

BY-LAWS OF SUNSET COVE, INC.

Revised and Approved: August 26, 2023

This document supersedes the initial By-laws dated May 18, 1996 and Amendments approved at Annual or General Membership meetings dated September 27, 1997, June 29, 2002, August 28, 2004, August 25, 2007, and August 29, 2015.

ARTICLE 1 – OFFICES

The principal office of Sunset Cove, Inc. (“the Corporation”) in the State of Vermont shall be located in the Town of Grand Isle and County of Grand Isle. The Corporation may have such other offices either within or without the State of incorporation as the Membership Certificate Holders (also known as “Certificate Holders”) may designate or as the business of the Corporation may from time to time require.

ARTICLE II – MEMBERSHIP CERTIFICATE HOLDERS

Section 1 – Annual Meeting:

The Annual meeting of Certificate Holders shall be held on the last Saturday in August in each year, except when it falls on Labor Day Weekend, then the meeting shall be held on the Saturday before Labor Day Weekend, for the election of officers and the transaction of such other business as may be properly warned prior to the meeting.

Section 2 – Special Meetings:

Special meetings of the Certificate Holders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, and shall be called by the President at the request of the Certificate Holders who then hold not less than 25% (9) of all the outstanding Membership Certificates of the Corporation and who are, at that time, entitled to vote.

Section 3 – Place of Meeting:

The Certificate Holders may designate any place within the State as the place of meeting for any annual meeting or for any special meeting. If no designation is made or if a special meeting were otherwise called, the place of the meeting

shall be the “Club House”, so-called, at the Corporation’s premises.

Section 4 – Notice of Meeting:

Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than 10, nor more than 21 days before the date of the meeting, either in person, or by U.S. postal mail, or by electronic mail to each Certificate Holder of record. In addition to which, said notice shall be posted in the “club House”, so-called, at the Corporation’s premises. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Certificate Holder at his/her address, as it appears on the Membership Certificate transfer books of the Corporation, and with postage thereon pre-paid. In the event a person attends a meeting, that person shall conclusively be presumed to have waived any defects or failure of notice except in the event such person attends a meeting for the express purpose of objecting to a defect or failure of notice.

Section 5 – Closing of Transfer Books or Fixing of Record Date:

For the purpose of determining Certificate Holders entitled to notice of or to vote at any meeting of Certificate Holders or any adjournment thereof, or in order to make a determination of Certificate Holders for any other proper purpose, the Directors of the Corporation may provide that the Membership Certificate transfer books shall be closed not less than 10 days prior to the time of any Annual or Special meeting. In lieu of closing the Membership Certificate transfer books, the Directors may fix in advance a date as the record date for any such determination of shareholders, which date shall be not less than 10 days prior to the time of any annual or special meeting.

Section 6 – Voting Lists:

The Officer or agent having charge of the Membership Certificate transfer books of the Corporation shall make, at least 10 days before each meeting of Certificate Holders, a complete list of the Certificate Holders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the addresses and the number of the Membership Certificates held by each, which list, shall be kept on file at the principal office of the Corporation and shall

be subject to inspection by any Certificate Holder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Certificate

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Holder during the whole time of the meeting. The original Membership Certificate transfer book shall be prima facie evidence as to who are the Certificate Holders entitled to examine such list or transfer books or to vote at the meeting of Certificate Holders.

Section 7 – Quorum:

At any meeting of Certificate Holders, a majority of the outstanding Membership Certificates of the Corporation entitled to vote (18), represented in person or by proxy, shall constitute a quorum. If less than a majority of outstanding Membership Certificates are represented at a meeting, the meeting will be rescheduled without further notice. At such rescheduled meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Certificate Holders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Certificate Holders to leave less than a quorum.

Section 8 – Proxies:

At all meetings of Certificate Holders, a Certificate Holder may vote by proxy executed in writing by the Certificate Holder or by his/her duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Corporation before, or at the time of the meeting.

Section 9 – Voting:

Each Certificate Holder entitled to vote in accordance with the terms and provisions of the Articles of Association and these by-laws shall be entitled to one vote per Certificate, in person or by proxy, for each Membership Certificate entitled to vote held by such Certificate Holder. Upon the demand of any Certificate Holder, the vote upon any question before the meeting shall be by voice, show of hands, or written ballot. All questions shall be decided by majority vote of the votes cast except as otherwise provided in the By-Laws or the laws of this State.

