

WINDRIFTER RESORT ASSOCIATION

BY LAWS AS OF SEPTEMBER 2016

ARTICLE I

NAME

The name of this Association shall be The Windrifter Resort Association.

ARTICLE II

FORMATION

The Association is formed under the provisions of New Hampshire RSA Chapter 292.

ARTICLE III

DEFINITIONS

The following words shall, unless the context otherwise requires, have the following meanings:

“Association” means The Windrifter Association

“Board” means the Board of Directors of the Association

“Interval” means an interval of time beginning Sunday at 4:00PM (EST) and ending on the following Sunday at 10:00AM (EST) or other time established by the Board.

“Member” means the person or persons owning a Membership in the Association. Except as provided in the following sentence, a Member is required to be a natural person. A trust established by a natural person for estate planning purposes may be an owner of a Membership if permitted in writing by the Board. No corporation, Limited Liability Company or other entity may own a Membership, unless approved by the Board.

“Membership” means the rights and duties of a Member regarding the use of a Unit and the common areas and facilities of the Resort, subject to the Bylaws and the policies adopted by the Board. The Unit and Interval associated with each Membership shall be noted in the records of the Association and in a certificate issued to each Member.

“Membership Certificate” means the certificate evidencing a Membership.

“Membership Dues” means a Member’s share of the expenses of the Association determined by his or her Membership interest. “Membership Interest” means the percentage of ownership interest each Member has in the Association determined by the number of Intervals that he or she owns relative to total number of Intervals owned by all Members (not including Intervals owned by the Association).

“Resort” means all of the real and personal property owned by the Association.

“Unit” means a part of the Resort designated as a unit in the “Small Villa”, the “Large Villa”, the “Inn” or the “Yacht Club” buildings for residential use of Members and their families and guests.

ARTICLE IV

POWERS OF THE ASSOCIATION

1. The Association shall have all the general powers of a corporation authorized under RSA 293-A:3.02.
2. Except for personal confidential information as determined by the Board, any Member may review the records of the Association as permitted under RSA 393-A: 16.01-16.04. The Association shall prepare and deliver to its Members an annual financial report at the annual meeting of the Membership.

ARTICLE V

POSSESSION AND USE OF UNITS

1. Each Member shall be entitled to the exclusive possession and use of a Unit designated in his or her Membership Certificate during the Interval associated with his or her Membership. The Board shall specify times of possession, occupancy limits of Units and other requirements related to the possession of a Unit by a Member.
2. The Association and its agents and employees shall have access to any Unit from time to time for the maintenance, repair or replacement of the Unit and any property located therein.
3. Each Member shall comply with the Bylaws and the policies adopted by the Board with respect to his or her use of a Unit and the common areas and facilities of the Resort.

ARTICLE VI

COMMON AREAS AND FACILITIES

1. Each Member may use the common areas and facilities of the Resort designated by the Board for the common use of Members in accordance with the policies adopted by the Board.
2. The right of use of the common area and facilities is subject to the right of the Association to perform necessary work of maintenance, repair or replacement of the common area and facilities.

ARTICLE VII

MEMBERSHIP DUES

1. Each Member shall be required to pay Membership Dues in accordance with the policies adopted by the Board.
2. If a Member fails to pay his or her Membership Dues in a timely manner and is deemed to be in default under policies adopted by the Board, then his or her Membership shall be forfeited and he or she shall have no further rights or interests in the Association.
3. In addition to forfeiture, the Association may pursue any remedy available at law or in equity against a defaulted Member to recover all sums due.

4. No Member is exempt from liability for his or her Membership Dues by waiver of the use or enjoyment of a Unit or any of the common areas and facilities.

