

BY-LAWS
OF
SEVEN GATES FARM CORPORATION
(as amended and restated July 7, 2012)

ARTICLE I
NAME, OFFICES, SEAL, FISCAL YEAR,
PURPOSE AND DURATION

Section 1. Name. The legal name of the Corporation is Seven Gates Farm Corporation. The Corporation may use a trade name that the Directors may from time to time designate or change.

Section 2. Offices. The Corporation shall have its principal place of business on the land owned by the Corporation in the Town of West Tisbury, Commonwealth of Massachusetts, and may have other offices and transact business within and without Massachusetts, as the Directors or Shareholders may from time to time designate.

Section 3. Seal. The seal of the Corporation shall be a circular die bearing the words: "Seven Gates Farm Corporation, Massachusetts, Incorporated 1921". The form of the seal may be changed by the Board of Directors at any time. The Secretary shall have custody of the seal and may affix it (as may any other officer) to any instrument requiring the corporate seal.

Section 4. Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of March of each year.

Section 5. Purpose and Duration. The purposes for which the Corporation is formed and the nature of the business to be transacted by it are as follows: to preserve the character of the Seven Gates Farm community in its natural, scenic state and the agricultural, horticultural, forest, residential, recreational and other limited uses thereof in keeping with the Conservation Restriction given by the Corporation to the Trustees of Reservations on September 10, 1975; to retain the congenial character of association among the tenants who hold standard form proprietary leases (referred to in these by-laws as "Tenants"); to maintain roads, paths, piers and other conveniences used in common by such Tenants; and to provide other services requested by the Tenants on as simple a basis as possible and at the lowest practicable cost apportioned equitably among those enjoying the benefits thereof, for so long as the Corporation determines to provide such other services; and to carry on any other business in connection with the foregoing purposes, and to exercise all the powers conferred upon corporations now or in the future by the Commonwealth of Massachusetts, including under M.G.L. Ch. 156D, the Massachusetts Business Corporation Act, except to the extent inconsistent with some express provision of these By-Laws.

The duration of this Corporation shall be indefinite unless terminated or dissolved by the Shareholders and Directors under the provisions of these By-Laws and any applicable state laws.

ARTICLE II

OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, Vice-President, Treasurer, Secretary and such other officers as the Board may from time to time appoint to conduct the Corporation's affairs. So far as permitted by law, one person may hold two or more offices.

Section 2. Election. The President, Vice-President and Treasurer shall be elected by and from the Board of Directors at its first meeting following the annual meeting of the Tenants. The Secretary shall be elected by the Board but need not be a member of the Board. Other officers may be appointed by the Board, which shall prescribe their duties. Officers need not be Tenants provided they are related by blood or marriage to a Tenant or to a person in control of a Tenant which is not a natural person.

Section 3. Term of Office. All officers shall hold office until the next annual meeting of the Tenants and until their respective successors are elected and qualified. No person may serve more than two consecutive one-year terms as President (but shall be eligible to serve again after leaving office as President for at least one year).

Section 4. Duties of President and Vice-President. The President shall be the chief executive officer of the Corporation; the President shall, when present, preside at all meetings of the Tenants and of the Board, and shall annually make a report to the Tenants on the condition and affairs of the Corporation. The President shall also perform such other duties as may be required by law or as may be prescribed by the Board. In the absence or disability of the President, the Vice-President shall exercise the powers and perform the duties of the President.

Section 5. Duties of Treasurer. The Treasurer shall have custody of all monies, shall keep regular books of account, and shall annually submit to the Tenants a statement of the accounts of the Corporation in reasonable detail. The Treasurer shall, in any event, submit to the Tenants at least thirty days before the annual meeting, or before a special meeting held between the date of the annual meeting and the fifteenth of August to consider and approve a budget, an itemized estimate of the Corporation's income and expenditures for the current fiscal year together with a proposed budget that is based upon such itemized estimates of revenue and expenditures and a rental schedule that is based on such proposed budget and will provide sufficient revenue, together with revenue from all other sources (including the annual contribution from the Reserve Fund provided for in Section 1 of Article XIII) to cover projected requirements for Basic Operations and reasonable reserves. In preparing the proposed budget and rental schedule the Treasurer, with the concurrence of the Board, may spread emergency or major expenditures or the recovery of a prior year's excess of expenditures over receipts over more than one year (but not in excess of the time limits specified in Article XIII). The rental schedule shall comply with Section 3 of Article IX. In the absence or disability of both the President and Vice-President, the Treasurer shall exercise the powers and perform the duties of the President. The Treasurer shall also perform such other duties as may be prescribed by the Board.

Section 6. Duties of Secretary. The Secretary, who shall be a resident of the Commonwealth of Massachusetts, shall keep a record of all meetings of the Tenants and of the Board and a record of all certificates of stock issued and transferred. The Secretary shall provide to Tenants written notice of all meetings of Tenants, which notice may be electronic, including facsimile or email, and shall perform such other duties as may be prescribed by the Board. The Secretary shall have custody of the corporate seal.

Section 7. Accountant. From time to time the Board may identify and engage an independent Certified Public Accountant to provide to the Corporation and its Tenants such services as the Board may request.

Section 8. Registered Agent. Unless the Board specifies a different person, the person serving as Secretary shall also serve as the Registered Agent for the Corporation.