Until January 1, 1998, any Certificate Holder owning more than 10 Membership Certificates in the Corporation shall be able to vote only a maximum of 10 of such Certificates. Commencing January 1, 1998, a Certificate Holder may vote a maximum of three votes irrespective of the number of Membership Certificates owned by such Certificate Holder. No

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other Membership Certificates owned by such Certificate Holder shall entitle that person to any additional votes after that date.

For all purposes, however, a vote on whether to increase the annual assessment of the Certificate Holders by more than 10% over the prior year's assessment shall require the affirmative vote of two-thirds (12) of the votes cast.

Section 10 – Order of Business:

The order of business at all meetings of the Certificate Holders shall be as follows:

1. Roll Call of Certificate Holders
2. Proof of Notice of Meeting or Waiver of Notice
3. Reading of Minutes of Preceding Meeting
4. Treasurer's Report
5. Reports of Committees
6. Unfinished Business
7. Officers' Report
8. New Business

Section 11 – Information Action by Certificate Holders

Unless otherwise provided by law, any action required to be taken at a meeting of the Certificate Holders or any other action which may be taken at a meeting of the Certificate Holders may be taken without a meeting is a consent in writing setting forth the action so taken shall be signed by a majority of the Certificate Holders entitled to vote with respect to the subject matter thereof; except that any consent to action regarding an increase of the annual assessment of the Certificate Holders by more than 10% or any consent regarding the authorization of loans, shall be signed by two

thirds of the Certificate Holders entitled to vote.

ARTICLE III – BOARD OF DIRECTORS

Section 1 – General Powers

The business and affairs of the Corporation shall be managed by its Board of Directors. The Directors shall in all cases, act as a board and they may adopt such rules and regulations for the conduct of their meetings and the management of the Corporation, as they may deem proper, not inconsistent with these by-laws and the laws of the State.

Section 2 – Number, Tenure and Qualifications

The Board of Directors (“the Board”) shall consist of seven Certificate Holders elected by a majority of Certificate Holders present at the Annual Meeting. Each Director will serve a two-year term. Beginning with the 2005 Annual Meeting, four members of the Board of Directors shall be elected to serve a two-year term and the remaining three members shall be elected to serve a one-year term. At the expiration of the term of each Director, the successor shall serve a two-year term and thereafter the term of Directors shall expire at the end of their two-year term. Three such Certificate Holders shall be voted onto the Board as Directors-At-Large and shall have the duties and perform the functions of Directors as described herein. Four members of the Board shall be elected and shall serve simultaneously as Officers of the Corporation. Such members of the Board shall have the duties and perform the functions of Directors as described herein and shall also have the duties and perform the functions of the President, Vice-President, Secretary and Treasurer, respectively, as described in Article IV below.

The Board of Directors’ and Officers’ term shall commence at the Annual Meeting immediately on certification of the vote count by the election committee.

Section 3 – Regular Meetings

A regular meeting of the Directors shall be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of Certificate Holders. The Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

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Section 4 – Special Meetings:

Special meetings of the Directors may be called by, or at the request of, the President or any other Director. The person or persons authorized to call special meetings of the Directors may fix the place for holding any special meeting of the Directors called by them.

Section 5 – Notice:

Notice of any special meeting shall be given at least seven days previously thereto by written notice delivered personally or by telegram or mailed to each Director at such Directors' address. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6 – Quorum:

At any meeting of the Directors, a majority of the Directors (4) shall constitute a quorum for the transaction of business, but if less than said number is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 7 – Manner of Acting:

The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Directors. Unless otherwise provided by law, the Directors may also act without meeting if a consent in writing setting forth the action so taken shall be signed by all the Directors.

Section 8 – Executive and Other Committees:

The Directors, by resolution, may designate an executive committee and other committees, each consisting of a minimum of three or a maximum of five Directors or Certificate Holders, as the Directors deem advisable. Each such committee shall serve at the pleasure of the Board of Directors.

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Section 9 – Removal of Directors:

Any Director may be removed by a vote of a majority of the Certificate Holders whenever, in their judgement, the best interests of the Corporation would be served thereby. A Director may be removed by the Certificate Holders only at a meeting called for removing the Director, and the meeting notice must state that the purpose or one of the purposes, of the meeting is removal of a Director.

Section 10 – Vacancies:

A vacancy on the Board which is caused by death, resignation, removal, disqualification or otherwise may be filled by the remaining Officers or Directors for the unexpired portion of the term; except that the positions of President and Secretary may not be filled by the same person at any time. In the event that all offices are vacant at the same time, such that no Officers or Directors remain to fill the vacancies, then a special meeting of the Certificate Holders shall be called by the Certificate Holders to elect new Officers and Directors for the unexpired portion of the term.

