by regular mail, electronic mail, telephone or facsimile at least three (3) days prior to the day named for the meeting unless such notice is waived.

3. Special meetings of the Board of Directors may be called by the President, and

must be called by the Secretary, at the written request of any two Directors. No less than three (3) days' notice of the meeting shall be given to each director personally, or by regular mail, electronic mail, telephone, or facsimile, which notice shall state the time, place, and purpose of the meeting.

4. Any Director may waive notice of a meeting before, at or after the meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance at any meeting by a Director without objecting to having failed to have received notice thereof shall constitute a waiver hereunder by that director.

I. Quorum. A quorum at the Board of Directors meeting shall consist of a majority of the entire Board of Directors. The acts of the Board approved by a majority of the Directors present in person or by proxy at a meeting at which a quorum is present shall constitute the acts of the Board of Directors except as specifically otherwise provided in the Declaration. If at any meeting of the Board of Directors there be fewer than a quorum present, the Directors shall adjourn the meeting from time to time until a quorum is present. At an adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

ARTICLE V – OFFICERS

A. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. They shall be members of the Board and shall be elected at the annual meeting of the Board to hold office for a term of one (1) year or until the next annual meeting of the Board. Officers may be peremptorily removed and replaced by vote of the Directors at any meeting. Any person may hold two (2) offices except that the President shall not be the Secretary. The Board of Directors may from time to time elect such other officers and designate

their powers and duties as the Board shall find to be required to manage the affairs of the Association.

1. The President shall be the chief executive officer of the Association and shall preside over the meetings of the Board of Directors and of the Members. He or she shall have all the powers and duties which are usually vested in the office of the president, including but not limited to the power to appoint committees from among the Directors and Members, as he or she may in his or her discretion determine appropriate, to assist in the conduct of the affairs of the Association.

2. The Vice President shall have such powers and perform such duties as the President or the Board may require, and shall act in the absence or disability of the President.

3. The Secretary shall keep, or cause to be kept, the minutes of all proceedings of the Board of Directors and of the Members. He or she shall be responsible for the giving and serving of all notices to the Directors and other notices required by law. He or she shall have custody of the seal of the Association and affix the same to an instrument requiring a seal when duly signed. He or she shall be responsible to keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary, and as may be required by the directors or the President.

4. The Treasurer shall be responsible for custody of all property of the Association, including funds, securities, and evidences of indebtedness. He or she shall be responsible to: keep the assessment rolls and accounts of the Members, and keep the books of accounts of the Association in accordance with good accounting practices, and shall perform all other duties incident to the office of Treasurer, and as may be required by the Directors or the President.

ARTICLE VI - FISCAL MANAGEMENT

The provisions for fiscal management of the Association as set forth in the Declaration shall be supplemented by the provisions which follow.

A. Assessment Roll. The assessment roll shall be maintained in a set of books of account in which there shall be an account for each Unit. Such an account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments.

B. Budget. The Board of Directors shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Association in the manner provided for in the Declaration.

C. Depository. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall only be by checks signed by such persons as are authorized by the Board of Directors.

D. Review of Financial Statements. A review of the accounts of the Association including a balance sheet and summarization of receipts and expenditures, shall be made annually at the end of each fiscal year by an independent certified public accountant, selected by the Board of Directors. A copy of the report, prepared in accordance with the provisions of the Not-for-Profit Corporation Law, including the balance sheet and summarization of receipts and expenditures for the year, shall be furnished to each Member.

E. Fidelity Bonds. Fidelity bonds shall be required by the Board of Directors for all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Board of Directors, but

shall be at least the amount of the total annual assessments against Members. The premium on such bonds shall be a common expense and be paid by the Association.

ARTICLE VII - ARCHITECTURAL CONTROL

No building, fence, wall, mail box, or other structure shall be commenced, erected, or maintained upon the properties, nor shall any exterior addition to or change or alteration be made to the Units until the plans and specifications showing nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association. In the event the Board fails to approve or disapprove such design and location within forty (40) days after the plans and specifications have been submitted to it, approval will not be required and the Owner will be deemed to have been fully complied with this Article.

ARTICLE VIII - LIABILITY OF OWNERS AND OF BOARD OF DIRECTORS

In order to limit the liability of the Owners, any contract agreement, or commitment made by the Board of Directors shall state that it is made by the Board of Directors as agent for the Association only and that no member of the Board of Directors nor individual Owner shall be liable for such contract, agreement, or commitment. The Board of Directors shall have no liability to the Owners in the management of the Association except for willful misconduct or bad faith.