ARTICLE III **BOARD OF DIRECTORS**

Section 1. Composition. The Board shall consist of not fewer than nine persons; the number of directors shall be set by the Tenants at the annual meeting of the Tenants. Directors shall be elected by the Tenants at their annual meeting as follows:

(a) At least three persons shall be elected each year for a three-year term to replace the persons whose term has expired;

(b) Where necessary, additional persons shall be elected to complete the terms of those unable for any reason to complete the terms for which they were elected.

A person whose term has expired is eligible for re-election. Directors need not be Tenants provided they are related by blood or marriage to a Tenant or to a person in control of a Tenant which is not a natural person.

Section 2. Powers. The Board shall have and exercise full control and management of the Corporation subject to the provisions of law, and to approval of the Tenants and approval by vote of stock where and as required by these By-Laws or by law. The Board shall provide for the bonding, at the expense of the Corporation, of all officers and employees handling funds of the Corporation in amounts adequate to protect the Corporation.

Section 3. Nominating Committee.

(a) At each annual meeting, the President shall, after consultation with the Board, nominate not fewer than three persons who shall be Tenants or their spouses or children or spouses of said children to serve as a Nominating Committee until the next annual meeting. Additional nominations for the Board may be made from the floor by Tenants at the annual meeting. The Tenants shall determine the number to constitute the Nominating Committee and shall elect the Committee.

(b) The Nominating Committee shall nominate candidates for the Board and shall make recommendations for use by the new Board in filling the offices of President, Vice-President, Treasurer, and Secretary. Its report shall be transmitted to Tenants with the notice of the annual meeting.

Section 4. Architectural and Site Review Committee. The Board shall appoint a chair and committee known as the Architectural and Site Review Committee ("ASRC"). The principal duties of the ASRC in conjunction with the Farm Superintendent are to review proposals submitted by Tenants for new construction, renovation, removal, changes to the exterior, or movement, of a house dwelling and outbuildings, major renovations that change the original footprint of an existing dwelling or outbuilding, major landscaping and removal of trees and brush, or changes to grade. After site visitation and committee consultation, the ASRC will make a recommendation to the Board for vote.

Section 5. Other Committees. Only the President or the Board as a whole may appoint such committees as the President or the Board may from time to time deem advisable, with such number of persons and such powers as the President or the Board may determine. Each such committee may determine its manner of acting and fix the time and place of its meeting unless the President or the Board (as the case may be with regard to who appointed the committee) shall otherwise provide.

Section 6. Vacancies. The Board shall have power to fill vacancies occurring in any office including vacancies in its own membership at any time, but such appointments shall be only for the unexpired term of the former incumbent.

Section 7. Meetings. An annual meeting of the Board of Directors shall be held without notice immediately following the annual meeting of the Tenants at the place where such Tenants' meeting was held, and shall hold at least two other regular meetings each year at such times and places as the President may determine. No written notice of regularly scheduled meetings of the Board shall be required, although the dates of such regularly scheduled meetings for the upcoming year shall be provided to the Tenants in advance at the annual meeting of the Tenants. Special meetings of the Board may be called at any time by the President or the Treasurer or any two directors on at least two days' written notice given to each Director, which notice may be electronic, including facsimile or email. Any regular or special meeting of the Board may be held either within or without the Commonwealth of Massachusetts. The Board shall keep minutes of its meetings and shall cause them to be distributed promptly to the Tenants by mail or electronically, including by facsimile or email.

Section 8. Waiver of Notice. Notice of a meeting need not be given to any Director if a written waiver of notice executed by such Director before or after the meeting is filed with the records of the meeting, or to any director who attends the meeting without protest prior thereto or at its commencement of the lack of notice to him.

Section 9. Quorum. A simple majority of the Directors, defined as more than one-half of the number of Directors then in office, shall constitute a quorum.

ARTICLE IV
MEETINGS AND APPROVALS OF SHAREHOLDERS/TENANTS

Section 1. Identity of Shareholders; Annual Meetings. The Tenants of all the Sites (defined to mean each of the numbered sites that are under lease to a Tenant on the date of adoption of these By-Laws and each site created and hereafter leased in accordance with these By-Laws) shall be the only Shareholders in the Corporation, and each Shareholder shall receive one (1) share of capital stock of the Corporation with respect to each Site leased by the Tenant from the Corporation, regardless of the size or area of the Tenant's Site. No Tenant may convey or transfer the Tenant's standard form proprietary lease except in connection with a conveyance or transfer of the Tenant's stock in the Corporation to the same transferee at the same time.

The annual meeting of the Tenants shall be held on the first Saturday in July of each year at a time to be fixed by the President and stated in the notice of meeting at the principal office of the Corporation or at such other convenient place on the property of the Corporation in West Tisbury or Chilmark, Massachusetts, as is specified in the notice of meeting. In the event that for any reason the annual meeting shall not be held on the date fixed by this Section 1, a subsequent special meeting of the Tenants shall be held in lieu of and for the purposes of the annual meeting and for such other purposes as may be specified in the notice of said special meeting.

Section 2. Special Meetings. Special meetings of the Tenants may be called at any time by the President or by the Board, and shall be called by the Secretary (or in the case of the death, absence, incapacity or refusal of the Secretary, by any other officer) upon written application of five or more Tenants, at the time and place and for the purposes set forth in such call or application. All special meetings shall be held at the principal office of the Corporation or, with the Board's approval, at such other place within the Commonwealth of Massachusetts as shall be set forth in such call or application.