ARTICLE VIII

TERMS OF MEMBERSHIP

1. Each Member shall be deemed a Member in good standing if (i) he or she is current in the payment of his or her Membership Dues and any other financial obligations to the Association and (ii) he or she is in compliance with these Bylaws and policies adopted by the Board.
2. Each Member shall have one (1) vote for each Interval that he or she owns, provided that he or she is in good standing under the Bylaws. A Member may vote in person, by proxy and absentee ballot.
3. Each Member who is in good standing may sell or transfer his or her Membership, provided the Member gives notice of the sale or transfer to the Manager and the new Member acknowledges that he or she is joining the Association.
4. A Member shall reimburse the Association for any damages or losses that are due to the negligence and/or willful acts of the Member of his or her family members and guests immediately upon receipt of notice thereof from the Association; provided, however, a Member shall not be responsible for ordinary wear and tear relative to the use of Association property.
5. The Manager shall have the authority to intervene in any situation that involves a harm or threat of harm by to any person responsible for such conduct or activity from the Association's property. The Manager shall report all such incidents to the Board. If an incident involves a Member or any person for whom he or she is responsible, the Board may, after review of the report and other investigation that deems necessary or advisable, warn the Member that any repeat of such conduct or activity will result in a finding that the Member is not in good standing and/or in a suspension or forfeiture of the Member's rights. If such conduct or activity is repeated, the Board may, after giving notice to the Member and giving him/her an opportunity to be heard, find that the Member is not in good standing, suspend the Member's right for a period of time or forfeit the Member's rights.
6. If a Member is not in good standing, he or she will not be permitted to use the Association's property. No remuneration will be provided to the Member as a result of this action. If the Member is not in good standing or has his or her rights suspended, the Member may continue to own and exchange the Interval or to sell or transfer his or her Membership, as provided by the Bylaws. If a Member's rights are forfeited, his or her Membership shall be cancelled.

ARTICLE IX

OFFICERS

1. The Officers shall be President, Vice President, Secretary and Treasurer.
2. The President shall be the Chief Executive Officer of the Association. The President shall preside at all meetings of the Association and Board; and shall direct the affairs of the Association with the advice and consent of the Board. In the event of the President's incapacity or inability to fulfill the office and

upon confirmation of that fact by a majority of the Board (not including the President), the remainder of such term shall be filled by the Vice President.

3. The Vice President shall perform the duties as are delegated to the Vice President by the President. The Vice President shall succeed to the office of the President in the event of the death, incapacity, inability or resignation of the President, and shall preside at meetings in the event of the temporary absence of the President.
4. The Secretary shall be responsible for the minutes of meetings of the Board, be the official custodian of all the records of the Association, see to it that all mailings, notices and record of the Members, their addresses and contact information are accurate.
5. The Treasurer shall be the official custodian of the funds for the Association. The Treasurer shall collect all dues, common expenses of the Association, direct the keeping of accurate books of account, cause audits to be made periodically as ordered by the Board, submit financial reports to the Board at its regular meetings and to the Membership at the Annual Meeting, and direct the receipt, disbursement, and investment of the funds of the Association in the manner directed by the Board.
6. The terms of office of all Officers shall be two years, which shall begin at the end of the last business meeting of the Annual Meeting. Officers shall be elected by the Members at the Annual Meeting and shall hold office until a successor is chosen and qualified. No Officer shall serve more than eight consecutive years, but after the passage of one year, may again serve as a member of the Board, if so elected. No person may serve as an Officer if he or she is not in good standing.

ARTICLE X

BOARD

1. The Board shall be the managing body of the Association and shall direct its affairs.
2. The Board shall consist of the President, Vice President, Secretary, Treasurer and 10 Directors elected in accordance with these Bylaws. If requested by a majority vote of a newly-elected Board, the immediate past President may elect to serve as a non-voting honorary member.
3. One-third (1/3) of the Board shall be elected for two-year terms at the Annual Meeting of the Members, one-third (1/3) for a three-year term, excluding officers who shall serve by the virtue of their office.
4. Except as specifically limited by these Bylaws, the Board shall have full power and authority to do all acts and perform all functions necessary for the operation of the Resort. However, whenever the Members shall have required or forbidden any act or policy at an Annual Meeting, such action shall be binding upon the Board.
5. There shall be a quorum requirement of the presence of a majority of the voting members of the Board. A majority vote of the Directors present and voting at a meeting shall be required to approve any action. Meeting may be conducted in person or by telephonic conference in which all participants may communicate with each other. All actions may also be approved by consent of a majority of voting members of the Board in writing or by email from the email address given by the members to the Secretary.

