

SCHEDULE A

**COVENANTS ENFORCEMENT PROCEDURES
for
THE SMOKE RISE CLUB, INC.
(the "Club")**

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I. JUDICIARY COMMITTEE MEMBERSHIP.

A Judiciary Committee has been established by Article XII, Section 1 of the Amended Bylaws.

II. PROCEDURE FOR VIOLATIONS.

A. Definition of a Violation

A violation (a "Violation") is a failure by a Lot Owner, his family, guests, or lessees to comply with the provisions of the Certificate of Incorporation, Declaration, Amended Bylaws, the Smoke Rise Rules and Regulations, or any Resolutions approved by the Board (collectively the "Governing Documents").

B. Noticing the Alleged Violation

Alleged Violations can be noticed by:

1. Community Manager. The Club's community manager ("Community Manager"), than may notice an alleged Violation during one of his periodic reviews of the property.

2. Club Member/Committee Member. Any Club or Committee member who notices an alleged Violation will notify the Community Manager or if there is no Community Manager, then another member of the Club's staff designated by the Board,. This notification may be in the form of a telephone call, a personal note or an in-person conversation. The Community Manager, or if there is no Community Manager, then another person designated by the Board, shall investigate whether or not a Violation has occurred, and attempt to verify the alleged Violation.

3. Lessees. A Lessee of a Lot may not file a complaint under this Resolution unless the Lot Owner has provided written authorization to the Lessee to file the Complaint.

C. Violations Report by Community Manager

The Community Manager shall prepare a Violations Report for each Board of Governors meeting listing all Violations or alleged Violations noticed in Section B.1 and B.2 above.

D. Community Manager's Decision on Disposition of an Alleged Violation

1. The Community Manager, based on his ability to verify an alleged violation and at his own discretion, may either:

a. Pursue the matter, in which case, the Community Manager will either obtain compliance through informal notice or, if unsuccessful, will issue a Violation Letter to the offending Lot Owner (The "Respondent"). The Respondent may attend a Hearing of the Judiciary Committee on the matter, and if unsuccessful, may then appeal to the Board. In these

instances, the Community Manager will represent the Club as the "Complainant". The detailed procedures are set forth in Section E, "Alleged Violation Pursued by Community Manager."

b. Not pursue the matter, in which case the Community Manager either (i) cannot verify an alleged Violation; or (ii) determines in his opinion that there has not been a Violation; or (iii) is uncertain whether an observation or a reported complaint constitutes a Violation of the Governing Documents.

c. The Community Manager may consult with the Club's attorney or the Judiciary Committee chair regarding whether particular facts or circumstances constitute a violation.

2. Lot Owner's right to pursue violations not pursued by Community Manager.

If a Lot Owner wishes to pursue a violation not pursued by the Community Manager, the Lot Owner will submit a written complaint to the Judiciary Committee in accordance with the detailed procedures set forth in Section F entitled "Alleged Violation Not Pursued by Community Manager."

E. Alleged Violation Pursued by Community Manager

1. Informal Notice by Community Manager.

The Community Manager shall attempt to obtain compliance through informal notice, which may consist of telephone, written or in-person communication.

2. Violation Letter Issued by Community Manager.

If a matter is not resolved within a reasonable time (taking into consideration the severity of the violation) by informal notice and negotiation, the Community Manager shall send a formal Violation Letter (the "Violation Letter") to the Respondent by either personal service or by certified mail, return receipt requested, at the address appearing on the records of the Club. If mailed, the letter will be deemed to have been received five days after mailing in a regular depository of the United States mail. A copy of the letter will also be sent to the Judiciary Committee. The Violation Letter will contain the following:

a. The acts or omissions with which the Respondent is charged and the identity of the specific Governing Document(s) that is (are) being violated. It should be as specific as possible as to time(s), date(s), place(s) and person(s) involved.

b. A deadline for the Violation to cease or be corrected.

c. A statement of the fines, penalties, costs of restoration of General Common or Limited Common Property, damages, other expenses and/or other sanctions that the Club is imposing for the Violation or will impose if the Violation continues.

d. A request that the Respondent notify the Community Manager if and when the alleged Violation ceased or was corrected.

e. A statement advising that a Notice of Hearing and Hearing date will be sent by the Judiciary Committee in accordance with subparagraph 5 below.

f. A statement advising that failure to respond to the Notice of Hearing within 15 days and in accordance with subparagraph 5c below, will be deemed an acknowledgement that the Noticed Violation(s) occurred. If the Respondent fails to respond to the allegation(s) in accordance with the Violation Letter, fines, penalties, damages or other costs will be automatically posted to the Respondent's/Lot Owner's account. The letter will also state that if a hearing is held, damages, fines, penalties and other sanctions will be stayed until the Judiciary Committee reaches a decision, but such decision by the Judiciary Committee may reinstate or perhaps increase or decrease the fines, penalties and other sanctions set forth in the Violation Letter.

3. Preliminary Consideration of Complaint by Judiciary Committee

Upon receipt and consideration of the Complaint of the Violation Letter, the Judiciary Committee may request additional information from the Community Manager and Respondent, then shall proceed as set forth below.

4. Cease and Desist Request.

The Judiciary Committee may, at its own discretion, issue a cease and desist request. Such cease and desist request shall be substantially in the following form:

"The Judiciary Committee has received the attached complaint.

By Authority of the Declaration and Amended Bylaws, the Judiciary Committee hereby requests that you CEASE AND DESIST such acts or actions until such time, if any, as a ruling of the Judiciary Committee, Board of Governors, or court of law permits.

Failure to comply with this request may result in penalty greater than that which would be imposed for a single violation."

5. The Notice of Hearing.

The Judiciary Committee will send a Notice of Hearing to the Respondent and the Community Manager, with a copy to the Board of Governors.

a. Service of the Notice of Hearing. The Judiciary Committee's Notice of Hearing will be served on all the parties by either personal service or by certified mail, return receipt requested, at the address appearing on the books of the Club at least 20 days prior to the Hearing. If mailed, service of Notice will be deemed to have been received five days after mailing in a regular depository of the United States mail.

b. Contents. The Notice will set forth the time, date and place of the Hearing and will contain the facts or other matters on which the Community Manager intends to rely, the names of those witnesses willing to be identified, and any other evidence (including sworn statements) which the Community Manager intends to present at the Hearing.

The Notice will advise the Respondent that: (i) he may be represented at the Hearing by counsel, if he so desires; (ii) he is entitled to request the appearance of witnesses; (iii) he is entitled to cross-examine any witnesses appearing against him; (iv) he may request the production of Club books or records by notice to the Board not less than five (5) days prior to the Hearing; and (v) he may request that the Judiciary Committee conduct a Hearing in his absence.

c. Response. The Notice will require that the Respondent send a written response to the Judiciary Committee Chair at the address of the Club's Property Management office within 15 days of its receipt indicating his intent to be present at the Hearing or submitting a request that the Hearing be conducted in his absence. Failure to file a response within 15 days will be deemed an acknowledgment that the noticed Violations have occurred. If any parties can promptly show good cause as to why they cannot attend the Hearing on the set date, and they indicate times and dates on which they would be available, the Judiciary Committee may reset the time and date of Hearing and promptly deliver notice of the new Hearing date.

d. Amended or Supplemental Complaints. At any time prior to the Hearing date, the Judiciary Committee may permit the filing of an amended or supplemental complaint. All parties shall be notified thereof in the manner herein provided. If the amended or supplemental complaint presents new charges, the Judiciary Committee shall afford the Respondent a reasonable opportunity to prepare proper defense.

e. Discovery. Upon written request to the other party, made prior to the Hearing and within 15 days after service of the Notice by the Judiciary Committee or within 10 days after service of any amended or supplemental complaint, any party is entitled to: (i) obtain the names and addresses of witnesses to the extent known to the other party and (ii) inspect and make a copy of any statements, writings or investigative reports relevant to the subject matter of the Hearing. Nothing in this section, however, shall authorize the inspection or copying of any writing or item which by law is privileged from disclosure or is otherwise made confidential or protected. Any party claiming his request for discovery has not been complied with shall submit a petition to request discovery by the Board of Governors. The Board of Governors shall make a determination and issue a written order stating the matters or parts thereof which the petitioner is entitled to discover.

f. Statements. At any time 10 or more days prior to a Hearing or a continued Hearing, any party shall mail or deliver to the opposing party a copy of any sworn statement which that party proposes to introduce in evidence. Unless the opposing party, within seven days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine the statement's author, his right to cross-examine such author is waived and the sworn statement, if introduced in evidence, shall be given the same effect as if the author had testified orally. If an opportunity to cross-examine the statement's author is not afforded after request is made as

indicated in this Section, the statement may be introduced in evidence, but shall be given only the same effect as hearsay evidence.