Section 3. Notices. Notice of all meetings of Tenants, stating the place, day, and hour thereof, and the purpose for which the meeting is called, shall be given by the Secretary or, if the Secretary shall fail to act, by such other officer as the Board may designate, or as provided in Section 2 of this Article IV, at least seven days before the date fixed for such meeting, unless a longer period is specified elsewhere in these By-Laws, by leaving such notice with each Tenant at the Tenant's primary residence or usual place of business or by mailing it to each Tenant at the primary residential address listed for the Tenant appearing on the books of the Corporation or by fax or email (so long as the email address has been furnished to the Corporation by the Tenant). It shall be the duty of Tenants to notify the Secretary promptly of any change of mail or email address.

Section 4. Waiver of Notice. Notice of a meeting need not be given to a Tenant if a written waiver of notice, executed before or after the meeting by such Tenant or the Tenant's attorney thereunto authorized, is filed with the records of the meeting.

Section 5. Method of Voting. Every Tenant shall have one vote with respect to each Site (if more than one) which the Tenant leases from the Corporation. If two or more individuals are named as Tenants in a single standard form proprietary lease, such individuals shall have a single vote between them, and shall designate in writing which among them may cast such vote. Tenants may vote at meetings by proxy (which may be written, electronic or facsimile copy, and which shall be valid for not more than eleven months).

Section 6. Quorum. Except as otherwise provided by law, a simple majority of the Tenants, defined as more than one-half of the number of Tenants, counting both those present in person and those represented by proxy, shall constitute a quorum at any meeting of the Tenants.

ARTICLE V

PROPERTY MAPS AND SURVEYS

Section 1. Ratification and Confirmation of Property Map. The Property Map and Survey prepared under the direction of the Board and designated as Property Map, Section 8 Revised to July, 1965, recorded on April 29, 1974 under West Tisbury Case File # 74, showing, in part, the classification of land belonging to the Corporation, the boundary lines of the Sites then in existence and the places thereon where structures may be built, the boundary lines of Community Property and the uses to which the same may be put, authorized roads and trails, the community beach and the location and number of bath-houses, wharves and other structures which may be erected on such beach, all as recorded therein, are hereby ratified, confirmed, and approved, as the same have been modified by West Tisbury Case File # 103 recorded on November 21, 1975, by West Tisbury Case File # 403 recorded on December 19, 1989, by West Tisbury Case File # 452 recorded on October 14, 1993, by West Tisbury Case File # 499 recorded on September 5, 1997, and by West Tisbury Case File # 522 recorded on December 1, 1999.

Section 2. Authority to Commission Additional Property Maps and Surveys. The Board shall, from time to time, cause to be prepared additional Property Maps and Surveys which shall reflect such changes as may be authorized in accordance with the provisions of these By-Laws, and may cause the same to be recorded, following which references to the Property Maps shall include reference to such additional recorded surveys and plans as well. All land belonging to the Corporation not shown on the Property Maps referred to in Section 1 or on any additional Property Map shall be deemed to be Community Property for the purposes of these By-Laws.

ARTICLE VI

COMMUNITY PROPERTY

Section 1. Community Shore, Harlock Pond and Mill Pond. The entire Vineyard Sound shore line of Seven Gates Farm and the entire shore line of Harlock Pond, together with, in each instance, the Community Property adjacent thereto, and the Mill Pond (also called Crocker Pond) shall always remain Community Property and shall not, without the unanimous approval of all of the Tenants, be sold nor leased notwithstanding the provisions of Section 3 of this Article VI, and shall always be available to and may be freely used by all Tenants and sub-tenants and members of their households, their house guests and their other guests when accompanied by a member of the Tenant's or sub-tenant's family, with the right of access thereto, over all existing roads or trails, and over any new roads or trails which may hereafter be constructed over community land.

Section 2. Use of Community Property. Neither the Corporation nor any Tenant shall, except as indicated on the Property Maps and Surveys referred to in Article V of these By-Laws, locate any road or trail or build any bath-house, wharf, or breakwater on the Community Beach or otherwise change the natural condition without the prior written consent of the Board, but the Board may, as to any such Community Property, abandon the contemplated use and allow the same to

revert to its natural condition. Neither the Corporation nor any Tenant shall make use of any Community Property subject to the Conservation Restriction given to the Trustees of Reservation on September 10, 1975 in a manner that contravenes the terms and conditions thereof.

Section 3. Sale or Lease. No part of the Community Property shall be sold (which term includes the grant of a standard form proprietary lease) without the approval of seventy-five percent (75%) of the Tenants, but the Board may authorize the lease of any part of such property, except, the properties described in Section 1 of this Article VI, for periods not to exceed three years and, with the consent of a majority of the Tenants, for periods not to exceed six years.

Section 4. Conservation Restrictions on Community Property. Notwithstanding the provision of Section 3 of this Article VI, with the approval of seventy-five percent (75%) of the Tenants, the Corporation may grant to a qualified non-profit conservation organization conservation restrictions on the whole or any part of the Community Property upon such conditions and restrictions as may be stipulated in the specific vote of approval by seventy-five percent (75%) of the Tenants in each instance. Nothing in this paragraph shall affect the requirement for unanimous approval of any change of the status of the Community Shore, Harlock Pond or the Mill Pond (also called Crocker Pond).