ARTICLE IX - INDEMNIFICATION OF DIRECTORS AND OFFICERS

A. Indemnification of Directors and Officers. To the fullest extent authorized by the Not-For-Profit Corporation Law, as the same may be amended from time to time, the

Association shall indemnify, defend and hold harmless any person ("Indemnified Person"), made or threatened to be made, a party in any action or proceeding, whether civil or criminal, administrative, investigative or otherwise, including an action by or in the right of the Association, by reason of the fact that the person, his or her testator or interstate, whether before or after the adoption of this Article, is or was a Director or Officer of the Association, or, in addition, at the request of the Association, is serving or served in any capacity in any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against judgments, fines, amounts paid in settlement (provided the Association shall consent to such settlement) and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such Director or Officer acted in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Association and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his or her conduct was unlawful. No person may be indemnified hereunder if otherwise prohibited by law.

B. Limitation. The Association shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person establishes, or the Board in good faith determines, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he/she personally gained in fact a financial profit or other advantage to which he/she was not legally entitled.

C. Advancement of Expenses. The Association shall, on request of an Indemnified Person who is or may be entitled to be indemnified by the Association, pay or promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a

threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Association, with interest, for any amount advanced for which it is ultimately determined that he/she is not entitled to be indemnified under law or Section B of this Article. An Indemnified Person shall cooperate in good faith with any request by the Association that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

D. Payment of Indemnification. Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court, the Board shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is required or permitted pursuant to these By-laws. No Director or Officer with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested Directors is not obtainable, such indemnification shall be made only (a) by the Board upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these By-laws, or (b) by the Members upon a finding that the Indemnified Person had met the applicable standard of conduct.

E. Indemnity Insurance. Section A of this Article shall not obligate the Association to purchase directors' and officers' liability insurance, but the Association may purchase such insurance as authorized by the Board of Directors. To the extent permitted by law, such

insurance may insure the Association for any obligation it incurs as a result of Section A of this Article or by operation of law, and it may insure directly to the Directors, officers, employees or volunteers of the Association for liabilities against which they are not entitled to indemnification under Section A of this Article, as well as for liabilities against which they are entitled or permitted to be indemnified by the Association.

F. Right to Indemnification. Any person entitled to indemnification under these bylaws has a legally enforceable right to indemnification which cannot be abrogated by amendment of these bylaws with respect to any event, action or omission occurring prior to the date of such amendment.

ARTICLE X - CONFLICT OF INTEREST AND LOANS

A. Conflicts of Interest.

(a) Each Director shall disclose a conflict of interest (1) Prior to voting on otherwise discharging his or her duties with respect to any matter to come before the Board or any committee, (2) Prior to entering into any contract or transaction involving the Association, and (3) promptly after the Director or Officer shall learn of conflict of interest. A conflict of interest will be deemed to exist whenever (i) the Director, (ii) any member of his or her immediate family, or (iii) any organization of which the Director or Officer or immediate family member is an officer, director, member, partner, trustee, shareholder, or creditor has, or reasonably expects to have, a direct or indirect financial interest in any contract or transaction involving the Association or in any other matter to come before the Board. Disclosure of the material facts surrounding the Director's or officer's conflict of interest shall be made to the President and the President shall inform the other members of the Board prior to any action thereon as provided in (b) below.

(b) No Contract or other transaction between the Association and one or more of its Directors or Officers, or between the Association and any other corporation, firm, association or other entity in which one or more of its Directors are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such Director or Directors or Officer or Officers are present at the meeting of the Board of Directors or of a committee thereof, which authorized such contact or transaction, or that his/her of their votes are counted for such a purpose if the material facts as to such Director's of Officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board, or any appropriate committee, as provided in (a) above, and the Board authorized such contract of transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Director or officer. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors, which authorized such contact or transaction, (c) No Director or Officer may, on behalf of the Association, or by virtue of his or her position or office on the Association, negotiate, prepare, authorize or approve a contract or authorize or approve payment thereunder when such a contract or claim may provide the Director or Officer with direct or indirect pecuniary or material benefit. The provisions of this Section shall in no event be construed to preclude the payment of lawful compensation reasonable expenses of any Director or Officer.

B. Loans to Directors and Officers. No loans, other than through the purchase of bonds, debentures, or similar obligations of the type customarily sold in public offerings, or through ordinary deposit of funds in the bank, shall be made by the Association to its Directors or Officers, or to any other corporation, firm association or other entity in which one or more of

its Directors or Officers are directors or officers or hold a substantial financial interest.

XI – FISCAL YEAR

The fiscal year of the Association shall be the calendar year.

XII – CONFLICTS OF INTERPRETATION

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

ARTICLE XIII - AMENDMENTS

These By-Laws may be amended at any annual or special meeting of the Members by a vote of two-thirds (2/3) of the Members, in person or by proxy; provided that the notice of such meeting shall set forth a statement of the amendment(s) to be proposed.