6. No commitment or expenditure of any funds of the Association shall be made by any Officer except as provided in the annual budget or in emergencies as declared by the Board under the provisions of this section. The Board, at its discretion, shall be authorized to spend funds in addition to the budget for the good and welfare of the Association in the amount not to exceed \$40,000 during each fiscal year. The Board may declare an emergency for the expenditure of non-budget funds only if notice is given to the Board at least three days prior to commencement of the meeting at which said matter is to be considered, giving the full particulars of the need for such expenditure. The Treasurer or any other person authorized by the Board shall submit a report and recommendation concerning such expenditure. Notwithstanding the foregoing, if the President shall determine that the emergency is of such a nature that it requires immediate action, then the President may call an emergency telephone conference of the Board.
7. In the event of a vacancy in the office of Vice President, Secretary or Treasurer between Annual Meetings of the Association, the Board shall fill such vacancy with any eligible Member as provided in the Bylaws by a majority vote at a regular or special meeting of the Board. Such person so elected shall serve until the next Annual Meeting. In the event of a vacancy of a Board member between Annual Meetings of the Association, the Board shall, at its next regularly scheduled meeting, nominate and elect by majority vote a Member in good standing of the Association to fill the vacancy for the remainder of that year.
8. The Board shall schedule regular meetings of its members. No additional notice shall be required for regularly scheduled meetings. Special meetings of the Board shall be held upon request of any three members of the Board or at the call of the President. A notice of at least three days shall be required for a special meeting unless it is required due to an emergency. In any event, a meeting of the Board shall be held immediately following an Annual Meeting of the Members. The Board shall physically meet at the Resort or at any other place determined by the Board at least three times a year and at other times by telephone conference if the President so directs.
9. The Board shall have the right to appoint the Manager and other office employees. The compensation and duties of all personnel may be fixed by the Board.
10. In the event that a member of the Board misses, without notice and approval of the Board, 3 consecutive meetings of the Board between Annual Meetings, the Board may remove that member and elect a replacement for the remainder of that year.
11. Any member of the Board, who is elected as an Officer, will upon assuming that office, forfeit the remainder of his or her unexpired term on the Board. The vacancy thus created will be filled in accordance with the prescribed Bylaws.
12. No person may serve as a Board member if he or she is not in good standing.

ARTICLE XI

ELECTIONS AND VOTING

1. The Election Committee shall consist of those Directors whose terms are not expiring at the next Annual Meeting. The Election Committee shall conduct the elections. The Committee shall propose the rules for conducting the elections, which rules shall be approved or amended by the Board at least

60 days prior to the Annual Meeting. All contested elections shall be by secret ballot.

2. The Directors and Officers shall be elected at the Annual Meeting as follows:
 - a. No candidate shall be elected unless the candidate is a Member in good standing, as provided in these Bylaws. All candidates shall be elected at the Annual Meeting. The time of the nominations and elections shall be set forth in the meeting notice sent to each Member.
 - b. Each Member may cast one vote, as provided in Article VIII, Section 2, for each of the positions to be filled. For Officers, the candidate receiving the highest number of votes shall be deemed elected. For Directors, the candidates receiving the highest number of votes for the vacant positions shall be elected.
 - c. When only one candidate for an office has been nominated, such candidate shall be declared the winner by the Election Committee Chairman without the necessity of voting.
3. A Member who is not in good standing shall not be entitled to vote at either an Annual or Special Meeting of the Members.

ARTICLE XII

MEETINGS

1. Roberts Rules of Order shall govern all meetings.
2. There shall be an Annual Meeting of the Association to be held at a time and place fixed by the Board, at which meeting the Members shall approve a budget, fees, and/or assessments for the following year and elect Directors and Officers. Notice of the Annual Meeting shall be given to Members at least 30 days in advance.
3. There may be Special Meetings of the Members called by the President to address matters requiring urgent action by the Members. Notice of all Special Meeting shall be given to Members at least 30 days in advance unless the President determines that a shorter notice is required in which event shall be no less than 7 days.
4. To constitute a quorum at any meeting, there must be present Members holding not less than 100 votes represented in person or by proxy. If a quorum is not present, the meeting may be adjourned to a new time and date by a majority of the Members present and voting at the meeting. A majority vote of Members present, voting by proxy or by absentee ballot shall be required to approve any matter, except as otherwise provided by these Bylaws.
4. The Annual Meeting shall be the final authority of the Association on all matters not specifically delegated to the Board.
5. Special Reserve Funds may be allocated only for major improvements, renovations or major repairs that will extend the life or value of the Resort. The recommendations for expenditures of any item or project that falls within this definition and costs more than \$20,000, shall be presented to the Members at the Annual Meeting for their approval or disapproval. If authority to make the expenditures is approved by the Members, then the funds may be withdrawn from the Special Reserve Funds Account

at the bank in which the funds are deposited on the signature of two Officers.

ARTICLE XIII

AMENDMENTS

1. These Bylaws may be amended at any Annual Meeting or Special Meeting called for that purpose by a vote of the Members voting and present at the meeting.
2. An amendment must be proposed to the President or Secretary in writing no less than 60 days prior to the meeting. Not less than 30 days prior to the meeting, all proposed amendments shall be given to the Members in written form.

