

RESOLUTION

A meeting of the members of Vacation Village Homeowners Association, Inc. was held on August 6, 2005 at 10:15 P.M. at Loch Sheldrake, New York, at which time a quorum of the members of Vacation Village Homeowners Association, Inc. was present, and notice as required by Article XIV for the following Resolutions was given prior to the meeting in accordance with the By-Laws.

Upon Motion made and seconded, the following Resolutions were adopted by an affirmative vote of a majority of the members entitled to vote:

RESOLVED, that Article XII, Section 1 of the By-Laws is hereby amended to add the following language at the end thereof:

Notwithstanding the foregoing or anything contained in Sections 2 , 3 or 4 of this Article 12, the Board of Directors shall not be required to obtain and maintain insurance coverage for any property (real or personal) which does not constitute the Common Areas as defined in Article II (e) of these By-Laws or any risk which is not related to such Common Areas,

and it is further

RESOLVED, that Article XIII of the By-Laws is hereby repealed and a new Article XIII is hereby adopted, as follows:

ARTICLE XIII DAMAGE TO OR DESTRUCTION OF THE COMMON AREAS

Section 1. Duty to Repair or Restore. Any portion of the Common Areas damaged or destroyed shall be repaired or restored promptly by the Association, except as provided in Section 7 of this Article.

Section 2. Estimate of Cost. Promptly after damage to or destruction of the Common Areas and thereafter as it deems advisable, the Board of Directors shall obtain reliable and detailed estimates of the cost of repair or restoration. The Board of Directors may retain the services of an Architect to assist in the determination of such estimates and in the supervision of repair and restoration.

Section 3. Collection of Construction Funds. Construction funds may consist of insurance proceeds, condemnation awards, proceeds of assessments against Members, payment by Owners for damage to or destruction of Common Areas, and other funds received on account of or arising out of injury or damage to the Common Areas.

(a) Insurance and Condemnation Proceeds. To the extent that damage or destruction to the Common Areas is covered by the insurance of the Association or by a condemnation award, the proceeds of such insurance or award shall be made available for repair or restoration. The Board of Directors shall adjust losses under

physical damage insurance policies of the Association. Such losses shall be payable to the Association.

- (b) Assessments against Members. If the insurance proceeds and condemnation awards are insufficient to effect the necessary repair or restoration of the Common Areas, such deficiency shall be charged as a special assessment against all Members. The proceeds of any such assessment shall be paid by the Board of Directors to the Association.
- (c) Payment by Others. Any other funds received on account of or arising out of injury or damage to the Common Areas, including but not limited to any funds received from any person or entity who or which caused or contributed to the injury or damage (by voluntary payment, litigation or otherwise), shall be paid by the Board of Directors to the Association. Notwithstanding the provisions of Section 3(b), the Board of Directors may reduce the amount of the special assessment against all Members by the amount of any funds received as referred to in this Section 3(c).

Section 4. Plans and Specifications. Any repair or restoration must be either substantially in accordance with the architectural and engineering plans and specifications for the original Common Areas or according to plans and specifications approved by the Board of Directors and by a majority of the Members entitled to vote.

Section 5. Owner's/Member's Rights and Obligations. Owners are solely responsible for damage or destruction of their Homes. The Association is not responsible to insure the Homes or property (real or personal) of its Owners or Members or to repair or restore them.

Section 6. Disbursement of Surplus Funds. If, after payment of all repairs and restorations to the Common Areas there remains any surplus funds, such funds shall be paid to the Members in proportion to their contributions resulting from assessments levied against them pursuant to Section 3(b) of this Article; provided, however, that no Member shall receive a sum greater than that actually contributed by him. Any surplus remaining after such payments shall be retained by the Association and shall be part of its general income.

Section 7. Determination not to Repair or Restore. If there is substantial total destruction of any particular Common Area and seventy-five (75%) percent of the Members eligible to vote elect not to proceed with repair or restoration of it, any balance of construction funds shall be disbursed and distributed equally among the Members. In the event of a dispute as to the fact of substantial total destruction, that issue shall be submitted to arbitration in accordance with the rules of the American Arbitration Association.

Dated: August __, 2005

Secretary