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✓ **CRONIN & BISSON, P.C.**  
**Attorneys at Law**  
**722 Chestnut Street**  
**Manchester, NH 03104**

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**BY-LAWS OF**  
**RAE BROOK FARM HOMEOWNERS ASSOCIATION**

**ARTICLE 1. PURPOSE AND DEFINITIONS**

1.1 Purpose. The administration of the Rae Brook Farm Homeowners Association (the "Association") shall be governed by these By-Laws (the "Bylaws"), and all present and future holders of any Lot in the Rae Brook Farm Subdivision shall hold such Lot subject to the By-Laws, the Declaration of Covenants and Restrictions for Rae Brook Farm Subdivision (the "Declaration"), and any Association rules and regulations promulgated thereunder or hereunder.

1.2 Definitions. Certain of the terms used in these By-Laws have been defined in the Declaration and, when used herein, shall have the same meaning as set forth in the Declaration, unless the context clearly indicates a different meaning therefor.

1.3 Applicability of By-Laws. The provisions of these By-Laws are applicable to all of the Property, and to the use and occupancy thereof. All present and future owners, visitors, tenants, and occupants of Lots and any other persons are subject to these By-Laws, the Declaration, and the Association rules and regulations. The Acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Lot shall constitute an agreement to accept, to ratify, and to comply with these By-Laws, any Association rules or regulations, and the provisions of said Declaration, as each or all of them may be amended from time to time.

**ARTICLE 2. ASSOCIATION MEMBERS; MEETINGS**

2.1 Members and Voting Rights. Each Lot owner shall be a member of the Association. The membership of the Association shall consist of all of the Lot owners. Each Lot owner shall be entitled to one vote for each Lot owned by that Lot Owner. If more than one individual owns a Lot, those individuals shall be entitled to one vote in the aggregate for each Lot owned by those individuals, and may not divide the vote appertaining to that Lot.

2.2 Transfer of Membership. The Association shall not issue stock. Membership in the Association may be transferred only as an incident to the transfer of title to a Lot, and any transfer shall become effective upon recordation of a deed of conveyance to the said Lot.

2.3 Annual Meeting. The annual meeting of the Association shall take place in the month of April of each year at such reasonable place, time and date as may be designated by written notice of the President or a majority of the Board of Directors.

2.4 Special Meetings. Special meetings of the Association may be called at any time for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of the Lot Owners, or for any other reasonable purpose. Said meeting shall be called by the President or by a majority of the Board of Directors upon at least seven (7) days written notice prior to the date of said meeting.

2.5 Contents of Notice. All notices of all Association meeting shall state the time and place thereof and the objects or purposes for which the meeting is called. Any such notice shall be deemed waived by any Lot Owner who expressly waives the same in writing or who is present in person or by proxy at any such meeting.

2.6 Committees. The Association may from time to time appoint such committees, comprised of its members, as the Association shall deem necessary or proper in the furtherance of its duties hereunder.

2.7 Regulation. The Association shall promulgate such regulations as it deems necessary or desirable, not inconsistent with the Declaration or these By-Laws for the orderly use and enjoyment of the Property and the Lots therein.

2.8 Quorum and Approvals Required. At any meeting of the Association or committee thereof, the presence in person or by proxy at the beginning of such meeting of Lot Owners holding at least one-half (½) of the total power, shall constitute a quorum. When a quorum is present, unless otherwise provided in the By-Laws or Declaration, a majority of the Lot Owners' total voting power present in person or by proxy shall decide any business brought before the meeting.

2.9 Voting. At any meeting of the Association, the Lot Owners may attend and vote at such meeting in person or by proxy. No proxy given by any Lot Owner shall be valid for a period longer than one calendar year.

2.10 Consent to Association Actions by the Declarant. In furtherance of Declarant's development of the Property and pursuant to the rights and easements reserved by the Declarant as set forth in Section 6 of the Declaration, any and all actions taken by the Association pursuant to these By-Laws are subject to the consent of the Declarant.

**ARTICLE 3. BOARD OF DIRECTORS**

3.1 **Number and Qualification.** The number of directors of the Association shall be not less than three (3) nor more than seven (7), all of whom shall be natural persons of lawful age, and all of whom, except for directors designated by the Declarant, shall be Lot Owners. Within such limits, the number to serve for each ensuing year of the Association is to be established at the Annual Meeting of the members by majority vote of the Lot Owners entitled to vote at the meeting.