6. The Hearing.

a. The Hearing Panel and Hearing Officer. The Hearing Panel will consist of three members of the Judiciary Committee or its alternates who will hear and consider the matter and render a decision. Alternates may be invited to attend Hearings as non-participating members. The Judiciary Committee shall select a person to serve as Hearing Officer and preside over the Hearing. Such Hearing Officer need not be a Member of the Club or of the Judiciary Committee. At the beginning of the Hearing, the Hearing Officer shall explain the rules and procedures by which the Hearing is to be conducted. The Judiciary Committee may determine the manner in which the Hearing will be conducted, so long as the rights set forth in this section are protected. The Hearing need not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding. Counsel for the Club may be present at Hearings and may serve as Hearing Officer.

b. Community Manager. The Community Manager will represent the Club and serve as the Complainant.

c. Rights of the Parties. It is not necessary for the parties to be in attendance at the Hearing. At the request of either party, the Judiciary Committee may conduct the Hearing in their absence. Each party shall have the right to do the following, but may waive any or all of these rights:

- (i) make an opening statement;
- (ii) introduce evidence, testimony, and witnesses;
- (iii) cross-examine opposing witnesses;
- (iv) rebut evidence and testimony;
- (v) make a closing statement.

Even if a party does not testify in his own behalf, he may still be called and questioned. The Hearing Panel may also request the presence and possible testimony of the Community Manager and/or other persons.

Whenever the Hearing Panel of the Judiciary Committee has commenced to hear the matter and a member of the Panel withdraws prior to a final determination, the Committee Chair shall appoint an alternate(s), provided the alternate has heard all testimony, so there shall be three members on the Panel.

Oral evidence shall be taken only on oath or affirmation administered by the Hearing Officer.

7. The Decision of the Judiciary Committee.

a. To be effective a decision of the Judiciary Committee shall be by a majority vote. The written decision shall normally be issued within 45 days of the conclusion of the Hearing. The decision shall be written and accompanied by both the majority and minority opinions, if any. Copies of the decision shall be distributed to the party(ies) and to the Board of Governors and Community Manager.

b. If the charges in the complaint were upheld at the Hearing, the Committee shall have the power to recommend to the Board of Governors that the costs of the Hearing in an amount not to exceed Two Hundred Fifty (\$250.00) Dollars and an accumulated fine in an amount not to exceed the maximum amount permitted by law, plus penalties and costs of restoration, if applicable, shall be assessed to the Respondent (or to all Respondents in the event there are more than one) in such proportions as the Committee deems appropriate. The Board of Governors, at a regular meeting, or special meeting called for that purpose, may follow said recommendation or alter them (provided such power to fine and impose penalties is authorized by applicable law) as the Governors deem appropriate except that the Governors may not increase the amounts of costs or penalties recommended by the Committee.

8. Appeal of a Judiciary Committee Decision to the Board of Governors.

a. (i) a decision of the Judiciary Committee may be appealed to the Board by the Respondent. The Community Manager cannot appeal a decision of the Judiciary Committee. A written Appeal shall be submitted to the Board of Governors within 25 days of the written decision of the Judiciary Committee. The right of appeal shall not be based upon a claim that the decision contains or is based upon an erroneous or otherwise inappropriate factual determination, but must be based upon one or more of the following claims: (i) that a member of the Judiciary Committee who heard the matter failed to be disqualified in accord with the standards described in Section G.1.; (ii) that the Judiciary Committee failed substantially to comply with the procedure described herein; or (iii) the Judiciary Committee based its determination on a misinterpretation of the Governing Documents.

(ii) the Board may, on its own motion, review any action, ruling or decision of the Judiciary Committee and a vote of a majority of the fully authorized membership of the Board may modify or reverse any action, ruling or decision in accordance with Article XII, Section 1(c) of the Amended Bylaws.

b. Appeals petitions must be legibly written and be submitted to the Board in substantially the following form:

“(I/We), hereby petition the Board of Governors to hear an appeal of the decision of Judiciary Committee (Application) (Case) No. ____.

(I/We) further understand that within the Club the decision of the Board of Governors on this issue is final."

c. Notice of Hearing shall be as in Section E.5 of this procedure except that it is served by the Board of Governors.

d. All of the rights and procedures enabled in Section E.6 of this procedure (The Hearing) shall apply to appeals considered by the Board with the substitution of the words "Board of Governors" wherever the words "Judiciary Committee" appears.

e. A final decision of the Board must be made within 60 days of receipt of Appeal. The Board must take action in closed session at one of its regularly scheduled meetings or at a special meeting scheduled for such purpose. The Board may uphold the Judiciary Committee's decision in its entirety, modify, or reverse such decision.

F. Alleged Violations Not Pursued by Community Manager

1. Complainant Agreement to be Named

The provisions of Section II(F) will apply if (i) a Club member notifies the Community Manager of an alleged Violation; and (ii) the Community Manager cannot verify the alleged violation and does not pursue the matter; and (iii) the member agrees to be named as the Complainant in the matter, submit a written complaint and appear at a Hearing, if necessary.

2. Informal Notice by Community Manager.

The Community Manager shall, except in extraordinary circumstances, attempt to resolve the matter through informal notice which may consist of telephone, written or in-person communication. The informal notice need not state the name of the complainant.

3. Written Complaint to the Judiciary Committee.

If the matter involving an alleged Violation is not resolved within a reasonable time (taking into account the severity of the violation) by informal notice and negotiation, the Complainant shall file a written complaint, in duplicate, to the Judiciary Committee at the address of the Club's management office using the "Judiciary Committee Complaint Form" approved by the Board. The complaint shall contain the acts or omissions with which the Respondent is charged and the specific Governing Document(s) that is (are) being violated. It should be as specific as possible as to time(s), date(s), place(s) and person(s) involved.

4. Preliminary Investigation and Response by Judiciary Committee.

Upon receipt and consideration of the written Complaint, the Judiciary Committee may request the Community Manager or a member of the Judiciary Committee to make a preliminary investigation as to the validity of the complaint and promptly report the findings to the Judiciary Committee.

The Committee may determine:

- a. that the matter does not involve a Violation and therefore should not involve the Committee. In that case the Committee will dismiss the complaint.
- b. that the conditions have been corrected since the complaint was made, or the complaint is for any other reason no longer valid. In that case the Judiciary Committee will determine the appropriate disposition of the matter.
- c. that the matter is appropriate for a Hearing by the Committee. If the Committee decides to hold a Hearing, a written Notice of Hearing will be sent to the alleged violator as set forth below.

The Judiciary Committee will notify the Complainant in writing of which of the above options it has selected within 30 days of receipt of the complaint.