ARTICLE VII

CREATION AND SUBDIVISION OF SITES

Section 1. Additional Sites from Community Property. Subject to the approval of seventy-five percent (75%) of the Tenants and in keeping with the Conservation Restriction referred to in Section 5 of Article I, the Board may create, in addition to the Sites shown on the Property Maps and Surveys hereinabove referred to, new Sites out of the Community Property, other than the property described in Section 1 of Article VI, on such terms and conditions as the Board may prescribe, and shall allocate to each new Site one (1) share of the capital stock of the Corporation, provided that each new Site shall contain not less than five acres nor more than eight acres.

Section 2. Additional Sites from Subdivision of Existing Sites. Upon the written request from a Tenant, the Board may authorize the subdivision of an existing Site into two or more smaller Sites on such terms and conditions as the Board may prescribe, provided that: (a) the old and each new Site shall each contain not less than five (5) acres, and (b) the authorized location of any structure shall be established at the time of subdivision. There shall be issued to the Tenant of any new Site created by subdivision one (1) share of the capital stock of the Corporation.

Section 3. Adjustment of Boundaries. The Board shall authorize, when requested by the holders of adjoining Sites and in the absence of manifest harm to the purposes of the Corporation, the transfer of land from either Site to the other, provided that (a) neither Site shall be reduced to less than five (5) acres.

Section 4. Access, Water and Utilities. The Corporation shall not be required, at its expense, to extend water or utilities to, or improve roads to give access to, Unimproved Sites or to Sites created through subdivision under the provisions of this Article VII.

ARTICLE VIII
RESTRICTIONS ON THE USE OF SITES

Section 1. Residential Use Only. In keeping with the purposes of the Corporation, no use of any Site by the general public shall be permitted, nor shall any Tenant invite or permit the general public (in contrast to guest(s) individually invited and accompanied by a Tenant) to use or have access to or over any Site.

(a) The use of Improved Sites, defined as any Site on which a structure which is usable for habitation has been placed, is further expressly limited to single family residential dwellings with one guest house per Site and non-habitable accessory structures such as outbuildings as are otherwise permitted elsewhere in these By-Laws or in the Corporation's standard form proprietary lease. Uses associated with primary residential dwellings, guest houses, and non-habitable accessory structures such as outbuildings shall not involve seeing customers, clients or patients on the Sites. No signs may be erected on Sites other than signs approved by the Board which identify the Site or the Tenant(s) by name. The cutting or trimming of trees, shrubs or other vegetation, and the clearing of vistas and trails on any Improved Site may only be done with the approval of the Board upon written application.

(b) Unimproved Sites, defined as any Site except an Improved Site, may not be subleased to any person or entity for any purpose nor for any period of time. Unimproved Sites, until improved for single family residential purposes, may be used only for passive recreational purposes solely by the Tenant, members of the Tenant's family, and, when accompanied by the Tenant or a member of the Tenant's family, guests of the Tenant. No signs shall be erected thereon. No parking facilities may be erected thereon. No structures may be placed thereon (except residential structures when the Site is converted to an Improved Site). The cutting or trimming of trees, shrubs or other vegetation, and the clearing of vistas and trails on any Unimproved Site may only be done with the approval of the Board upon written application, provided, however, that such cutting, trimming or clearing shall be permitted for the purpose of converting the Site into an Improved Site so long as the provisions of Sections 2 through 5 of this Article VIII are followed.

Section 2. Structures and their Location. Without the approval of the Corporation,

(a) No structure shall be erected on any Site and no structure existing thereon shall be substantially altered externally.

(b) No structure shall be erected on any Site except at the location specified therefor on the plan of such Site as shown on the Property Map, or if a new Site not on such a Property Map, then as approved by the Board.

(c) No alteration of the topography of any Site shall be made by bulldozing or otherwise.

Section 3. Procedure to Obtain Approval. A Tenant desiring to (i) erect or alter externally a structure on the Tenant's Site or (ii) cut or trim any trees, shrubs or other vegetation or clear vistas or trails on the Tenant's Site, or (iii) alter the topography of the Tenant's Site (in all three instances, whether the Tenant's Site be an Improved Site or an Unimproved Site), shall submit to the Board plans showing the proposed structure or structural alteration, including the material, color and design, together with the proposed location, or a detailed proposal for the cutting, trimming or clearing, or the proposed topographical alternation. The Board shall receive recommendations from

the ASRC, and shall take into account considerations such as size of the structure (both in the absolute and in relation to the Site), the density of structures in the area of the Farm involved, the historical value of any structure to be affected, the visibility of the proposed structure or topographical alteration from common areas, or the effect of such structure or structural alteration or of such cutting, trimming or clearing or of such topographical alteration on common areas, such as beaches, ponds, fields, roads, vistas, trails, or the Corporation's own buildings. In the event that a structural alteration is deemed by the Board to be not material, the Board shall approve it. If, however, in the opinion of the Board, the alteration is material or if a major new structure or substantial change of the topography is proposed, or for any proposed cutting, trimming or clearing, the Board shall have the discretion to approve or disapprove the same as it determines to be in the best interests of the Corporation.

Section 4. Removal. Any structure erected or alteration made to a structure or alteration made by any person to the topography or any cutting, trimming or clearing done in violation of this Article VIII shall be removed or, in the case of an alteration to topography or a cutting, trimming or clearing, restored and replanted to the extent possible, by the Tenant at the Tenant's sole expense if required by the Board, all in compliance with such conditions as the Board may determine. Notwithstanding any provisions in these bylaws or in the current standard form proprietary lease to the contrary, no structure erected or alteration made to a structure or alteration made to the topography or any cutting, trimming or clearing done by any Tenant or predecessor Tenant in compliance with the bylaws and the standard form lease then in effect at the time of such erection or alteration shall be subject to such removal or restoration or replanting upon the Board's requirement, even if the same do not meet the requirements of these bylaws or the current standard form proprietary lease.