3.2 **Initial Selection of Board.** Until the election of the Board of Directors takes place at the first annual meeting of the Homeowners Association as provided in Section 2.3, the Board of Directors shall consist of such persons as shall have been designated by the Declarant. Thereafter, anything in these Bylaws to the contrary notwithstanding, until two (2) years after the date of recordation of this Declaration at the Merrimack County Registry of Deeds, all the members of the Board of Directors shall be selected and designated by the Declarant. During such period, Declarant shall have the right in its sole discretion to replace such Directors as may be so selected and designated by it, and to select and designate their successors. The Declarant may relinquish its rights hereunder at any prior time. Thereafter, directors shall consist only of Owners or spouses of Owners, or, where a Person which is an Owner is not a natural person, any natural person having authority to execute deeds on behalf of such Person.

3.3 **Vacancies.** Vacancies in the Board of Directors may be filled until the date of the next Annual Meeting by the remaining Directors.

3.4 **Election and Term of Office.** At the first annual meeting of the Unit Owners' Association, three (3) Directors shall be elected. The term of office of one (1) director shall be fixed at one (1) year and the term of the office of two (2) directors shall be fixed at two (2) years. Subject to the provisions of Section 3.2 above, at the expiration of the initial term of office of each respective director, each successor shall be selected at subsequent annual meetings of the Unit Owners' Association to serve a term of two (2) years. The directors shall hold office until their respective successors have been elected and hold their first meeting. No Director may be elected to the Board of Directors unless at the time of such election such Lot Owner has paid all condominium fees or other assessments with respect to all Lots owned or represented by such director.

3.5 **Removal of Directors.** A Director may be removed with or without cause, and a successor elected, at any duly called regular or special meeting of the Association at which a quorum is present by an affirmative vote of seventy-five percent (75%) of the votes represented and voting. Any Director whose removal has been proposed by the Owners shall be given at least ten (10) days notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, no person selected and designated by the Declarant as a member of the Board of Directors may be removed without the consent of the Declarant and in such event the Declarant shall select and designate a successor.

3.6. Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors. Special meetings of the Board of Directors may be called by the President or by a majority of the members of the Board of Directors by giving three (3) days telephonic, e-mail, oral or fax notice to all of the members of the Board of the time and place of said meeting and the purpose of the meeting. Any Director may waive notice of a meeting. A quorum shall be considered to be more than one-half of the members of the Board.

3.7 Presiding Officer. The presiding officer of the Board of Directors meetings shall be the President of the Association. In the absence of a presiding officer, the Directors present shall designate one of their number to preside.

**ARTICLE 4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

4.1 Powers and Duties of the Board of Directors. The Board of Directors shall have powers and duties specifically conferred upon it by the Declaration, the Articles of Agreement, and these By-Laws and all other powers and duties necessary for the administration of the affairs of the Association except as otherwise provided by law, the Declaration, the Articles of Agreement, or these By-Laws, including, without limiting the generality of the foregoing, the power and duty to perform or obtain the following for the benefit of the Association, the cost of which shall be Common Expenses:

4.1.1 To establish and adopt a budget for each calendar year which contains estimates of the costs of performing the functions of the Association and of the projected income of the Association, as provided in Article 6.2 of these By-Laws.

4.1.2 To make and collect assessments against members to defray the costs of the Association, and in addition, to pay and collect from members assessments which may properly be levied from time to time by entities owning or controlling adjacent lands.

4.1.3 To use the proceeds of assessments in the exercise of its powers and duties.

4.1.4 To provide for the acquisition, construction, management, maintenance, and care of Association real property and personal property.

4.1.5 To enter into a management agreement or agreements to provide for the management of the Common Property.

4.1.6 To provide for the reconstruction of improvements after casualty of the Common Property.

4.1.7 To enforce by legal means the provisions of the Declaration, the Articles of Agreement, the By-Laws, and any Association rules and regulations.

4.1.8 To pay any assessments or liens against any part of the Common Property and to assess the same against the Lot Owners.

4.1.9 To carry insurance for the protection of the Lot Owners and the Association against casualties and liabilities, including, but not limited to, public liability insurance policy or policies, and Workers' Compensation insurance as required by law or as the Board may determine.

4.1.10 To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association, such as, but not limited to, any legal and accounting services necessary or proper for the operation of the Association, or the enforcement of the provisions of the Declaration, the Articles of Agreement, these By-Laws, and the Association rules and regulations.

4.1.11 To provide for such maintenance, repair and landscaping of the Common Property, as set forth in the Declaration, and to provide such furnishings, tools, equipment, appliances, and other personal property for the tasks described above, as the Board shall determine is necessary or proper.

4.1.12 To provide for any emergency repairs on any Lot necessary to prevent damage to other Lots, the Common Property or any other parts of the Property.