5. Service of Complaint.

If the preliminary investigation indicates further action is necessary, the Judiciary Committee will serve a copy of the complaint on the Respondent by either personal service or by certified mail, return receipt requested, at the address appearing on the books of the Club. If mailed, service will be deemed to have been received five days after mailing in a regular depository of the United States mail. The complaint will be accompanied by a Notice of Hearing and Notice of Defense as described in Section F.7 below. A copy will also be provided to the Community Manager and the Board of Governors.

6. Cease and Desist Request.

All of the rights and procedures enabled in Section II(E)(4) (Cease and Desist Request) shall apply to this section.

7. The Notice of Hearing.

Along with the Service of Complaint, the Judiciary Committee will send the Notice of Hearing and Notice of Defense to the Respondent, the Complainant, with a copy to the Board of Governors and the Community Manager.

All of the rights and procedures enabled in Section II(E)(5) (Service of Notice of Hearing, Response, Amended or Supplemental Complaints, Discovery, Statements) shall apply to this section with the exception of the "Contents" and "Notice of Defense" included herein.

Contents. The Notice will set forth the time, date, and place of the Hearing and will include a copy of the formal Complaint. The Notice will specify the Governing Documents that are alleged to have been violated and will include any other information available to the Committee that may be pertinent to the matter.

The Notice will advise the Respondent that: (i) he may be represented at the Hearing by counsel, if he so desires; (ii) he is entitled to request the appearance of witnesses; (iii) he is entitled to cross-examine any witnesses appearing against him; (iv) he may request the production of Club books or records by notice to the Board not less than five days prior to the Hearing; and (v) he may request that the Judiciary Committee conduct a Hearing in his absence.

Notice of Defense. The Notice of Defense shall state that the respondent may: (i) object to the complaint on the grounds that it does not state the acts or omissions upon which the Judiciary Committee may proceed; or (ii) object to the form of the complaint on the grounds that it is so indefinite or uncertain that the Respondent cannot identify the violating behavior or prepare proper defense. Any objections to the form or substance of the complaint shall be considered by the Judiciary Committee. The Committee shall make a determination concerning the form and substance of the complaint and notify all parties within 30 days of its receipt of the objection.

8. The Hearing.

All of the rights and procedures enabled in Section II(E)(6) (The Hearing Panel and Hearing Officer and Rights of the Parties) shall apply in this section except that the Community Manager will not represent the Club and serve as Complainant. The Hearing Panel, however, may request the presence and possibly the testimony of the Community Manager and/or other persons, if it determines such individuals have relevant information concerning the alleged violation that will assist the Hearing Panel in rendering its decision.

9. The Decision of the Judiciary Committee.

All of the rights and procedures enabled in Section II(E)(7) (The Decision) shall apply to this section.

10. Appeal of a Judiciary Committee Decision to the Board of Governors.

All of the rights and procedures enabled in Section II E. 8. (Appeal) shall apply in this section to the Respondent, Complainant and Board of Governors.

G. Other Matters

1. Constraints on the Judiciary Committee and the Board of Governors as a Hearing Panel.

It shall be incumbent upon each member of the Judiciary Committee or the Board of Governors (in the case of hearing an appeal) to make a determination as to whether that member is able to function in a disinterested and objective manner in consideration of the case before it. Any member incapable of such objective consideration of the case shall disclose such to the other members and shall become inactive during the proceedings and have it so recorded in the minutes. Any member of the Judiciary Committee or the Board of Governors has the right to

challenge any other member who is unable to function on a Hearing Panel in a disinterested and objective manner. No member of a Hearing Panel shall participate in any proceeding if he (a) is by blood or marriage related to any party to the proceeding or to any attorney appearing in the proceeding on behalf of a party; (b) has a direct financial interest in the proceeding; (c) is involved in the dispute before the Judiciary Committee; or (d) feels he is personally involved and unable to act in a non-biased manner. If one or more members are ineligible to participate in a Hearing according to a-d above, the number of remaining members participating in the Hearing shall not be less than three for the Judiciary Committee and not less than the majority of the Board members for hearing an appeal.

Prior to a Hearing by the Judiciary Committee, the Respondent may challenge any member of the Judiciary Committee for cause. In the event of such a challenge, the Board of Governors shall meet within 15 days to determine the sufficiency of the challenge. If the Board sustains the challenge, the Board shall at that time appoint a replacement for the challenged member from the pool of Committee alternates. All decisions of the Board in this regard shall be final.

2. Further Action/Alternative Dispute Resolution.

A Lot Owner is encouraged to pursue all available remedies of the Club, as prescribed by these procedures, before resorting to a court of law. A Lot Owner may also request alternative dispute resolution (ADR) and the Club, through the Board of Governors, will provide ADR, pursuant to Article XXI of the Amended Bylaws, as required by law, as an alternative to litigation.

3. Emergencies.

In the event of an emergency, special emergency procedures will apply and will supercede the procedures established in this Resolution if the Community Manager or a Governor determines, in the exercise of its reasonable discretion, that a Violation constitutes a possible danger to health, safety or property. In such a case, the Community Manager or Governor may dispense with the procedures set forth in Section II above and may notify the alleged violator to cease and desist immediately under penalty of fine and/or other sanctions. If the Violation is not stopped immediately, the Community Manager or Governor may take whatever action they deem appropriate to immediately remediate the dangerous condition (including, but not limited to, immediate suspension of the use of Club facilities). The Community Manager or Governor may seek any appropriate police, fire or other municipal action or court order against the alleged violator.

In addition to the foregoing, the Club may charge any expenses or fines to, or impose any sanctions on, the alleged violator provided the procedures established in this Resolution are followed.

4. Interpretive Ruling by the Judiciary Committee.

Purpose of Rulings. Ruling of the Judiciary Committee may serve to: (i) clarify the intent of provisions of the Governing Documents, (ii) decide whether any provisions are inconsistent with other provisions of the Governing Documents, or (iii) decide whether or not a rule or regulation was duly adopted. The purpose is not to amend, expand or limit the provisions of the Governing Documents, although the Committee may, in the statements accompanying the ruling, propose such amendments, expansions or limits.

Any Club Member, the Board, or the Community Manager may petition the Judiciary Committee for an interpretive ruling by filing a written petition to the Committee at the Club's management office clearly stating the issue in question.

A ruling must be submitted to the Board of Governors by the Committee within 45 days of such request, and the Board will have 60 days from its receipt to reject such ruling. If it is not rejected, the ruling shall become final.

5. Fines and Penalties.

Subject to the provisions of these procedures, the Community Manager is authorized in the case of a Violation Letter, and the Judiciary Committee is authorized in the case of a decision to (i) impose an obligation for the Lot Owner to pay damages or other expenses caused by the Violations, (ii) impose non-monetary penalties and other sanctions, including suspension of the right to use the Club's facilities by the Lot Owner, his family, guests and lessees, and (iii) impose fines not to exceed \$50 per day/occurrence for any one Violation, and not to exceed the maximum amount permitted by law for any one Violation. A fine schedule has been attached to the Amended Bylaws as Schedule "B." This schedule shall serve as a guideline only. The Judiciary Committee, in the exercise of its reasonable discretion, may recommend a higher or lower fine (within the limits established in this section) for a particular Violation if it believes the circumstances surrounding the Violation warrant a departure.

III. CONSTRUCTION.

This resolution shall be effective as of the date it is adopted by the Board of Governors.

This resolution replaces any prior resolutions governing the Judiciary Committee and the Procedure for Violations or other disputes.

The Judiciary Committee or the Board of Governors, as appropriate, may determine the specific manner in which the provisions of this resolution are to be implemented, provided that due process is protected.

Any inadvertent omission or failure to conduct a proceeding in exact conformity with this resolution shall not invalidate the results of such proceedings, so long as a prudent and reasonable attempt has been made to assure substantial compliance with the general steps set forth herein.

This resolution is intended to be gender neutral. Consequently, pronouns and terms used in this resolution will be substituted with the appropriate feminine pronoun and terms (and vice-versa) as the context indicates.