Section 5. Conservation Restrictions. Upon the request of any Tenant, and consistent with applicable law, the Board may extend the provisions of any conservation restrictions on Community Property in effect at that time to all or part of individual Sites on similar terms and conditions as may apply to conservation restrictions on Community Property. Conservation restrictions on individual Sites may also be entered into on other terms upon recommendation of the Board, but only following receipt by the Board of a favorable written recommendation from the Corporation's counsel.

ARTICLE IX **STANDARD FORM PROPRIETARY LEASES**

Section 1. Tenants Must be Shareholders. Tenants must hold the share of capital stock allocated to their Sites (and any additional shares previously issued to Tenants with respect to a Site shall automatically be replaced by a new certificate for one share). One (1) share of stock shall be allocated to any Site hereafter created, whether out of Community Property or by way of subdivision of an existing Site.

Section 2. Standard Form Proprietary Lease. The Corporation shall adopt a standard form proprietary lease for leasing Sites. All such leases shall terminate on March 31, 3020, shall provide for the payment of rent in accordance with these By-Laws, and shall contain such other provisions not inconsistent with these By-Laws, including those relating to termination and to reversion of the fee title, as may be agreed upon by the Corporation and the Tenants. No variations from the standard form proprietary lease shall be made in any individual lease unless all leases are similarly

changed, except that in the case of a newly created Site, the Board of Directors may authorize in any individual lease special provisions not inconsistent with the Standard Form Proprietary Lease provided that, in the considered judgment of the Board, no other Tenant nor the Corporation would be adversely and directly affected thereby.

Section 3. Rents. The annual rent payable for each Improved Site shall be determined as provided in Section 4 of this Article IX. The annual rent payable for each Unimproved Site shall be set annually by the Board at the time the annual rent is set for Improved Sites, and shall be twenty-five percent (25%) of the annual rent payable for an Improved Site, provided however, that if any Tenant of such an Unimproved Site makes use of the Community Property or facilities or services of the Corporation or authorizes members of the Tenant's family or guests so to do (and the Board shall have power to determine any dispute as to whether such use has occurred), the rent payable for the Unimproved Site shall be increased to seventy percent (70%) of the rent payable for Improved Sites beginning with the quarter year in which such use occurs and shall be payable for any quarter year in which such use occurs and for the next four succeeding quarters, provided further that in the event that the Tenant holds two or more Unimproved Sites, the increased rental shall apply to only one of said Unimproved Sites. Notwithstanding the foregoing, the Board shall have the right to waive the increase of rent for an unimproved Site to 70% as the result of the use of farm services by a Tenant of an Unimproved Site for the purpose of cutting or trimming trees, shrubs or other vegetation, and clearing vistas and trails on an Unimproved Site to the extent necessary to maintain the Unimproved Site in the same state it was in at the time the Unimproved Site was leased to the current Tenant.

Section 4. Adjustment of Rents.

- (a) Each year at the annual meeting or at a special meeting held between the date of the annual meeting and the fifteenth of August, the Tenants shall consider and may approve by a majority vote the proposed budget and rental schedule presented by the Treasurer as provided under Section 5 of Article II.
- (b) If at any time during the budget year, revenue from all sources (including current rent) other than those sources referred to in Section 1 of Article XIII shall, in the judgment of the Board, be insufficient to cover requirements for Basic Operations and reasonable reserves, or shall, in the judgment of the Board, show a surplus over requirements for Basic Operations and reasonable reserves, the Board, at any regular or special meeting called in accordance with Section 6 of Article III, may make an adjustment of the rental schedule (which adjustment may take effect immediately) sufficient to meet and eliminate any such insufficiency or surplus. In making any such adjustment, the Board may spread emergency or major expenditures or the recovery of a prior year's excess of expenditures over receipts over more than one year (but not longer than is permitted by Article XIII, Section 1). Written notice of any adjustment in the rental schedule shall be provided to each Tenant within fourteen (14) days of such adjustment. The Board may terminate, rescind or modify any adjustment of the rental schedule whenever, in the judgment of the Board, the conduct of the Corporation so requires.
- (c) Any adjustment in the rental schedule adopted by the Board pursuant to Section 4(b) of this Article IX may be terminated, rescinded or modified by a majority vote of the Tenants at any annual or special meeting of the Tenants called in accordance with Article IV.
- (d) In the event a change in the status of a Site shall occur, rental shall be adjusted beginning with the quarter year in which the change occurs.

Section 5. Basic Operations. For the purposes of this Article IX, the Basic Operations of the Corporation shall be:

- (a) Payment of taxes on the property and operations of the Corporation, exclusive of taxes levied on Sites held by Tenants and the improvements thereon and structures appurtenant thereto.
- (b) Maintenance of present Corporation roads and maintenance of extensions necessary for access to such Sites as may be improved in the future.
- (c) Repair and maintenance of Corporation buildings necessary for performance by the Corporation of the operations defined in this Section, and for rendering authorized paid service to Tenants, and acquisition, repair, and maintenance of automotive and other equipment and machines necessary for the same purposes.
- (d) Maintenance of not more than two piers, maintenance of property held for rent or sale other than Sites, and policing of the community beaches and parking areas.
- (e) Maintenance of tennis courts, but with the amount of such expense to be charged directly to the users of the courts by means of a per use fee to be determined each year by the Board.
- (f) Provision of suitable insurance protection for the property and operations of the Corporation, including bonding of officers, directors and employees.
- (g) Employment of a superintendent and necessary staff to carry out the Basic Operations and to provide for services to Tenants in accordance with Section 6 of this Article IX and payment of usual and necessary office and administrative expenses, legal and auditing fees and provision for health insurance and retirement allowances.
- (h) Payment of interest on money borrowed to provide cash necessary to perform the Basic Operations and to provide for the purchase of leases should such become necessary or appropriate.
- (i) Provision for depreciation, as determined by the Board, on the depreciable property of the Corporation.