4.2 Financial Limitation. The Board's power shall be limited in that it shall have no authority to acquire and pay for out of Common Expenses capital additions and improvements or structural alterations having a cost in excess of Five Thousand Dollars (\$5,000.00) unless such additions, improvements, or alterations have been approved by a majority of the Lot Owners.

4.3 Right to Enter into Contracts. The Board shall have the exclusive right to enter into contracts for all such items referred to in this Article. The Board shall have the right to terminate any contract or lease, including the management contract, without cause and without penalty, upon thirty (30) days written notice to the other party thereto.

#### **ARTICLE 5. OFFICERS OF THE ASSOCIATION**

5.1 Executive Officers. The Executive Officers of the Association shall be a President, who shall also be a Director, a Secretary and a Treasurer, all of whom shall be elected annually by the Board of Directors at any meeting. The Board of Directors shall, from time to time, elect such other officers and committees and designate its powers and duties as the Board determines necessary to manage the affairs of the Association.

5.2 The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Lot Owners and of the Board of Directors. He shall have all of the powers and duties which are usually vested in the office of president of an association, including but not limited to the power of appointing committees from among the members from time

to time as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association and the power to sign all written contracts of the Association.

5.3 The Secretary. The Secretary shall keep the Minutes of the proceedings of the Board of Directors and of the Association. He shall attend to the giving and serving of all notices required by law. He shall keep the records of the Association except those of the Treasurer and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President.

5.4 The Treasurer. The Treasurer shall have the following responsibilities:

5.4.1 Custody of Funds. The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association.

5.4.2 Disbursement of Funds. He shall disburse the funds of the Association as may be ordered by the Board in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and the Board of Directors at the regular meeting of the Board of Directors, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Association.

5.4.3 Collection of Assessments. He shall collect the assessments and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

5.4.4 Reports to Transferees. He shall also give status reports to potential transferees of Lots, on which reports the transferees may rely.

5.5 Continuance of Owner's Liability. The liability of the Lot Owners shall continue until the past due assessments on Lots to be transferred are satisfied. All transferees shall be deemed liable for past due assessments (other than institutional mortgagees purchasing at institutional mortgage foreclosure sales or purchasing at sales in lieu of such foreclosure sales).

5.6 Compensation. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee or subcontractor of the Association.

#### **ARTICLE 6. FINANCE AND ASSESSMENTS**

6.1 Deposits. The funds of the Association shall be deposited in a bank or banks designated by the Board of Directors, in an account or accounts for the Association under resolutions approved by the Board of Directors.

6.2 Adoption of the Contents of Budget. The Board of Directors shall adopt a budget for each calendar year which contains estimates of the cost of performing the functions of the Association and of the projected income of the Association, including but not limited to the following items:

- (a) Common expense budget for:
  - (1) maintenance and operation of Common Property, including but not limited to the Private Sewer Easement, Shared Private Sanitary Sewer System, Private Drainage Easements, and Shared Private Storm Water Drainage System, all as more specifically described in the Declaration;
  - (2) capital funds established by vote of Lot Owners;
  - (3) administration, including legal and accounting fees.
- (b) Proposed assessments against each Lot Owner;
- (c) Proposed periodic assessments for liability and casualty insurance premiums.

Such budget shall also include such reasonable reserves as the Board of Directors considers necessary to provide a general operating reserve, and reserves for contingencies and replacements.

6.2.1 Assessment and Payment of Common Expenses. Each Lot shall be assessed for its share, based on the percentage of votes appertaining to the Lot when compared to the total votes for all Lots in the Association, of the total amount of the estimated funds required for the operation of the Association set forth in the budget referred to in Section 6.2 of these By-Laws. Assessments against any Lot, with interest, costs and reasonable attorneys' fees, shall become a lien upon such Lots, if not paid when due. This lien is not the sole or exclusive remedy of the Association to collect delinquent assessments. Unless otherwise approved by the Board of Directors, on or before the first day of each fiscal year, each Lot Owner shall be obligated to pay to the Association an annual assessment per lot as provided for in Section 6.2(a) and (b) above. Upon the Association's receipt of invoices for casualty and liability insurance premiums, the Association shall promptly notify each Lot Owner of the amount thereof, and each Lot Owner shall be obligated to make full payment to the Association of that Lot's share thereof, which shall be paid within ten (10) days. Within sixty (60) days after the end of each fiscal year, the Association shall supply to all Owners an itemized income and expense statement. Any amount accumulated in excess of the amount required for actual expenses and budgeted reserves shall, in the Association's discretion, either be credited in equal amounts to the next successive monthly installments due from each Lot under the then-current fiscal year's budget, until exhausted, or shall be added to reserves. Any net shortage shall, in the Association's discretion, either be collected by special assessment or be added equally to the installments due from each Lot. No Lot is required to pay assessments until it is conveyed from the Declarant.