IV. NOTICE AND RECORDING.

The Club's Community Manager is directed to distribute a copy of this resolution to every Lot Owner. The Club also directs its legal counsel to arrange for recordation of a copy of this resolution with the Morris County Clerk's Office.

The Morris County Clerk is authorized, requested and directed to note a reference to this resolution in the margin of the Declaration (and/or any other appropriate place).

ATTEST:

THE SMOKE RISE CLUB, INC.

, Secretary

, President

#130221

STATE OF NEW JERSEY)
) ss:
COUNTY OF MORRIS)

I CERTIFY that on _____, 2006 _____
personally came before me and this person acknowledged under oath, to my satisfaction, that:

(a) this person is the Secretary of Smoke Rise Club, Inc., a nonprofit corporation of the State of New Jersey, named in this document;

(b) this person signed this document as attesting witness for the proper corporation officer who is _____, the President of the corporation;

(c) this person knows the proper corporate seal of the corporation and the proper corporate seal was affixed;

(d) this document was signed and delivered by the corporation as its voluntary act and deed by virtue of authority from its Board of Governors; and

(e) this person signed this acknowledgment to attest to the truth of these facts;

(f) this Resolution was duly introduced and was thereafter adopted at a regular scheduled meeting of the Board of Governors, at which a quorum was present, by vote of the members of the Board of Governors eligible to vote on this matter.

Secretary,

Signed and sworn to me on _____, 2006

Record & Return To:
J. David Ramsey, Esq.
Ramsey Berman, P.C.
P.O. Box 2249
Morristown, NJ 07962-2249

#138326.v8

EXHIBIT E

RULES AND REGULATIONS

[Upon adoption of this Declaration the Rules and Regulations shall be the existing Rules and Regulations of The Smoke Rise Club as set forth in the document commonly known and referred to as the "Green Book," a copy of which is available for review at the business office of The Smoke Rise Club]

X.

Smoke Rise Club Rules

- I. Introduction
- II. Specific Regulations (incorporated in deed - Schedule ⁴⁴ *By-Laws, Declaration*)
- III. General Rules (applicable to living standards, general protection and safety)

I. Introduction

Certain rules have been established by the Smoke Rise Club to provide a wholesome and gracious way of life for people who wish maximum safety and privacy while maintaining respect and protection of the rights of all Members. These rules fall into two broad categories - Specific Regulations and General Rules.

II. Specific Regulations

Incorporated in the indenture or deed conveying property to the purchaser are certain Covenants and Restrictions. These conditions "run with the land" and are binding on all subsequent owners of the property. They are referred to as:

The Declaration (By-Laws)

III. General Rules

Included in this section are the rules of The Smoke Rise Club as adopted by the Board of Governors. These rules have been designed to assure the Members the type of Club community living they desire.

The basis for the rules and their enforcement is contained in Article

~~VI and VII~~ of the By-Laws of The Smoke Rise Club.

All Club Members and their families are urged to study these rules and to comply with them, so that all may enjoy to the fullest the advantages of the Club.

The prerogatives of the Board of Governors in taking action on a Club Member's status are neither limited by, nor related to, any action that may be taken by civil authorities in the enforcement of the law. Members, of course, recognize that local, state and federal laws continue to apply within Club properties. Rules are categorized as follows:

- | | |
|------------------------|------------------------|
| A. Beach | F. Road |
| B. Boats & Docks | G. Skating |
| C. Club Property | H. Trails |
| D. Fishing | I. Traffic |
| E. Gates & Gatekeeping | J. General Information |

A. Beach

The beach officially opens on Memorial Day Weekend. It operates on a weekend schedule until Borough schools close. After opening it is staffed seven days a week from 10 a.m. until 6 p.m. Swimming outside of these protected hours is at the individual's own risk.

The beach and parking area are closed to children under 18 after 9 p.m. unless accompanied by an adult. Adults may be on the beach until 11 p.m.

Only Club Members and their guests, accompanied by their Member host, are permitted to use the beach facilities. Large private parties should not be scheduled at the beach during the summer months. Requests for use permits must go through the Club Office.

Rules Always in Effect:

1. All swimming must be done in roped-in areas only, unless permission is obtained from the Beach Director to swim in other areas.
2. Any person wishing to swim across the lake must request permission of the Beach Director and must be accompanied by a boat.
3. Bathing suits are the only acceptable attire for swimming.
4. Eating and drinking on the beach or in the boat dock area are prohibited. They are permitted only in the picnic area and at the Snack Bar.

5. Infants and nonswimmers must be supervised by an adult at all times. Any nonswimming child wearing a flotation device in the water must be accompanied by an adult. Nonswimmers are not allowed on the docks without life jackets.
6. Young children, particularly those who have not passed the Red Cross Intermediate Test, are not to be left unattended at the beach.
7. Infants wearing only diapers are not allowed in the lake.
8. Running on, or swimming under, the docks is not allowed.
9. Swimming, sailing or boating during a lightning storm must be discontinued without delay.
10. No profane language, fighting, horseplay or obstreperous behavior is permitted in the beach area.
11. The access road is only for emergency or other authorized use.
12. Pets are not permitted on the beach or in the picnic area.
13. Cigarette butts are not to be buried in the sand. Use ash trays available at the lifeguard stands.
14. Throwing of stones, sand or rocks is prohibited.
15. All land recreation, such as ball playing and frisbee throwing, must have approval of the Beach Director.
16. Swimming and boating in the areas of "King's Throne" and "Talbot's Cove" or disembarking on Chapel Island are not allowed.

Peak Hour Regulations:

When in the opinion of the Beach Director the beach is heavily attended, such as weekends or holidays, the following rules will be in effect:

1. Tubes and rafts will be curtailed when the water is congested.
2. Playing of radios, tape recorders, etc. will not be permitted.
3. Ball playing and similar activities will be discontinued.

Enforcement of Rules:

The Board of Governors has given full authority to the lifeguards to refuse beach and swimming privileges to those who conduct themselves in a manner which, in the opinion of the lifeguards, endangers or annoys other members. The lifeguards are present for everyone's protection. Please respect their authority.

The playground area, "Tot Lot", located at the north end of the beach is operated under the following regulations:

1. A child under the age of six must be accompanied by an adult or babysitter.
2. Food and beverages are not permitted in this area.
3. The facility is open only during the beach hours of 10 a.m. and 6 p.m.

B. Boats and Docks

1. Standing on, diving or swimming from a sailboat, rowboat or canoe are not permitted.
2. At the sound of thunder all boating must be discontinued at once. If unable to return quickly to shore drop sail and mast and wait for the storm to end. The lifeguards will signal "all clear".
3. No more than three people may board a sailfish/sunfish.
4. All boats are required to have safety belts or flotation devices equal to the number of occupants.
5. Nonswimmers may board a sailboat only after permission is secured from the Beach Director, Assistant Director or the Sailing Instructor. Nonswimmers must wear flotation devices at all times. Children boarding boats should have Intermediate swimming classification.
6. At all times every occupant of a sailboat must wear a safety belt or flotation device.
7. Swimming and boating in the areas of "King's Throne" and "Talbot's Cove" are not permitted. Disembarking on "Chapel Island" is not allowed.
8. Boats and canoes are to be moored (racked) in their proper spaces. Mooring is defined as bow and stern lines being secured.
9. No boat may be stored or moored on shore.
10. Boats and canoes must bear a sticker issued annually at the Club Office. Dock and rack spaces are assigned at the Club Office when sticker is obtained.
11. Sailboat rack space and lockers are available only through Sailing Club.
12. Sailboating must be terminated by 9 p.m.
13. All boats must be removed from the docks by November 1. There will be a \$25 removal fee plus a \$200 penalty fee if your boat is not removed. Your cooperation is necessary in order to ready the docks for winter.