Section 6. Services Requested by Individual Tenants. The Corporation may, but need not, endeavor to provide such kinds of services to Tenants as may be requested by them, including but not limited to delivery service, removal of garbage and rubbish, care of grounds, and other services requested by Tenants requiring the use of equipment belonging to or labor employed by the Corporation. The price to be paid for such services shall be determined by the Board and shall be sufficient to compensate the Corporation for the cost of such services. Such services, so long as the Corporation elects to perform them, shall be made available to all Tenants on a uniform and non-discriminatory basis (provided that any Tenant in default under the Tenant's lease may then and thereafter be denied services, even if the same are provided to Tenants not in default).

Section 7. Water Supply. The Corporation shall have the authority to own and maintain a water supply (or multiple water supplies) serving the Sites if, at any time for any reason the existing supplies of water serving the Sites shall become inadequate, and the Corporation shall have the

authority to charge a fair assessment to the Tenants to whom water is provided by any such water supply. The Corporation shall have no obligation to own and maintain any water supply, but in its sole discretion may determine if, when and how to do so.

Section 8. Limitation of Charges. Except as provided in this Article IX or in the Standard Form Proprietary Lease, the Corporation shall make no charge or assessment against any Tenant without the Tenant's consent.

ARTICLE X

ASSIGNMENT OF LEASES; 2% TRANSFER FEE ASSESSED

Section 1. Assignment of Leases. No assignment, bequest or gift of a lease together with a transfer of the share of stock allocated to the leased Site shall be valid unless and until the assignee, heir or donee furnishes the Corporation with a written undertaking to pay the rental as and when it becomes due and, as the Tenant, to observe and perform the covenants, provisos and conditions in the standard form proprietary lease, which, on the part of the Tenants, are to be observed and performed.

Section 2. Assignee to Sign Lease. No assignments, bequest or gift of a lease, together with a transfer of such share of stock which may be allocated to the leased Site, shall be valid unless and until the Corporation and the assignee, heir or donee have entered into the standard form proprietary lease referred to in Section 2 of Article IX.

Section 3. Corporation's Consent. The Corporation shall not unreasonably refuse its consent to enter into the standard form proprietary lease with an assignee, heir or donee. A Tenant who wishes to transfer during the Tenant's lifetime a lease, together with the shares of such stock which may be allocated to the leased Site, shall, before making a commitment, give the Corporation thirty days written notice of the Tenant's wish to dispose thereof.

Section 4. 2% Transfer Fee; Restricted Capital Reserve Fund.

(a) For each new Site created by the Corporation and first leased to a Tenant, and for every subsequent transfer of any Site for monetary consideration, the Corporation shall assess against and collect from the new Tenant of such Site a sum equal to two percent (2%) of the total consideration received by the transferor for such Site (or if such consideration is not money, then the sum shall be equal to two percent (2%) of the fair market value of the consideration received by the transferor valued on the date of receipt). This assessment shall not be made upon the creation of new Sites by subdivision by Tenants of existing Sites, but shall be made upon any transfer for consideration of such Sites thereafter, nor shall this assessment be made in connection with the transfer of a Site between related parties (or entities controlled by them). "Related parties" for purposes of this exception shall mean, with respect to the transferor, the transferor's spouse, father, mother, brother, sister, issue (including adopted issue), stepchildren and their issue, and any person who is married to any of the foregoing or is the widow or widower of any of the foregoing. The Board shall have final authority to determine whether the exception for related party transfers applies in any context involving entities by focusing on the person(s) in control of, or benefited by, such entity. For purposes of this section, all consideration for the share of capital stock in the Corporation shall be aggregated with all consideration for the leasehold interest in determining the base for calculating the assessment. Payment of such assessment shall be made by the new Tenant to the Corporation simultaneously with the execution of a new standard form proprietary lease by the new Tenant.

(b) All sums of money received by the Corporation from the 2% transfer fee pursuant to this Section 4 shall be deemed to be contributions to capital and shall be held in a separate Restricted Capital Reserve Fund. The Restricted Capital Reserve Fund shall be specifically earmarked or applied to capital acquisitions or expenditures. The Restricted Capital Reserve Fund shall be used exclusively to build, maintain, improve or rebuild capital elements of the Corporation, and/or to pay debt service on, or to redeem debt incurred for, such purposes, and for no other purposes; capital elements of the Corporation shall include, but not be limited to, roads, paths, piers, dams, systems for water retention or distribution, systems for distribution of electricity or other utilities, or common buildings or structures.

The Board of Directors shall have the exclusive authority to invest the funds in the Restricted Capital Reserve Fund in whatever investments that the Board determines is appropriate.

