

SCHEDULE C

**BY-LAWS DALTON FARM HOMEOWNERS ASSOCIATION, INC.**

A New York Not-for-profit Corporation

**ARTICLE I**

**INTRODUCTORY PROVISIONS**

101. NAME, LOCATION AND PRINCIPAL OFFICE. These are the BY-LAWS of DALTON FARM HOMEOWNERS ASSOCIATION, INC. (the "ASSOCIATION"), a New York not-for-profit corporation incorporated pursuant to Certificate of Incorporation filed on December 1, 1988. The principal office of the ASSOCIATION shall be located at County Road #7, P.O. Box 190, Poughquag, New York 12570.

102. DEFINITIONS. As used herein, "DECLARATION" means the "Homeowners Declaration" made by Dalton Farms Associates and recorded on the land records of the County of Dutchess, New York, in which reference is made to these BY-LAWS, as such DECLARATION may be amended from time to time. The "PROPERTY" shall mean the properties now or hereafter subject to the DECLARATION. All other terms defined in the DECLARATION shall have the same meanings herein.

103. MEMBERSHIP AND VOTING RIGHTS. Except as specifically provided in these BY-LAWS, membership and voting rights in the ASSOCIATION shall be governed by the DECLARATION, To the extent required to give effect to the GOVERNING INSTRUMENTS, (a) SPONSOR and the other MEMBERS shall be deemed to be MEMBERS of different classes; and (b) the MEMBERS of each LOCAL AREA shall be deemed to be MEMBERS of a separate class.

**ARTICLE II**

**Board of Directors**

201. NUMBER AND COMPOSITION OF BOARD  
Initially, the BOARD shall consist of three DIRECTORS who shall serve at the pleasure of SPONSOR. When MEMBERS other

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than SPONSOR become entitled to elect any DIRECTORS," the number of DIRECTORS shall be increased to five. If and when the number of LOCAL AREAS reaches four, the number of DIRECTORS shall be increased to seven. If and when the number of LOCAL AREAS reaches six, or on the TURNOVER DATE, whichever is earlier, the number of DIRECTORS shall be increased to nine.

(b) Each LOCAL AREA shall be entitled to elect one DIRECTOR, and the remaining DIRECTORS shall be elected at large. As long as SPONSOR "controls" a LOCAL AREA (that is, owns a majority of the LOTS therein), SPONSOR shall elect the LOCAL AREA'S DIRECTOR; within 30 days after SPONSOR ceases to control the LOCAL AREA, the DIRECTOR elected by SPONSOR shall resign in favor of a DIRECTOR elected' by the MEMBERS in the LOCAL AREA, other than SPONSOR. Once SPONSOR ceases to control a LOCAL AREA, SPONSOR shall not resume control, even if additional LOTS are submitted to the DECLARATION and added to the LOCAL AREA.

(c) Until the TURNOVER DATE, SPONSOR shall elect the at-large DIRECTORS. Within 30 days after the TURNOVER DATE, the MEMBERS other than SPONSOR shall elect replacements of as many of the at-large DIRECTORS as are required to give them voting control over the BOARD.

(d) SPONSOR may at any time agree that the DIRECTOR elected for a LOCAL AREA still controlled by it be replaced by a DIRECTOR elected by the other MEMBERS of the LOCAL AREA. SPONSOR may at any time agree that one or more at-large DIRECTORS elected by it be replaced by DIRECTORS elected by the other MEMBERS.

(e) On the WITHDRAWAL DATE, any remaining DIRECTORS that were elected by SPONSOR shall resign in favor of replacement DIRECTORS elected by the other MEMBERS.

202. TERM; VACANCIES. DIRECTORS shall serve until the following annual meeting of MEMBERS, and until their respective successors assume office, unless their resignation is sooner required as described in Section 201.

203. ELECTION BY MEMBERS. At each election of DIRECTORS by the MEMBERS other than SPONSOR, each MEMBER other than SPONSOR may cast one vote for each of one or more candidates, not exceeding the number to be elected by such MEMBERS.

204. QUALIFICATIONS. DIRECTORS shall be of the age of eighteen (18) years or older. DIRECTORS shall be (a)

individuals who hold memberships, alone or in conjunction with others, (b) spouses of such individuals, (c) officers, directors, employees or partners of corporations, partnerships or other entities which hold, memberships, alone, as partners in or in conjunction with others, or (d) fiduciaries, or employees thereof, who hold memberships, alone or in conjunction with others. Any DIRECTOR who ceases to be so qualified shall thereupon be deemed to have resigned. ;

205. VACANCIES. If the office of any DIRECTOR becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining DIRECTORS (though less than a quorum) shall choose a successor, who shall hold office for the unexpired term of his predecessor and until his successor assumes office. The preceding sentence shall not apply to vacancies in offices of DIRECTORS elected by SPONSOR. In the event of a vacancy in the office of a DIRECTOR elected by SPONSOR, SPONSOR shall designate a successor, except as provided in Section 201.