C. Club Property

A fifty foot perimeter surrounding the lake is Club property. Members shall not clear, cut or thin out trees, shrubs, plants on Club property.

A member who feels that it is desirable that such property be cleared or thinned out should contact the Club Office.

D. Fishing

1. All fishing regulations issued by the State of New Jersey are applicable to Lake Kinnelon.
2. When fishing, all persons 14 years of age and over must wear a Smoke Rise Club fishing badge, which is obtained at the Club Office. Live bait is limited to worms, except during ice fishing season, when minnows are permitted. Artificial lures and artificial flies are allowed at all times.
3. Fishing on the lake is limited to Members and guests accompanied by their host or hostess. Guest badges are available at the Club Office.
4. Fishing is not permitted off the docks or the shore when it interferes with swimming and/or boating activities.
5. Baiting fish is permitted only with worms and artificial lures except during ice fishing season, December 31 through March 1, when minnows are permitted.
6. No fishing is allowed at Hoot Owl Pond.

E. Gates and Gatekeeping

Gates shall be kept closed at all times except when admitting vehicles in accordance with the following rules:

1. Only vehicles with current Smoke Rise stickers are to be permitted to enter without being stopped.
2. Vehicles without current Smoke Rise stickers are to be stopped by a closed gate. The only vehicles without stickers to be admitted are the following:
 - A. Those cars for which an adult Club Member has called the gate that day and has left the name(s) of the visitor(s) expected.
 - B. Those cars for which advance notice has not been given but for which permission is obtained by a telephone call by the gateman to an adult Club Member. NOTE: only the permission of an adult Member will authorize the admittance of a visitor. If the gateman is in doubt as to whether the person giving the telephone permission is an adult, admittance is not

to be granted unless the adult Member personally comes to the gate and gives approval. Approval by a nonadult Smoke Rise Member of a car without Smoke Rise stickers will not be accepted either by telephone or in person.

C. Those vehicles with current passes.

3. Motorcycles and mopeds must have Smoke Rise stickers and are subject to the same entry rules as other motor vehicles.
4. Trucks may enter Monday thru Saturday 8 a.m. to 5 p.m. East Gate only. A record is kept of all visitors, i.e., name, license number and vehicle description.
Saturday after 5 p.m., Sundays and holidays only emergency vehicles will be permitted to enter Smoke Rise. Emergency vehicles are: fire, police, ambulance, tow trucks, Butler Power Company, Telephone Company and oil and pump service vehicles.
5. Absolutely no construction of any type is permitted on Sundays and before 8 a.m. Monday through Saturday.
6. The following are to be admitted to Smoke Rise at all times, with no approval necessary: Kinnelon Borough Police, Fire and Ambulance vehicles, New Jersey State Police, Sheriff's Deputy, FBI Agents, U.S. Marshall, Attorney General's Office, State of New Jersey Office (with proper identification card and photo).
Process servers may not be admitted without approval of a Club Member or a member of the Board of Governors unless accompanied by Kinnelon Police.
7. Gatemen are not to accept phone instructions, other than names of approved visitors. Lists of visitors (parties, etc.) and detailed instructions must be given to gatemen in writing (with copy to Club Office) so that the phone is not tied up for long periods of time.
8. Gatemen are not permitted to take responsibility for mail, packages, supplies, etc. These may not be left at the Gatehouse for pickup.
9. Moving Vans - the following policies are enforced at the gate for the protection of Members' homes and property:
 - A. Present residents are to notify the Club Office at least two days in advance of the date of their expected move out of Smoke Rise and the name of the moving company.
 - B. New Residents will likewise be required to notify the Club Office at least two days in advance of the date of their expected move into Smoke Rise and the name of the moving company.

C. The above information will be placed by the Club Office at the gates. If a moving van arrives at the gate and there is no record there supporting its entrance into Smoke Rise, it will not be admitted.

D. In no event will a commercial moving vehicle be permitted to enter Smoke Rise between the hours of 5 p.m. and 8 a.m.

E. No moving vans will be allowed on Sundays and holidays unless authorized by a Club Officer.

F. Roads

Road plowing and sanding will be conducted in this sequence:

1. Primary roads
2. Secondary roads
3. Dead-end roads and cul-de-sacs

In case of emergency (medical, fire, etc.) a truck is available to assist where plowing or sanding is required. Emergency telephone numbers are Day 838-7449; Night and Weekends 838-4660, East Gate.

Overnight parking is not allowed by the Borough of Kinnelon. Parking in the cul-de-sacs may cause serious problems especially in wintertime, since the plow trucks cannot completely remove snow and in certain cases may not even be able to turn around. The police will issue summonses for this infraction.

G. Skating

1. Hoot Owl Pond is the only designated skating area. Skating on Lake Kinnelon is NOT allowed.
2. "Skating" or "No Skating" signs are posted at the two gates and at the pond. Conditions are monitored daily.
3. Stones, sticks or debris shall not be thrown on the ice.
4. Skating hours shall be from 8 a.m. until 11 p.m.
5. Night skating is permitted only when the pond is illuminated and the "Skating" sign is posted.
6. No sleds or other devices are permitted on the pond.
7. Ice hockey shall be confined strictly to the hockey rink at the north end. There shall be no hockey playing in the general skating area.
8. Noisy and ill-mannered conduct is prohibited.
9. Residents may supply their own telephone for the jack at the shed at Hoot Owl Pond.

H. Trails

The Club, through the Board of Governors, is responsible for the maintenance, improvements and rules on the use of the trails which are provided for the enjoyment of hikers and equestrians.

Motorbikes and mopeds are prohibited on the trails.

In winter, trails may be used by cross-country skiers and snowshoers.

Snowmobiles are prohibited on the trails and on the lake at all times.

I. Traffic

The motor vehicle laws of the State of New Jersey and the Borough of Kinnelon apply on Smoke Rise roads, and violators are subject to legal penalties.

Motor Vehicles Regulations:

1. Vehicles must not exceed the limit of 30 m.p.h.
2. Vehicles must stop, and remain stopped, when a school bus is taking on or discharging passengers.
3. When road and weather conditions require it, speed must be reduced. If it is necessary to park on the road, room should be left for two cars to pass. Entry and exit lanes at both gates must be respected.
4. All motor vehicles within Smoke Rise must be equipped with mufflers. State rules to combat noise pollution will be in effect at all times. Violators will be reported to the police.

Pedestrians, Bicyclists, Mopeds and Motorcycles:

1. Pedestrians and joggers should stay on the left side, facing traffic, and should carry a flashlight or wear reflective material after dark.
2. Bicycle, moped and motorcycle riders should ride single file and always on the right side of the road.
3. Bicycle and moped riders must not carry passengers, must be equipped with lights and reflectors after dark, and when entering a road from a driveway must come to a stop.

J. General Information

Bulletin Boards - Information of interest to residents is posted on the Bulletin Boards at the Gates. Residents may supply posters to the Club Office for mounting by the Club personnel. Such posters may not be in excess of 11" or 12" x 22" rectangular. Outdated posters will be removed automatically and discarded.

It is impossible for the Club to store any signs after removal from the Bulletin Board.

Chainsaws - Operation of chainsaws is not permitted on Sundays and holidays. Their use is permitted only on weekdays and Saturdays between 8 a.m. - 5 p.m.

Dogs - State and Borough laws pertaining to dogs apply in Smoke Rise. A dog license is required and dogs are not allowed to run at large. Owners not observing these laws may receive summonses and be subject to fines.

Firearms - Borough and state laws pertaining to the use of firearms apply in Smoke Rise.

Flagpole - The condition and the raising and lowering of the flag at the North Gate is the responsibility of the Club.

Obituary Notice - The Club Office will receive notices for inclusion in the Smoke Rise News.

Town Dump - Burning of leaves, brush and rubbish is prohibited in Kinnelon. This material may be disposed of at the town dump. Recycling is mandatory in Kinnelon. Information concerning this is available at the Boro Hall.