ARTICLE XI **SUBLEASES**

Section 1. Subleases. In any instance of a sublease for not more than one year (including any and all renewals of the sublease which are within the subtenant's control), the prior written consent of the Corporation shall not be required. In connection with a sublease for more than one year, the Tenant shall apply to the Board for prior approval, and unless disapproved by the Board within twenty days after receiving the application and any additional information requested regarding the proposed subtenant, the application shall be deemed approved. Subleases for a term of more than one year may be subject to disapproval by the Board if such sublease is determined to evade the restrictions on outright transfers of leases. No sublease shall be for less than all of a Site (*e.g.*, no sublease of a guest house only nor of the main house only shall be permitted). All subleases (regardless of duration) shall be entered into only in full compliance with the By-Laws of the Corporation in effect from time to time, and shall in every instance require the subtenant to comply fully with all of the By-Laws and all of the rules and regulations of the Corporation concerning use of common lands and facilities.

Section 2. Responsibility of Tenants. Tenants shall at all times be responsible for compliance with these By-Laws and with any rules and regulations of the Corporation by subtenants and their guests and household employees in the same manner as Tenants are responsible for compliance on the part of their own guests and household employees.

ARTICLE XII **CAPITAL STOCK**

Section 1. Issuance. Shares of stock shall be issued only in connection with and to accompany leases of Sites. Upon the termination of a standard form proprietary lease, the Tenant shall transfer the share of stock allocated to the Site to the Corporation without consideration for reissuance to the new Tenant, and in the event of the Tenant's failure to do so upon demand, such share shall be cancelled.

Section 2. Allocation of Stock. Effective upon the adoption of these by-laws, one (1) share

of capital stock of the Corporation shall be allocated to each Site, and any certificates previously issued to Tenants for more shares than one (1) per Site shall be automatically extinguished and a new certificate for one (1) share shall be issued and delivered to each Tenant with respect to each Site.

Section 3. Stock Certificates. Each Tenant shall be entitled to a certificate for the share held by the Tenant in such form as the Board may adopt. Each certificate shall be signed by the President or the Vice President and by the Treasurer or an Assistant Treasurer. In case any certificate is lost, mutilated, or destroyed, the Board may authorize the issuance of a new certificate in place thereof upon such evidence as is satisfactory to the Board of the fact of such loss, mutilation or destruction, and upon such security, if any, as the Board may prescribe. Authority to determine the form of stock certificates to be used by the Corporation may be delegated by the Board to the President and Treasurer.

Section 4. Transfers. Shares of stock shall be transferred only on the books of the Corporation by written transfer executed by the holder in person or by duly authorized attorney and upon the surrender and cancellation of the certificate therefor and subject in all respects to the provisions of these By-Laws.

Section 5. Transfer Agent. The Board may designate a bank or trust company in the Commonwealth of Massachusetts to act as transfer agent for shares of the Corporation's stock. Alternatively, the Corporation may itself perform or otherwise cause to be performed the actions performed by a transfer agent.

ARTICLE XIII **FINANCES**

Section 1. Capital. All sums of money received by the Corporation from sale of leaseholds, with stock allocations, and from the sale of non-leasehold real property of the Corporation, shall be deemed to be capital receipts and shall be invested in an Unrestricted Capital Reserve fund. The purposes of the fund are: (a) to provide a reserve against future financial needs that may require capital expenditures that cannot reasonably be anticipated and covered by budgeted operating revenues; and (b) to provide an annual contribution to the operating budget that would moderate increases in annual rent. Funds in the Unrestricted Capital Reserve fund shall be invested by an Investment Committee appointed by the President with the concurrence of the Board to achieve the maximum sustainable Total Return. "Total Return" includes interest, dividends, as well as both realized and unrealized capital appreciation, adjusted for additions and withdrawals occurring during the period measured. To achieve the purposes of the Unrestricted Capital Reserve fund, the following guidelines are set forth:

a. The annual contribution to the operating budget shall not exceed an amount computed by multiplying the total value of the Unrestricted Capital Reserve fund by the yield on thirty year U.S. Treasury bonds as of January 1 of each year. Contributions at this rate should allow the Unrestricted Capital Reserve fund to grow each year to compensate for inflation, and the Corporation's management can prepare a realistic budget, knowing what the annual contribution from the Unrestricted Capital Reserve fund will be regardless of the performance of the financial markets during that fiscal year.

b. Additionally, the Unrestricted Capital Reserve fund may be used to meet large "Capital Needs" costing more than can be met from operating funds or from the Restricted Capital Reserve Fund referred to in Section 4 of Article X. Examples of such Capital Needs include permanent improvements on the property of the Corporation which are for the general benefit of the Corporation but not including those which are beneficial only to individual tenants; repairs necessitated by major storm damage or similar events; or changes in state or federal regulations compliance with which requires substantial expenditures. Capital Needs payments from the Unrestricted Capital Reserve fund of more than \$50,000 for any single expenditure may be made only after recommendation by the Board of Directors and approval by a vote of not less than seventy-five percent (75%) of the Tenants. Any Capital Needs payments of less than \$100,000 shall be repaid to the Unrestricted Capital Reserve fund in not more than five years through rent increases and/or special assessments. Any Capital Needs payments of more than \$100,000 shall be repaid to the Unrestricted Capital Reserve fund in not more than ten years.

Section 2. Income. All sums of money received by the Corporation from sources other than the 2% fee referred to in Section 4 of Article X and those referred to in Section 1 of this Article XIII shall be deemed to be income (for accounting purposes, though not necessarily for tax reporting purposes) and shall be used to pay taxes, insurance, maintenance and other operating expenses of the Corporation, including the expenses of performing the Basic Operations described in Article IX. The annual contribution from the Unrestricted Capital Reserve fund shall be available for the purposes identified in the immediately preceding sentence.