206. REMOVAL. After the TURNOVER DATE (but not before), DIRECTORS, other than DIRECTORS elected by SPONSOR, may be removed for cause by an affirmative vote of a majority of all of the MEMBERS other than SPONSOR.

207. MEETINGS. A meeting of the BOARD shall be held within six (6) months after SPONSOR conveys the first LOT. The BOARD shall also meet immediately upon adjournment; of each annual meeting of MEMBERS, if a quorum is then present, or as soon thereafter as may be practicable. At each such meeting following an annual meeting of MEMBERS ("Initial Meeting"), the dates, places and times of regularly-scheduled meetings of the BOARD shall be set. The BOARD shall, in any event, meet at least annually.

208. NOTICES OF MEETINGS. Regularly-scheduled meetings of the BOARD may be held without further notice. Special meetings of the BOARD may be called by the President on two (2) business days' notice to each DIRECTOR (which may be given by telegram). Special meetings shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two (2) DIRECTORS. Attendance by a DIRECTOR at any meeting of the BOARD, other than for the sole purpose of protesting the lack of proper notice thereof, shall constitute a waiver of any defect in such notice. DIRECTORS may also waive notice in writing before the meeting.

QUORUM. At all meetings of the BOARD, a ' majority of the BOARD shall constitute a quorum for the transaction of business. If a quorum is not present at any duly-called meeting of the BOARD, the DIRECTORS present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is obtained. Alternatively, the DIRECTORS present may adjourn the meeting to a time and place specified on at least three (3) business days' notice to the absent DIRECTORS, at which time no quorum requirement shall apply.

209. VOTING. Actions of the BOARD shall require the concurrence of a majority of DIRECTORS present and voting on the issue in question.

210. ACTION WITHOUT MEETING. The DIRECTORS may take without a meeting any action which they could take with, a meeting, by obtaining written approval of all DIRECTORS, but this may not take the place of a required annual meeting, nor the meeting at which the ASSOCIATION'S budget is adopted. No DIRECTOR shall vote on any matter with respect to which he has a personal interest distinguished from the interests of MEMBERS generally, except that this shall not preclude DIRECTORS elected by SPONSOR from representing SPONSOR'S interests.

211. COMPENSATION. DIRECTORS, OFFICERS and members of the ARB or other committees shall receive no compensation for their services as such. They shall be reimbursed for reasonable expenses actually incurred by them in pursuance of the ASSOCIATION'S business.

212. AGREEMENTS. Except as provided in the succeeding Section, all agreements and other instruments of the ASSOCIATION shall b^ executed by the President and/or such other persons as may be designated from time to time by the BOARD.

213. CHECKS. The BOARD shall maintain such bank or other accounts as it deems appropriate. All checks and notes of the ASSOCIATION shall be signed by the President or Vice-President and the Secretary or Treasurer, or by such other person or persons as the BOARD may from time to time designate. Checks and notes for amounts in excess of \$500.00 shall in any event require the signature of two OFFICERS.

214. ANNUAL STATEMENT. The Board shall furnish to all MEMBERS annually a statement of the business condition and affairs of the ASSOCIATION, including a balance sheet and operating statement, prepared by an independent public

accountant or certified public accountant, together with a statement regarding taxable income or tax deductions allocable to the MEMBERS on account of the ASSOCIATION'S activities.

216. RULEMAKING POWERS. The BOARD shall have the power to adopt reasonable RULES (a) for the use of the COMMON AREAS, the subjects of which may include but shall not be limited to vehicular speed limits, pets, scheduling procedures and/or guest fees for recreational facilities, and restrictions on conduct of recreational activities on COMMON AREAS; (b) governing access by a HOMEOWNER onto other HOMEOWNERS' LOTS for maintenance purposes; (c) respecting review of applications to the ARB; (d) other topics described in the DECLARATION; and (e) other appropriate topics. RULES shall become effective upon notice of their adoption (including a copy of the text) being given to each MEMBER in the manner prescribed by the DECLARATION. The Secretary's sworn affidavit as to the proper sending of such notices shall be prima facie evidence thereof.