Private Parties, Garage Sales, Etc. - Residents may post temporary direction signs (not to exceed twelve (12) inches square) for private parties, garage sales or other functions under the following conditions:

1. Total of 6 signs permitted.
2. Preliminary approval must be obtained at the Club Office where printed permits are available. Residents are responsible for the removal of their signs within two days following the event.
3. Signs posted without the preliminary filing of the permit will be removed without notice.
4. Nonresidents who request entrance at the gate for the purpose of attending a garage sale will be allowed entry only if personally escorted by an individual representing the resident. Resident holding said sale shall escort nonresidents to the gate.
5. Do not place signs on telephone poles or electrical poles.
6. No free standing signs permitted.
7. For environmental reasons, please use pushpins, tacks, or tape whenever possible if attaching to trees.

Note: Illegal signs will be removed by Security.

Schedule B

In the Club's Declaration there is a list of fines for various offenses to the rules and regulations. These are to be updated periodically to reflect both changes in the economy and refinement in their application. Below is a list of fines adopted by the Board on Nov.13, 08 at our regular meeting.

Offense	Amount/Day/ Occurrence
Owner Property Work	
Failure to obtain proper permits	500
Unauthorized changes to approval plans	500
Unauthorized set-back encroachment	500
Erection of unapproved building/ Structure (storage shed, etc...)	500
Curbing within 10' of road	500
Common Property Abuse	
Changes w/o Club Approval	50
Trimming trees w/o Club approval	100
Cutting tree (up to 4" at 4' diameter)/tree	500
Spiking a Tree or use of herbicide	1000
Cutting tree (over 4" at 4' diameter)/tree	1000
Setting fire	Cost +
Tree Removal	
Removal w/o approval per tree	150
Removal w/o approval large tree 12+"@4'	500
Spiking tree or use of herbicides to kill tree	500
Lake & Enviro.	
Fishing permit violation	50
Polluting lake resulting in fish kill	1000
Poisoning wild life	500/
Guest fishing w/o member*	50
Feeding Wildlife (exclusive of birds)	100
Garbage/Trash/Brush	
Timing of placement and removal of containers	25
Improper disposal	100
Pets	
Not Curbing, no leash	25
On beach	100
Repeatedly let loose to run	100

Noise/Noxious Activities	
Excessive Noise Equipment	25
Excessive noise Sunday AM/PM Equip.	100
Parties/loud speakers	100
Signs	
Posting w/o permission	25/sign
Signs having expired their time line	25/sign
Political sign time requirements not followed	25/sign
Garage sales	
All Unauthorized (exception of community green)	100
Parking on RoW**	
Overnight w/o permission	50
Commercial after being asked to clear ROW	50
Unregistered on property in view of	50/vehicle
Transponders	
Misuse	150
Commercial Bus.	
Operating out of home having impact on community	100/day
Tarpaulins	
Use of Bright colors (earth tones OK)	25/day
Vehicles & RoW**	
Plowing snow into RoW	50
Parking overnight (April-November)	50
Parking Overnight (Dec-March)	150
Handicapped @ Inn & Beach	100
Unlicensed motor vehicles not garaged	50/day/vehicle
Vehicles w/o proper SR sticker	25
Power vehicles on hiking trails	50
Docks	
Using others dock space	50
Not removing boat from lake by scheduled deadline	25/day
Abandonment of boat past 30 days	Confiscation
Boat w/o proper sticker	50
Using gas powered boat	200
Beach	
Eating on beach (sand portion)	25

Using glass containers	50
Pets	100
Toddlers w/o proper swimwear	100

SCHEDULE C

PURPOSES OF INFRASTRUCTURE COMMITTEE

shall: (a) Existing Assets. With respect to Existing Assets the Infrastructure Committee

(i) Maintain a schedule of each physical asset owned by The Smoke Rise Club. The schedule will also include, in a separate section, assets that are not owned, but for which the Club has shared accountability or in connection with which the assets are of material importance to the interests of the Club such as the dam and the tower. The Schedule of Assets shall be updated as necessary and distributed to the Board at the end of each fiscal year. "Existing Assets" are defined as, and include the physical plan (buildings), equipment, vacant property and utilities. Assets such as roads, drainage systems, wells, septs, tools, motorized vehicles, furniture, fixtures and so forth shall be categorized by the Governor responsible for a particular area.

(ii) Inspect and perform periodic assessments of each asset to determine its functionality, state of repair and remaining useful life.

(iii) Recommend a maintenance program for each asset or asset type.

(iv) Recommend a plan for the repair and replacement of assets.

(b) New Assets. With respect to New Assets the Committee shall:

(i) Provide recommendation and oversight to the Governor of Strategic Planning. Work, ongoing, with the Governors of Strategic Planning, Infrastructure and Maintenance and the Treasurer in the preparation of the Annual Budget and the development of a Five-Year Capital Plan and report directly to the Governor of Infrastructure.

(ii) Review the individual asset acquisitions and projects as proposed to be contained in the Annual Capital Budget and Five-Year Capital Plan with respect to cost, feasibility, priority, functionality, and consistency, and make recommendations thereon.

(iii) Monitor approved asset acquisitions and projects and provide technical assistance as appropriate.

SCHEDULE D

LAKE AND ENVIRONMENTAL COMMITTEE PURPOSES

The Lake and Environmental Committee serves to protect Lake Kinnelon and the unique environment within Smoke Rise. In addition, the committee shall focus on Smoke Rise environmental issues related to forestry, wildlife, watershed and pest or game management. The committee shall focus upon and have responsibility for:

Lake Management

Weed and Algae Control

Lake chemistry

Water quality

Fish stocking and fishing permits

Hydro raking to clean and deepen the lake

Boat docks and canoe rack assignments

Environmental Management

Forest protection

Ecological concerns

Deer control and protection

Water fowl control and protection

Pest control recommendations

Shoreline oversights (buffer zone)

EXHIBIT C

CERTIFICATE OF

INCORPORATION

1946

CERTIFICATE OF INCORPORATION

of

THE SMOKE RISE CLUB

THIS IS TO CERTIFY that we, the undersigned:-

..... ELLEN M. BYWATER, EDWIN A. GLOSS, ISABELLE KRAP.....
..... H. RUOSKI "HANK" and .. ALONN YALBOY.....
do hereby associate ourselves into a corporation not for pecuniary profit under

and by virtue of Title 15 of the Revised Statutes of the State of New Jersey and
the Acts amendatory and supplementary thereto, and do certify hereby as follows:

1. The name of the corporation is THE SMOKE RISE CLUB;
2. The purposes for which the Club is formed are:
 - (a) To provide in perpetuity for the care and maintenance of all Club properties now or hereafter owned or otherwise acquired, such as roads, bridge paths, parks, dams, beaches, lakes and waters and any streams connected therewith, docks, piers, club houses, buildings, other structures and other grounds used for recreation and sports at Smoke Rise, Kinnelon Borough, Morris County, New Jersey, and including all the property lawfully used in common by Club Members on the shores of said lakes and all property adjacent thereto which may be purchased or otherwise acquired from The Smoke Rise Company, Inc., a corporation of the State of New Jersey, its successors and assigns, or others;
 - (b) To formulate rules and regulations, and provide for the enforcement thereof, for the use of all Club properties and facilities now owned and/or hereafter acquired;
 - (c) To preserve the natural beauty of the Reservation; to create and perpetuate a high social, civic and cultural standard within the community;
 - (d) To provide and maintain an adequate system of administration; to make available fire and police protection for all Club properties and for the properties of all Club Members; to provide and enforce all reasonable standards of safety;
 - (e) To make available to Members of the Club facilities for the enjoyment of all the properties mentioned herein and to promote health, welfare, pleasure, recreation, indoor and outdoor sports, entertainment and athletic contests;
 - (f) To preserve the Smoke Rise Reservation as private property by maintaining entrance gates and by taking over and maintaining all roads after they have been hard-surfaced by The Smoke Rise Company, Inc.
3. The place where the Club is to be located, or its business conducted, is in the Borough of Kinnelon, in the County of Morris and the State of New Jersey;
4. The number of Trustees of this corporation is five;

5. The names of the Trustees selected for the first year of the corporate existence, and until their successors are elected and qualified, are:

Ellen M. Bywater Smoke Rise, Kinnelon Borough, Morris County, N.J.
P.O. Address, P.O. Box 818, Butler, New Jersey

Edwin R. Gloss Lake Mohawk
P.O. Box 934, Sparta, New Jersey

Isabelle Kemp 206 East 62nd Street
New York, N.Y.

