

## **BYLAWS**

### **SPRINGBROOK HILL, A CONDOMINIUM BELFAST, MAINE**

#### **ARTICLE 1 INTRODUCTORY PROVISIONS**

**Section 1.1. Applicability.** These Bylaws (the “Bylaws”) shall relate solely to the property called Springbrook Hill, A Condominium, located at Belfast, Maine (the “Property”), more fully described in the Declaration of Condominium for Springbrook Hill, A Condominium, dated August 16, 2006, and recorded in the Waldo County Registry of Deeds in Book 2977, Page 19 (collectively, the “Declaration”).

**Section 1.2. Name.** The name of this Association is **SPRINGBROOK HILL OWNERS ASSOCIATION.**

**Section 1.3. Definitions.** The capitalized terms used without definition herein shall have the same definitions as such terms have in the Declaration and the Maine Condominium Act, Section 1601-103 ct seq., as the same may be amended from time to time (the “Act”). Unless otherwise provided in the Act, in the event of inconsistencies in the definitions between the Act and the Declaration, the Declaration shall control.

**Section 1.4. Compliance.** Pursuant to the provisions of the Act, every present and future Unit Owner and every mortgagee, tenant and occupants of the Units, and their employees, guests and invitees shall comply with these Bylaws.

**Section 1.5. Office.** The office of the Condominium, the Association and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

**Section 1.6. Incorporation of Statutory Language.** Except as expressly provided herein, in the Declaration or in the Act, the Association shall be governed by the provisions of any applicable statute of the State of Maine, including, without limitation, the Maine Nonprofit Corporation Act, Title l3-B of the Maine Revised Statutes of 1964, as amended. The “Board of Directors” described therein shall be referred to herein and in the Declaration as the “Executive Board.”

#### **ARTICLE 2 THE ASSOCIATION**

**Section 2.1. Membership.** The Association is a Maine corporation, all the members of which are the Owners of Units on the Property. The Declarant, being the initial Owner of all the Units, initially shall constitute all of the members of the Association. A person shall

automatically become a member of the Association at the time such person acquires legal title to such person's Unit and such person shall continue to be a member so long as such person continues to hold title to such Unit. A Unit Owner shall not be permitted to resign from membership in the Association prior to the time when such Unit Owner transfers title to such Owner's Unit to another. No membership may be transferred in any way except as appurtenant to the transfer of title to the Unit to which that membership pertains. Transfer of membership shall be automatic upon transfer of title, but the Association may treat the prior Unit Owner as the member for all purposes until satisfactory evidence of the recording of the instrument transferring all title is presented to the Secretary of the Executive Board. The date of recordation of an instrument of conveyance in the Waldo County Registry of Deeds shall be determinative of all disputes concerning the date of transfer of title to any Unit or Units. A mortgage of a Unit shall not operate to transfer membership until such mortgage is foreclosed or the Unit is sold in lieu of foreclosure.

### **Section 2.2. Annual Meetings.**

- (a) Unit Owners shall hold annual meetings for the purposes stated in Section 2.2(b) hereof (the "Annual Meetings"). The Annual Meeting of Unit Owners shall be held on the third Sunday of August of each year, or such other day as the Executive Board shall determine.
- (b) The purpose of the Annual Meeting of the Association shall be to elect the members of the Executive Board unless such action is being taken pursuant to the provisions of Section 2.8 hereof or Section 3.5 hereof, and to conduct such other business as may be required or permitted bylaw, the Declaration or these Bylaws to be done by a vote of the Unit Owners. The Treasurer of the Executive Board shall present at each Annual Meeting a financial report (prepared and reviewed by an accountant) of the receipts and Common Expenses for the Association's immediately preceding fiscal year, itemized receipts and expenditures, the allocation thereof to each Unit Owner, and any changes expected for the present fiscal year. A copy of such financial report shall be sent to each Unit Owner not less than five days prior to the Annual Meeting.

### **Section 2.3. Special Meetings.**

- (a) The President shall call a special meeting of the Association if so directed by a resolution of the Executive Board or upon petition signed and presented to the Secretary by Unit Owners entitled to cast at least thirty percent (30%) of the votes. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within forty-five days after receipt by the President of said resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a capital expenditure pursuant to Section 5.8 hereof, such meeting shall be held within fifteen days after receipt by the President of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