ARTICLE IV – OFFICERS

Section 1 – Number:

The officers of the Corporation shall be a President, a Vice-President, a Secretary and a Treasurer. Such officers shall be elected by a majority vote of the Board of Directors and shall serve simultaneously as members of the Board of Directors of the Corporation. Such other officers as may be deemed necessary may be elected by the Board of Directors.

Section 2 – Election and Term of Office:

The Board of Directors shall meet immediately following the Annual Meeting of the Certificate Holders and shall organize themselves into the officer positions of President, Vice-President, Secretary and Treasurer. The Secretary and President cannot be the same individual. Each officer shall hold office until his/her successor has been duly selected by the Directors and shall have qualified or until his/her death, or until he/she shall have resigned or shall have been or shall have been removed in the manner hereinafter provided. Each officer shall be a Certificate Holder.

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Section 3 – Removal of Officers:

Any Officer may be removed by a vote of a majority of the Certificate Holders whenever, in their judgement, the best interests of the Corporation would be served thereby. An Officer may be removed by the Certificate Holders only at a meeting called for the purpose of removing the Officer, and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the Officer.

Section 4 – Vacancies:

A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the remaining Officers or Directors for the unexpired portion of the term. In the event that all offices are vacant at the same time, such that no Officers or Directors remain to fill the vacancies, then a special meeting of the Certificate Holders shall be called by the Certificate Holders to elect new Officers and Directors for the unexpired portion of the term.

Section 5 – President:

The President shall be the principal executive officer of the Corporation and shall preside at all meetings of the Board of Directors and Certificate Holders. He/she may sign, with the Secretary, Membership Certificates of the Corporation, any deeds, mortgages, bonds, contracts or other instruments which the Directors or Certificate Holders have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Directors or

Certificate Holders or by these by-laws to some other officer or agent of the Corporation or shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Directors or Certificate Holders from time to time.

Section 6 – Vice President:

In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him/her by the President, Directors or Certificate Holders.

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Section 7 – Secretary:

The Secretary shall keep the minutes of the Certificate Holders' meetings in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these by-laws or as required, be custodian of the corporate records and of the Seal of the Corporation and keep a register of the post office address of each Certificate Holder which shall be furnished to the Secretary by such Certificate Holder, have general charge of the Membership Certificate Transfer books of the Corporation and in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him/her by the President, Directors or Certificate Holders.

Section 8 – Treasurer:

If required by the Certificate Holders, the Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the Certificate Holders shall determine. He/she shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give refunds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with these by-laws and in general perform all of the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him/her by the President,

Directors or Certificate Holders.

Section 9 – Salaries:

The salaries, if any, of the Officers shall be fixed from time to time by the Certificate Holders.

ARTICLE V – CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1 – Contracts:

The Board of Directors may authorize any officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances by the Certificate Holders.

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Section 2 – Loans:

No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a two-third's vote of the Certificate Holders. Such authority may be general or confined to specific instances by the Certificate Holders.

Section 3 – Checks, Drafts, etc.:

All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by the Treasurer, or any of the three authorized corporate officers without need of a co-signer, in an amount not to exceed \$2,000, must be signed by the Treasurer and one of the other three authorized corporate officers.

Section 4 – Deposits:

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Directors may select.

Section-5- Rentals:

Certificate Holders are not permitted to use their unit as a paid rental unit.

ARTICLE VI

CERTIFICATES FOR MEMBERSHIP AND THEIR TRANSFER

Section 1 – Certificates for Membership Certificates:

Certificates representing Membership Certificates of the Corporation shall be in such form as shall be determined by the Certificate Holders. Such certificates shall be signed by the President or his/her designee or by the Secretary, or by such other Officers authorized by law. All Membership Certificates shall be consecutively numbered or otherwise identified; as far as is practicable, the Certificate number shall correspond to the Certificate Holder's lot number. The name and address of the Certificate Holders, the number of Membership Certificates and date of issue shall be entered on the Membership Certificate transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of Membership

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Certificates shall have been surrendered and cancelled, except that in case of a lot, destroyed, or mutilated, a new one may be issued therefore upon such terms and indemnity to the Corporation as the Certificate Holders may prescribe.

Section 2 – Transfer of Membership Certificates

- a. Upon surrender to the Corporation or the transfer agent of the Corporation of a Membership Certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the

duty of the Corporation to issue a new certificate to the person entitled thereto, and to cancel the old certificate; every such transfer shall be entered on the transfer book of the Corporation which shall be kept by the Secretary.