H. Rodney Sharp du Pont Building
Wilmington, Delaware

J. Alden Talbot Smoke Rise, Kinnelon Borough, Morris County, N.J.
P.O. Address: P.O. Box 818, Butler, New Jersey

6. The agent upon whom service of process may be made is Edwin R. Gloss and the address of said agent is c/o The Smoke Rise Company, Inc. Kinnelon Borough, Morris County, New Jersey
7. The business of the corporation shall be conducted by the Trustees who shall be known under the style and title of "The Board of Trustees of The Smoke Rise Club", subject to the By-Laws which shall be passed by the Active Members as same are defined in the By-Laws and, if said By-Laws so provide, by the said Trustees;
8. The By-Laws may provide for one or more classes of membership and which class or classes shall have full, special, limited and otherwise restricted or non-voting privileges and the manner in which membership may be terminated.

IN WITNESS WHEREOF we have hereunto set our hands and seals this 14 day of November Nineteen Hundred and Forty-Six.

Signed, Sealed and Delivered
in the Presence of

Ellen M. Bywater (L.S.)
Ellen M. Bywater (L.S.)
Edwin R. Gloss (L.S.)
Edwin R. Gloss (L.S.)
Isabelle Kemp (L.S.)
Isabelle Kemp (L.S.)
H. Rodney Sharp (L.S.)
H. Rodney Sharp (L.S.)
J. Alden Talbot (L.S.)
J. Alden Talbot (L.S.)

STATE OF NEW JERSEY) SS:
COUNTY OF MORRIS)

BE IT REMEMBERED, that on this 14 day of November in the year of our Lord One Thousand Nine Hundred and Forty-Six before me, the subscriber, a Notary Public, personally appeared Ellen M. Bywater, Edwin R. Gloss, Isabelle Kemp, H. Rodney Sharp and J. Alden Talbot, who, I am satisfied, are the persons mentioned in the within instrument, to whom I first made known the contents thereof, and thereupon they acknowledged that they signed, sealed and delivered the same as their voluntary act and deed, for the uses and purposes therein expressed.

ENDORSED
FILED AND RECORDED
DEC - 2 1946
LLOYD R. MARSH
Secretary of State

William H. Williams
Notary Public of the State of New Jersey
My Commission expires Notary Public
My Commission expires Notary Public
Sep. 30 1951

State of New Jersey

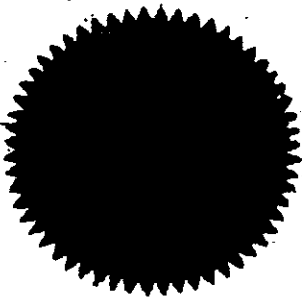


Department of State

I, the Secretary of State of the State
of New Jersey, do hereby Certify that the foregoing is a true
copy of the Certificate of Incorporation,
of

and the endorsements thereon,
as the same is taken from and compared with the original filed
in my office on the second day of December, A.D.
1946 and now remaining on file and of record therein.

In Testimony Whereof, I have hereunto
set my hand and affixed my Official
Seal at Trenton, this second
day of December, A.D. 1946.



Henry M. Marshall
Secretary of State.

CERTIFICATE OF INCORPORATION

OF

THE STATE HIGHWAYS

DATED: November 15th, 1946

RECEIVED in the Clerk's
Office of the County of
Morris, New Jersey on the
15th day of November 1946 at
10:00 o'clock A.M. and
RECORDED in Book O of Certi-
ficates of Incorporations for
said County on pages 599 &c.
E. Herbert Hott, Clerk

EDDEN MILLS
COUNSELLOR AT LAW
MORRISTOWN, N. J.

EXHIBIT D

USE RESTRICTIONS AND STANDARDS

USE RESTRICTIONS. The Lot Owners have adopted the following Use Restrictions and Standards for their common benefit and the benefit of the Smoke Rise Community:

- (a) Lots shall be used only as private single-family residences and such other uses as may be permitted under the zoning ordinances of the Borough of Kinnelon provided that no business, trade, or similar activity, may be conducted in any Lot, except that an Owner or occupant residing in a Lot may conduct "discrete business activities" within the Lot so long as the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Lot; the business activity does not involve regular visitation of the Lot or door-to-door solicitation of residents of the Property; and the business activity is consistent with the residential character of the Property and does not violate these Use Restrictions. Examples of "discrete business activities" include, but are not limited to, computer-based telecommunications and literary, artistic, or craft activities. The Board may restrict any business activities that it determines interfere with the enjoyment or residential purpose of the Property in its sole and absolute discretion.
- (b) No Lot may contain more than one single-family dwelling, and may not contain any outbuildings or other structures separate from the principal dwelling that serves as a temporary or permanent residence for any person. No outbuildings or detached garages shall be permitted except as may be approved pursuant to Article 11.0 of the Declaration.
- (c) No structure shall be erected nearer to any Lot boundary than the limits established by the setbacks shown on any recorded subdivision plot, nor nearer than 50 feet from the front, side and rear lines of the Lot, whichever setback is greater. A variance may be granted from this restriction pursuant to the terms of Article 11.0 of the Declaration.
- (d) No nuisance or anything that is or may become an annoyance to other Lot Owners shall be maintained on any part of a Lot. All animals other than customary household pets shall be considered a nuisance. The Board may determine, by resolution, those pets that constitute "customary household pets," and may further define, by resolution, those activities that constitute a nuisance, which, once defined, shall be binding upon all Lot Owners. No Lot Owner shall permit any dog to cause any injury to any persons or other animals, or to cause damage to any Common Property or any property of any other Lot Owner. The Board may, by resolution, limit the number and type of pets that may be kept or maintained in a Lot, provided, however, that in no event may the Board require the removal of pets validly kept or maintained within a Lot pursuant to a prior resolution of the Board, except that if the Board determines, in its sole discretion, that any particular breed of dog constitutes a safety or health risk to other owners ("malicious breed"), the Board may prohibit the keeping of specific malicious breeds, in which event the owners of any malicious breed may be required to remove it from the Smoke Rise Community within 30 days of the effective date of the resolution.
- (e) No power boats shall be permitted on the lakes or waters of the Smoke Rise Community except (i) those that are electrically powered, or (ii) those boats utilized by the Club.