ARTICLE XIV

INDEMNIFICATION

1. The Association shall indemnify any individual made a party to a proceeding because he or she is or was Board member of the Association, against liability incurred in the proceeding, but only if the Association has authorized the payment in accordance with Section 4 of this Article XIV, and a determination has been made in accordance with Section 3 of this Article XIV that the Board member met the standards of conduct in Paragraphs (a), (b) and (c) below.
 - a. The individual shall demonstrate that:
 - i. he or she conducted himself or herself in good faith; and
 - ii. he or she reasonably believed; (i) in the case of conduct in his or her official capacity with the Association, that his or her conduct was in its best interests; (ii) in all other cases, that his or her conduct was at least not opposed to its best interests; and (iii) in the case of any criminal proceeding, he or she had no reasonable cause to believe his conduct was unlawful.
 - b. The Association shall not indemnify a Board member under this Section 1 in connection with:
 - i. A proceeding by or in the right of the Association in which the Board member was adjudged liable to the Association.
 - ii. Any other proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her; or
 - iii. If the Association has purchased insurance pursuant to Section 6 of this Article XIV, any conduct which is expressly excluded from coverage under said insurance.
 - c. Indemnification permitted under this Section 1 of Article XIV in connection with a proceeding by or in the right of the Association is limited to reasonable expenses incurred in connection with the proceeding.
2. If a determination is made in accordance with Section 3 of this Article XIV that the Board member has

met the following requirements; and if an authorization of payment is made in accordance with Section 4 of this Article XIV, then the Association shall pay for or reimburse the reasonable expenses incurred by the Board member who is a party to a proceeding for which he or she seeks indemnification under this Article XIV in advance of final disposition of the proceeding, if:

- a. The Board member furnishes the Association a written affirmation of his or her good faith belief that he or she has met the standard of conduct described in Section 6.1 of this Article XIV;
 - b. The Board member furnishes the Association written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct (which undertaking must be an unlimited general obligation of the Board member but need not be secured and may be accepted without reference to financial ability to make repayment); and
 - c. A determination is made that the facts then known to those making the determination would not preclude indemnification under this Article XIV.
3. The determination that indemnification of a Board member is permissible under this Article XIV shall be made as follows:
- a. By the Board by majority vote of a quorum consisting of Directors not at the time parties to the proceeding for which the Board member seeks indemnification;
 - b. If a quorum of the Board cannot be obtained, then by majority vote of a committee duly designated by the Board consisting solely of 2 or more Directors not at the time parties to the proceeding for which such indemnification is sought, but Directors who are parties to the proceeding for which the Board member seeks indemnification may participate in the designation of the members of said Committee; or
 - c. By special legal counsel selected by the Board or a committee of the Directors as specified in Subsections (a) and (b) of this Section 3 of this Article XIV, or if a quorum of the Board or appointment of a Committee cannot be obtained as specified in said Subsections, by a majority vote of the full Board in which selection Directors who are parties to the proceeding may participate.
4. Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner set forth in Section 3 of this Article XIV, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled to select counsel under Subsection (c) of Section 3 of this Article XIV.
5. The Association shall indemnify and advance expenses to any officer of the Association who is not a Board member of the Association to the same extent and on the same conditions as set forth in this Article XIV for a Board member of the Association. The Association may indemnify and advance expenses to any officer, employee or agent of the Association who is not a Board member of the Association to any extent, consistent with public policy, as is determined by the Board.
6. The Association may purchase and maintain insurance on behalf of an individual who is or was a Director, officer, employee or agent of the Association, or who, while a Director, officer, employee or

agent of the Association, is or was serving at the request of the of the Association as a Director, officer, partner, trustee, employee or agent of another foreign or domestic association, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him or her in that capacity or arising from his or her status as a Director, officer, employee or agent, whether or not the Association would have the power to indemnify him or her against the same liability under this Article XIV. The obligation to indemnify and reimburse set forth in this Article XIV, if applicable, shall be reduced by the amount of any such insurance proceeds paid to such person, or the representatives or successors of such person.

7. The foregoing right of indemnification shall not be exclusive of other rights to which such person, or the legal representatives or successors of such person may be entitled as a matter of law.
8. No amendment or repeal of this Article XIV shall limit or eliminate the benefits provided to any person under this Article XIV with respect to any act or omission that occurred prior to such amendment or repeal.
9. If it shall be determined that the indemnification and reimbursement provided pursuant to this Article IX is beyond power of the Association under applicable law to indemnify and reimburse any person, the indemnification and reimbursement provided by this Article shall be limited to the indemnification and reimbursement that the Association has the power to provide under applicable law and shall be provided to the full extent of that power.