217. FINES. The BOARD may impose a fine against any MEMBER or HOMEOWNER other than SPONSOR (after affording him at least five (5) business days' notice of the opportunity to address a DIRECTOR on such subject) in an amount not exceeding \$100.00 for each violation of the GOVERNING INSTRUMENTS. Such fine shall be considered a LOT ASSESSMENT against such MEMBER'S LOT.

218. INDEMNIFICATION. The ASSOCIATION shall be deemed to have indemnified the DIRECTORS and OFFICERS against claims, liability and expense arising out of their service as such, to the fullest extent allowed by law. Neither DIRECTORS nor OFFICERS shall be liable to HOMEOWNERS or MEMBERS for errors of judgment, negligence or otherwise in connection' with their service as such, except for willful misconduct or bad faith.

### **ARTICLE III**

#### **OFFICERS**

301. OFFICERS. OFFICERS shall be elected for one-year terms at each Initial Meeting of the BOARD, but may be removed at the pleasure of the BOARD. OFFICERS shall consist of a President, a Vice-President, a Secretary, a Treasurer and such other officers as the BOARD deems appropriate. OFFICERS may hold more than one office,

except that the office of Secretary may not be held by the President or Vice President.

302. QUALIFICATIONS. The President, Vice-President and Treasurer shall be DIRECTORS; other OFFICERS need not be DIRECTORS.

303. POWERS AND DUTIES. The President, Vice-President, Secretary and Treasurer shall have such powers and duties as are customarily conferred on similarly-named officers of New York not-for-profit corporations, except as the GOVERNING INSTRUMENTS may require or the BOARD may direct otherwise.

#### **ARTICLE IV**

##### **MEETINGS OF MEMBERS**

401. PROXIES. A MEMBER shall be considered "present" at a meeting of MEMBERS if he, or (if such MEMBER is not a single individual) a representative designated by him pursuant to the DECLARATION, either is present in person or has designated a proxy who is present in person. Designations of proxy shall be filed with the Secretary of the ASSOCIATION when first used, shall be noted in the minutes of any meeting at which used, and shall remain in force until revoked. A proxy shall not act in the presence of the person who designated him.

402. QUORUM. Presence of twenty (20%) of the MEMBERS shall constitute a quorum for the transaction of business by the MEMBERS. With respect to actions taken by the MEMBERS of a particular LOCAL AREA, the quorum requirement shall apply only to MEMBERS of that LOCAL AREA. If a quorum is not present at a duly-called meeting of MEMBERS, the MEMBERS present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is obtained. Alternatively, the MEMBERS present may adjourn the meeting to a time and place specified on at least three (3) business days' notice to the absent MEMBERS, at which time no quorum requirement shall apply.

403. VOTING. Actions of the MEMBERS shall require the concurrence of a majority of the MEMBERS present and voting on the issue in question, except as any provision of law or the GOVERNING INSTRUMENTS may require otherwise.

404. MEETINGS. . The annual meeting of MEMBERS shall be held each year, beginning at least six (6) months after the recording hereof, at a time and place specified by the BOARD. Special meetings of MEMBERS shall be called by the President or Secretary if so directed by the BOARD, or by a petition signed by 20% of the MEMBERS, at a time and place specified by the BOARD or in such petition, as the case may be. MEMBERS shall be given ten (10) days' notice of all meetings of MEMBERS, including but not limited to annual meetings.

405. ACTION WITHOUT MEETING. The MEMBERS may take without a meeting any action which they could take with a meeting by obtaining the written consent of all MEMBERS. Such consent may provide that the action or actions taken are taken in lieu of any meeting of MEMBERS otherwise required hereunder, which meeting shall not then be required.

406. ACTION BY HOMEOWNERS. Each meeting of MEMBERS shall also be considered a meeting of HOMEOWNERS, and these BY-LAWS shall apply for both purposes. However, in matters requiring the vote of the HOMEOWNERS as such, each HOMEOWNER shall be afforded one vote for each LOT owned by him.

## **ARTICLE V**

### **AMENDMENTS**

501. AMENDMENT. These BY-LAWS may be amended at any duly called meeting of the MEMBERS, subject to the limitations set forth in the DECLARATION, provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by two-thirds vote of all of the MEMBERS of the Association; and (3) said amendment shall be set forth in a duly recorded amendment to the BY-LAWS.

502. EFFECTIVENESS OF AMENDMENTS. Duly adopted amendments shall become effective upon notice of their adoption (including a copy of the text) being given to each MEMBER by the Secretary in the manner described in the DECLARATION. The Secretary's sworn affidavit as to the proper sending of such notices shall be prima facie evidence thereof.

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