6.2.2 Repair Reserve Fund. The Association shall establish and maintain a repair reserve fund to insure that there will be cash available to meet unforeseen expenditures for the periodic maintenance, repair and replacement of improvements to the Common Property. Upon each Lot conveyance by the Declarant, the purchaser(s) of each Lot in the Subdivision will be responsible for a payment into the repair reserve fund equal to one year's estimated assessments for the purchased Lot. Such payments by the Lot purchaser(s) into the repair reserve fund are not to be considered as advance payments of regular assessments. Additional amounts may be added to the repair reserve fund by the Association out of regular assessments for common expenses, as provided in Section 6.2.1 of these By-Laws. All amounts held by the Association for the repair reserve fund shall be maintained in a segregated account.

6.2.3 Initial Assessment. The Board of Directors of the Association shall determine a budget, as defined in Article 6.2 of these By-Laws, for the period beginning with the conveyance of the first Lot and ending on the last day of the first fiscal year, and for subsequent fiscal years thereafter. Assessments shall be levied against and paid by the Owner of each Lot on a monthly basis, as set forth above, unless otherwise approved by the Board of Directors.

6.3 Delinquent Assessments. In the event an assessment is not paid within ten (10) days of the date it is due and payable, the Association, through its Board of Directors, may proceed to enforce and collect the said assessment, with interest at the maximum lawful rate, against the Lot Owner owing the same in the manner set forth in these By-Laws, or as permitted by statute, at law or in equity. Each delinquent Lot Owner shall be responsible for attorneys' fees, interest and costs incurred by the Association incident to the collection of such delinquent assessments or enforcement of any lien held by the Association for unpaid assessments.

#### ARTICLE 7. VIOLATIONS

7.1 Violations. In the event of a violation (other than the non-payment of an assessment) by a Lot Owner of any of the provisions of the Declaration, the Articles of Agreement, these By-Laws or the Association rules and regulations, the Association, by direction of its Board of Directors, may notify the Lot Owner by written notice of such breach, and if such violation shall continue for a period of ten (10) days from the date of this notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional, inexcusable and material breach of the Declaration, the Articles of Agreement, the By-Laws or the Association rules and regulations, and the Association may, at its option, have the following election: (a) an action at law to recover damages on behalf of the Association or on behalf of the other Lot Owners; (b) an action in equity to enforce performance on the part of the Lot Owner; or (c) an action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief; (d) the pursuit of any other remedies permitted by these By-Laws, any other statute, or such other remedies permitted by law or in equity. Failure on the part of the Association to maintain such an action at law or in equity within ninety (90) days from the date of a written request, signed by an aggrieved Lot Owner, sent to the Board of Directors, shall authorize any Lot Owner to bring an action in equity or suit at law on account of the violation. Any violations which are deemed by the Board of Directors to be a

hazard to public health may be corrected immediately, as an emergency matter. A delinquent Lot Owner shall be liable for all costs and attorneys' fees in connection with collection, and shall be charged interest at the rate of Eighteen Percent (18%) per annum on all unpaid sums.

#### **ARTICLE 8. MORTGAGES**

8.1 **Notice of Unpaid Assessments for Common Expenses.** The Board whenever so requested in writing by an eligible mortgage holder, or eligible insurer or guarantor, shall promptly report any of the following: (i) any then unpaid assessments for Common Expenses or other charges due from or any other default by, the Owner of the mortgaged Lot; or (ii) any proposed action which would require the consent of the mortgagees.

8.2 **Notice of Default.** The Board shall give written notice to a Lot Owner of any default by said Owner in the performance of any obligations under the Declaration or By-Laws, and, if such default is not cured within thirty (30) days, shall send a copy of such notice to each eligible mortgage holder, eligible insurer and guarantor with respect to such Lot whose name and address has theretofore been furnished to the Board. No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days written notice to the holder of the first mortgage on the Lot which is the subject matter of such suit or proceeding.

#### **ARTICLE 9. NOTICES**

9.1 **Notices.** Whenever notices are required to be sent hereunder, the same shall be sent:

9.1.1 **To Lot Owners.** To each Lot Owner by certified mail, return receipt requested, at his or her respective address.

9.2 **Deemed Sent When Mailed.** All notices shall be deemed and considered sent when mailed.