Section 3. Debt Limit. The debts of the Corporation secured and unsecured, shall at no time exceed the sum of \$250,000 without approval of seventy-five percent (75%) of the Tenants.

Section 4. Indexed Expenditure Limits. The dollar figures set forth in this article as maximum figures shall be applied with an annual adjustment to reflect any increase in the Bureau of Labor Statistics Consumer Price Index All Cities for Urban Wage Earners and Clerical Workers - New Series ("CPI-W") from April 1, 2005 to April 1 of each fiscal year.

ARTICLE XIV

DISSOLUTION AND REVERSION

Section 1. Voluntary Dissolution. There may be a voluntary dissolution of the Corporation at any time by vote of holders of not less than seventy-five percent (75%) of the capital stock of the Corporation.

Section 2. Reversion and Liquidation. In case of dissolution, every Tenant of a then existing Site shall be entitled after liquidation of all liabilities of the Corporation, except its capital stock, to receive a conveyance in fee of the reversion of the Tenant's lease, right of access to public ways, and access to and use of the property described in Section 1 of Article VIII, and to share *pro rata*, based upon the relative fair market value of the land (but not any improvements thereon) comprised in each Site on the date of such dissolution (as reasonably determined by the Board) in the distribution of all other assets of the Corporation, including its Community Property. In case the assets other than the reversion in leases fail to satisfy the liabilities of the Corporation, each Tenant shall be entitled to purchase such reversion upon payment of a sum equal to his *pro rata* share of such

deficiency, again based upon the relative fair market value of the land (but not any improvements thereon) comprised in each Site on the date of such dissolution (as reasonably determined by the Board).

ARTICLE XV **AMENDMENTS**

Section 1. Method of Amendment. These By-Laws may be amended at any meeting of the Tenants by a vote of seventy-five percent (75%) of the Tenants provided notice of the proposed amendment is given to all Tenants in the manner prescribed in Section 3 of Article IV, at least thirty (30) days before the date fixed for such meeting.

Section 2. Exception for the Community Shore Harlock Pond and the Mill Pond. Notwithstanding Section 1 of this Article XV, any amendment to Section 1 of Article VI and to this Section 2 of Article XV shall require the unanimous approval of the Tenants.

ARTICLE XVI **INDEMNIFICATION**

Section 1. Directors and Officers. Except as otherwise provided below, each Director and officer of the Corporation, including those who had so served but are no longer such, shall be indemnified by the Corporation against all expenses and costs which may be reasonably incurred or paid by him or her in connection with any claim, action or threatened action, suit or proceeding (civil, criminal or other, including appeals) in which he or she may be involved by reason of being or having been such Director or Officer, made or brought against him or her by reason of any act or omission, or alleged act or omission (including all such antedating the adopting of this By-Law) by him or her in any or each such capacity, and also against all expenses and costs which may be reasonably incurred or paid by him or her (other than to the Corporation for its account) in reasonable settlement of any such claim, action, suit or proceeding.

No indemnification shall be provided for any person with respect to any matter as to which he or she shall have been finally adjudicated in such action, suit or proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interest of the Corporation. The Corporation shall provide no indemnification with respect to any matter settled or compromised, pursuant to a consent decree or otherwise, unless such settlement or compromise shall have been approved as in the best interest of the Corporation.

The determination as to whether a settlement is or was in the best interest of the Corporation shall be made by a majority of a quorum of the Board of Directors comprised of those Directors who are not involved in the claim, action, suit or proceeding, and if there be no such quorum, then by one or more disinterested persons to whom the questions may be referred by the Board.

Such indemnification may include, at the discretion of those Directors not directly the subject of such claim, action, suite or proceeding (though less than a quorum), payment by the Corporation of expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition of such action or proceeding, upon receipt of an undertaking by the person

indemnified to repay such payment if he or she shall be adjudicated to be not entitled to indemnification which undertaking may be accepted without reference to the financial ability of such person to make payment.

The rights of indemnification herein provided for shall be severable, shall not be exclusive of other rights to which any Director or Officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such Director or Officer, and shall inure to the benefit of the heirs, executor and administrators of such persons.

Section 2. Employees and Agents. Each employee and agent of the Corporation, including those who had so served but are no longer such, and any such person serving or having served at the request of the Corporation as an employee or agent of another organization, may be indemnified by the Corporation to the extent authorized by the Board and consistent with applicable law.

Section 3. Limitation of Director Liability. No current or former Director of the Corporation shall be personally liable to the Corporation or its Shareholders for monetary damages for or arising out of a breach of fiduciary duty as a Director notwithstanding any provision of law imposing such liability; provided, however, that the foregoing shall not eliminate or limit the liability of a current or former Director, to the extent such liability is imposed by applicable law, (a) for a breach of the Director's duty of loyalty to the Corporation or its Shareholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 8.51 of Massachusetts General Laws chapter 156D relating to permissible indemnification, or (d) for any transaction from which the Director derived an improper personal benefit. The foregoing provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date upon which the foregoing provision became effective. To the extent permitted by law, no amendment or deletion of the foregoing provisions which restrict or limit the protection provided to current or former Directors shall be effective with respect to actions and omissions of the Directors occurring prior to the date said amendment or deletion became effective.