- (f) No fertilizer containing phosphates may be utilized on any Lot or upon the Common Property. The Board may adopt rules and regulations controlling the use of any fertilizer, pesticide or other chemical treatment that the Board reasonably determines has, or with the passage of time is likely to have, a detrimental impact on the environmental quality of any water body within Smoke Rise.
- (g) Commencing June 1, 2006 any unregistered vehicles or equipment of the following types shall not be parked on any Lot except fully within a garage: mobile homes, recreational vehicles, vehicles in excess of three tons, school buses, vehicles or equipment containing lettering, logos or commercial equipment racks of any nature, trailers, watercraft and aircraft. Registered vehicles of the type described in the preceding sentence must, if not garaged, be parked in the rear or side yard of a Lot and may not be parked in full or part in the front yard. For purposes of this section "front yard" shall be that portion of a Lot lying between the portion of the Lot that fronts upon a road and a line extended across the entire Lot that is coincident with the front façade of the dwelling upon the Lot. The "rear yard" shall be the area from the rear boundary of the Lot to a line extended across the entire width of the Lot that is coincident with the rear façade of the dwelling. "Side yard" shall be those areas on the Lot lying between the front yard and the rear yard. No commercial vehicles of any type may be parked upon the roads or right-of-ways within Smoke Rise, except commercial vehicles parked during the period of time emergency service or repairs is being provided to a Lot Owner. "Commercial vehicle" shall mean and refer to any vehicle: (i) containing any lettering, marking or insignia (other than lettering, marks or insignia applied by the manufacturer to identify the make and model of the vehicle); or (ii) containing any equipment intended for commercial use, such as, but not limited to, ladders, racks, snow plows, or the like, whether or not such equipment is actually used for commercial purposes and despite whether or not the vehicle is commercially registered with the New Jersey Department of Motor Vehicles; or (iii) exceeding 20 feet in length, whether or not the vehicle is commercially registered with the New Jersey Department of Motor Vehicles. Vehicles that do not violate the commercial indicia set forth above will not be considered commercial vehicles solely because they are registered as commercial vehicles with the New Jersey Department of Motor Vehicles. "Recreation vehicle" shall mean and refer to: (i) any vehicle designed or altered in a manner to accommodate the sleeping of one or more individuals; (ii) any motorized vehicle designed or altered in a manner to permit it to be used off of public roads including, without limitation, all-terrain vehicles, snowmobiles, wave runners, and jet skis, but excluding sport utility vehicles or other similar vehicles registered for use on the public roads of the State of New Jersey; and (iii) other motorized vehicles not identified above but which are primarily intended for recreational use not on a public road.
- (h) No fence shall be constructed unless approved in accordance with the terms of Article 11.0 of the Declaration.
- (i) No tent or temporary building may be erected or maintained upon any Lot, except tents temporarily erected for lawn parties or similar functions, provided such tents are erected for not more than three days.

- (j) Each Lot Owner is responsible to maintain the property lying between the Lot boundary and any adjoining road surface. If the Lot Owner fails to maintain the Property in accordance with this subparagraph (i), the Club shall have the right to perform such necessary maintenance pursuant to the terms of Section 5.1 of the Declaration.
- (k) Each Lot Owner shall arrange for sanitary disposal of all sewage, garbage and rubbish.
- (l) No signs of any kind, except for signs constructed of wood that contain the house number or the resident's name, or both, shall be permitted upon a Lot or within a Lot that is visible upon the Common Property. No newspaper boxes shall be permitted unless such box is manufactured as an integrated part of an approved United States Post Office mailbox.
- (m) No builder, contractor, real estate salesman or broker may utilize a Lot or Dwelling located thereon to conduct any business within the Smoke Rise Community, except as expressly set forth in subparagraph (a) of this Exhibit E.
- (n) No immoral, improper, offensive or unlawful use shall be made of any Lot; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over a Lot shall be observed.
- (o) No hazardous substance or hazardous waste (as those terms are defined pursuant to regulations issued by the New Jersey Department of Environmental Protection) may be stored in any Lot, except hazardous substances that are used in connection with commonly available household products intended for interior use and storage.
- (p) RESTRICTION AGAINST MEGAN'S LAW REGISTRANTS.
 - i. No person required to register with a designated registering agency pursuant to N.J.S.A. 2C:7-3, and who is thereafter determined to be a Tier-2 or Tier-3 registrant pursuant to N.J.S.A. 2C:7-8(c)(3) ("Megan's Law Registrant"), may permanently or temporarily reside in a Lot. As used in this section "resides" means living in or possessing any portion of a Lot for more than 14 days out of any 30 consecutive-day period.
 - ii. If, subsequent to the recording of this Declaration in the records of the Clerk of Morris County, a Megan's Law Registrant resides in a Lot as a tenant, or under any other possessor interest, the Lot Owner must immediately cause the person to vacate the Lot and, if the person does not vacate the Lot within 30 days of the date the Lot Owner was notified by the Club of the presence of a Megan's Law Registrant, then the Lot Owner will immediately commence eviction proceedings. If the Lot Owner fails to commence the eviction proceeding within 30 days following the date the Lot Owner is required to do so and diligently pursue the eviction to conclusion, then the Club may act as attorney-in-fact for the Lot Owner and pursue the eviction action at the Lot Owner's cost and expense. If any action seeking eviction of a Tier-3 tenant does not result in a judgment of possession in favor of the Lot Owner, the Club may, but will not be obligated to,

prosecute an appeal seeking the eviction of the tenant. In the event the Club obtains a final judgment resulting in the eviction of the tenant the Lot Owner will be responsible for all reasonable fees and costs of the Club in prosecuting the appeal.

Each Lot Owner hereby appoints the Club as the Lot Owner's attorney-in-fact for the purpose of commencing eviction proceedings, executing any and all documents pertaining to the proceedings or performing any or all responsibilities as may be required or necessary to be performed pursuant to this Paragraph "p" of the Club's Use Restrictions. This power of attorney is expressly declared and acknowledged to run with the title of any and all Lots and will be binding upon the heirs, personal representatives, successors and assigns of the Lot Owner.

- iii. Any Lot Owner, who by virtue of residing in a Lot, has been notified by the Club that he is in violation of this Paragraph "p" of the Club's Use Restrictions, must vacate the Lot within 90 days of receipt of the Club's notice. If the Lot Owner fails to vacate the Lot within 90 days, the Club may, in addition to all other remedies available to the Club, purchase the Lot at a purchase price equal to the average of two independent appraisals to be obtained by the Club, less the Club's anticipated costs of selling the Lot, including, without limitation, brokerage fees, of not more than seven percent (7%) of the appraisal value, the cost of the appraisal, the realty transfer tax (based on the appraisal value), and other customary and incidental selling costs not in excess of one percent (1%) of the appraisal value.
- iv. The Club will not be liable to any Lot Owner, anyone occupying or visiting Smoke Rise Community as the result of the Club's failure to dispossess a Megan's Law Registrant.
- (q) Commencing as of June 1, 2006, all playground equipment including, without limitation, plastic toddlers' play equipment, swing sets, sliding boards, trampolines, apparatus that contains a net and all equipment that is expressly used for play use, shall be located in the rear yard and set back at least 25 feet from any adjoining Lot. When it is not reasonably practicable to locate playground equipment in the rear yard a Lot Owner may apply for a variance to the Architectural Variance Committee. Without approval of a variance no playground equipment may be located other than in the rear yard.
- (r) Commencing as of June 1, 2006 all tarpaulins that are used to cover exterior property included, but not limited to, wood, vehicles, boats, furniture and trailers, must be brown, dark green or earth tone in color. No blue or other brightly colored tarpaulin may be used.
- (s) No tree having a diameter of four inches or more, as measured 48 inches from the adjoining ground, and within 25 feet of an adjoining Lot or within 25 feet of a road may be removed without written permission of the Architectural and Variance Committee. The foregoing restriction shall, except in the case of an emergency, apply to a tree claimed to be dead or dying in addition to live trees.

- (t) Each Tenant shall be required to attend an orientation meeting with the Orientation Committee, and each Lot Owner shall be responsible for insuring his, her or their Tenant's compliance with this requirement prior to the date the Tenant takes occupancy of the Lot Owner's Dwelling.
- (u) No vehicle may be parked overnight on any Smoke Rise right-of-way.
- (v) No Lot Owner may erect any item, obstruct to any extent, or use in any way the fifty (50) foot strip of land surrounding the perimeter of the Lake owned by the Club, subject to the easements set forth in this Declaration, and all applicable local, state and federal ordinances, regulations and law.