9.3 **Change of Place of Notice.** Any party may reserve the right to change the place of notice to him or it by written notice in accordance with the terms and provisions of this Article.

#### **ARTICLE 10. AMENDMENTS TO THE BY-LAWS**

10.1 **Amendments.** Subject to Article 2.8 of the By-Laws, these By-Laws may be amended as set forth herein. Except as otherwise provided in the Declaration, and subject to Article 2.8 hereof, these By-Laws may be modified or amended by the vote of at least seventy-five percent (75%) of the Lot Owners cast in person or by proxy at a meeting duly called or held. If mortgagee consent is required, eligible mortgage holders shall receive thirty (30) days notice of proposed amendments, which notice shall request approval thereof. Any eligible mortgage holder who does not deliver or mail to the requesting party a negative response to the proposed amendment within

thirty (30) days shall be deemed to have approved such request. No modification or amendment shall become effective until recorded in the Merrimack County Registry of Deeds. An amendment may be proposed by either the Board of Directors or by the membership of the Association.

#### **ARTICLE 11. RESIDENCY RULES AND REGULATIONS**

11.1 **Residency Rules and Regulations.** The Association may, from time to time, adopt and amend previously adopted residency rules and regulations governing the details of the operation and use of the Common Property and the Lots; provided, however, that no such residency rules and regulations shall conflict with the Declaration or these By-Laws. In the event of any conflict between the said residency rules and regulations and the foregoing, the latter shall prevail. The residency rules and regulations may be amended by the vote of seventy-five (75%) percent or more of the Lot Owners, by vote cast in person, by proxy, or in writing when requested by the Board, before such shall become effective.

#### **ARTICLE 12. ACCESS TO INFORMATION**

12.1 **Right to Inspect.** Upon request, the Association shall make available to Lot Owners for inspection during normal business hours or under other reasonable circumstances the books, records and financial statements of the Association, but with respect to Lot Owners, not more often than once per month.

#### **ARTICLE 13. INDEMNIFICATION OF OFFICERS AND DIRECTORS**

13.1 **Indemnification.** The Association shall indemnify every Director and Officer, whether or not at the time in office, against all loss, cost and expense reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing right shall be in addition to and not exclusive of all other rights of indemnification to which such Directors or Officer may be entitled.

#### **ARTICLE 14. DISSOLUTION OF ASSOCIATION**

14.1 **Dissolution.** If the Lot Owners shall vote to dissolve the Association at any time or for any reason, then upon the recording of an instrument terminating the Association, all of the Common Property constituting the same shall be owned by the Lot Owners as tenants-in-common in proportion to their respective undivided interests in the Common Property immediately prior to such recordation. Absent consent from the Town of Hooksett Planning Board, the dissolution of the Association shall not impair or affect the obligations of the Lot Owners to maintain certain easements and systems as described in the Declaration.

14.2 Recording Required. No dissolution of the Association shall become effective until an instrument reciting the fact of such dissolution shall be recorded in the Merrimack County Registry of Deeds.

**ARTICLE 15. SEVERABILITY: GENDER: INTERPRETATION**

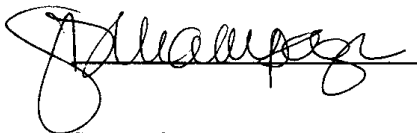
15.1 Severability. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance hereof or the Declaration.

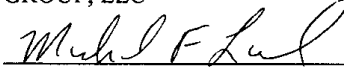
15.2 Gender. The use of the masculine gender herein shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

The Bylaws of the Association are adopted this 9<sup>TH</sup> day of January, 2006, by:

Witness:

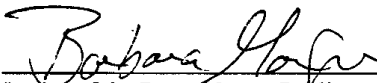
CONTROLLED ASSET INVESTMENT  
GROUP, LLC



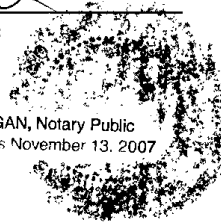
By:   
Michael F. Liebel, Manager

STATE OF NEW HAMPSHIRE  
HILLSBOROUGH, SS.

The foregoing instrument was acknowledged, before me, this 9<sup>th</sup> day of January, 2006, by Michael F. Liebel, Manager, Controlled Asset Investment Group, LLC, a New Hampshire limited liability company, on behalf of the company.

  
Justice of the Peace/Notary Public  
My Commission Expires:

BARBARA J. MORGAN, Notary Public  
My Commission Expires November 13, 2007



MERRIMACK COUNTY RECORDS

 CPO, Register