- b. The Corporation shall be entitled to treat the holder of record of any Membership Certificate as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Membership Certificate on the part of any other person whether or not it shall have express or other notice thereof, except as expressly provided by the laws of this state.

ARTICLE VII – FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January in each year

ARTICLE VII – DIVIDENDS

The Corporation is not authorized to pay dividends nor to act in any manner that would jeopardize its non-profit status with the State of Vermont or the Internal Revenue Service.

ARTICLE IX – SEAL

The Certificate Holders shall provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the Corporation, State of incorporation, and the year of incorporation.

ARTICLE X – WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any Certificate Holder of the Corporation under the provisions of these by-laws or under the provisions of the Articles of Incorporation, a waiver

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thereof in writing, signed by the person or persons entitled to such notice whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XI – AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by a vote of the Certificate

Holders, representing a majority of all the Membership Certificates issued and outstanding, at any annual Certificate Holders meeting or at any special Certificate Holders' meeting when the proposed amendment has been set out in the notice of such meeting. An amendment to this Article (Article XI) or Article XII or the second and third paragraphs of Article II, Section 9, however, shall require the unanimous vote of all Certificate Holders.

ARTICLE XII – MEMBERSHIP LIMITATION

Membership in the Corporation is limited to 35 Certificate Holders (defined as Owners or Holders of Membership Certificates). Each Membership Certificate entitles the Certificate Holder to the exclusive use and possession of a designated site at Sunset Cove, Inc., being the site set forth in the Membership Certificate.

ARTICLE XIII

ASSESSMENTS FOR MAINTENANCE, REPAIR AND IMPROVEMENTS

The Certificate Holders may vote to assess themselves such sums of money, as they deem advisable for the purposes of maintenance, repair, and improvements to and for the common areas at Sunset Cove, Inc.

The Certificate Holders may also vote to assess themselves such sums of money, as they deem necessary to establish a depreciation or sinking fund, so-called, for purposes of capital repairs and improvements to and for said common areas.

In the event a Certificate Holder defaults in the payment of an assessment, the Corporation, upon vote of the Certificate Holders, may assess all Certificate Holders a sum of money to cover the defaulted assessments. In such event, the defaulting Certificate Holder shall be liable to reimburse the Corporation for such sums of money together with a \$25 per month late fee on the unpaid balance. In addition, such Certificate Holder shall be liable for any expenses incurred

by the Corporation in collecting such sum, including a reasonable attorney's fee. Upon such reimbursement, the Corporation shall re-pay the assessed Certificate Holders, pro-rata.

In addition, in the event a Certificate Holder fails to pay an assessment when due, such assessment, together with interest and the cost of collection, including a reasonable attorney's fee, shall constitute a lien on the Certificate Holder's Membership Certificate and such Certificate shall not be transferred without payment of the amount of such lien. The Corporation may take such legal action, as the Certificate Holders deem appropriate to effect collection of such assessment in which event the Certificate Holder shall be responsible for all costs of legal action to include reasonable attorney's fee.

During the period of time, a Certificate Holder is delinquent in payments, he/she may not vote on resolutions to be passed by Certificate Holders.

Both the Secretary of the Corporation and the Treasurer thereof are authorized to disclose to third parties who are interested in purchasing the Membership Certificate of a Certificate Holder, the status of such Certificate Holder's payment of assessments, including gross amount due, periods covered by such payments, and any arrearages.

ARTICLE XIV – INDEMNIFICATION

Section 1 – Indemnification of Directors and Officers

Unless otherwise provided in the articles of incorporation, the Corporation shall indemnify any individual made a party to a proceeding because the individual is or was a Director or Officer of the Corporation against liability incurred in the proceeding. If the individual can demonstrate to the satisfaction of the Certificate Holders that the act or omission was within the scope of the individual's official functions or duties, which was done in good faith and did not constitute gross negligence or an intentional tort. This Section shall not protect a person from liability for damages, which result from the operation of a motor vehicle.

Section 2 – No Indemnification Permitted In Certain Circumstances

The Corporation shall not indemnify a Director or Officer under Section 1 above in connection with a proceeding in which the Director or Officer was adjudged liable to the Corporation; or in connection with any other proceeding charging improper personal benefit to the Director or Officer, whether or not involving action in the Director or Officer's official capacity, in which the Director or Officer was adjudged liable on the basis that a personal benefit was improperly received by that individual.

Section 3 – Scope of the Indemnification

To the extent that a Director or Officer qualifies for indemnification hereunder pursuant to his or her own acts or omissions, he or she shall be likewise indemnified for any act or omission of an employee of the Corporation or any act or omission of another Director or Officer.