- (b) No later than the earlier of (i) sixty (60) days after the conveyance of seventy-five percent (75%) of the Units to Unit purchasers other than the Declarant or (ii)

seven (7) years after conveyance of the first Unit to a Unit Purchaser other than the Declarant, or at such earlier date as the Declarant in its sole discretion shall specify, the Transition Meeting of the Association and the Transition Election shall be held at which all members of the Executive Board appointed by the Declarant shall resign and the Unit Owners (including the Declarant to the extent of Units owned by the Declarant) shall elect five (5) successor members of the Executive Board to act in the place and stead of those resigning. No later than the earlier of (i) sixty (60) days after the conveyance of seventy-five percent (75%) of the Units to Unit purchasers other than the Declarant or (ii) seven (7) years after conveyance of the first Unit to a Unit purchaser other than the Declarant, or at such earlier date as the Declarant in its sole discretion shall specify, a special meeting of the Association and a special election (the "Transition Election") shall be held at which all members of the Executive Board appointed by the Declarant shall resign and the Unit Owners (including the Declarant to the extent of Units owned by the Declarant) shall elect five (5) successor members of the Executive Board to act in the place and stead of those resigning. The Duplex Unit owners, as a class, shall be entitled to elect a Duplex Unit Owner to the Executive Board (the "Duplex Member"). The Garden Apartment Unit owners, as a class, shall be entitled to elect a Garden Apartment Owner to the Executive Board (the "Garden Apartment Member"). The Townhouse Unit owners, as a class, shall be entitled to elect a Townhouse Unit Owner to the Executive Board (the "Townhouse Member"). The two other members of the Executive Board (the "At-Large Members") shall be elected by all Unit owners as follows: the candidate receiving the most votes from all Unit owners shall be the first At-Large Member, and the candidate receiving the next highest number of votes from all Unit owners, and who is not also the same class of Unit Owner as the First At-Large Member, shall be the second At-Large Member. For example, both At-Large Members could not own Garden Apartment Units. The At-Large Members shall initially serve for a term expiring on the date of the second Annual Meeting of the Association following the Transition Election. All subsequent terms of the At-Large Members shall be for three (3) years. The initial term of the Duplex Member, the Garden Apartment Member and the Townhouse Member shall expire on the date of the third Annual Meeting of the Association following the Transition Election. All subsequent terms of the Duplex Member, the Garden Apartment Member and the Townhouse Members shall be fixed at three (3) years. Pursuant to Section 1063-103(t) of the Act, in determining the percent of Units conveyed by the Declarant for purposes of this Section 12.l(b), the percentage of the Units conveyed shall be determined by comparing the number of Units actually conveyed by the Declarant to the total number of Units that the Declarant has reserved the right to create pursuant to the terms of this Declaration.

(c) Pursuant to Section 1603-103(i) of the Act, in determining the percent of Units conveyed by the Declarant for purposes of this Section 2.3, the percentage of the Units conveyed shall be determined by comparing the number of Units actually conveyed by the Declarant to the total number of Units that the Declarant has reserved the right to create pursuant to the terms of the Declaration.

**Section 2.4. Notice.** Notices to Unit Owners of meetings of the Association or meetings of the Executive Board that Unit Owners who are not Executive Board members are

entitled or invited to attend shall be delivered either by hand or by prepaid mail to the mailing address of each Unit or to another mailing address designated in writing by the Unit Owner to the Executive Board. If a notice sent to Unit Owners pursuant to the foregoing sentence includes an item on the proposed agenda that would require notice to Eligible Mortgage Holders pursuant to Section 8.2 of the Declaration, a copy of such notice will also be sent to all Eligible Mortgage Holders. All such notices shall be delivered to all Unit Owners (and Eligible Mortgage Holders, if applicable) not less than ten nor more than sixty days in advance of the date of the meeting to which the notice relates and shall state the date, time and place of the meeting as well as the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws. The Secretary of the Executive Board shall cause all such notices to be delivered as aforesaid. Notice shall be deemed to have been delivered on the second day after the date of the mailing, in the case of mailed notices, or on the date of deposit in the Unit Owner's mailbox in the case of hand delivery. No subject may be dealt with at any Annual Meeting or special meeting of the Association, except as stated in such notice, unless with the consent of 67% of the members present whether in person or by proxy.

**Section 2.5. Quorum.** Except as set forth below, the presence in person or by proxy of forty percent (40%) or more of Unit Owners at the commencement of a meeting shall constitute a quorum at meetings of the Association. If a quorum is not present, Unit owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting from time to time, without notice (except as otherwise provided by the Maine Nonprofit Corporation Act or the Maine Condominium Act, as either may be amended from time to time) other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which quorum shall be present or represented, any business may be transacted that could have been transacted at the meeting as originally notified.

**Section 2.6. Voting.**

(a) Each Unit shall be entitled to one (1) vote. If a Unit is owned of record by one person, that Unit owner's right to vote shall be established by the record title to the Unit. If ownership of a Unit is in more than one person, the person who shall be entitled to cast the votes allocated to that Unit shall be the person owning such Unit who is present. If more than one such person is present, the person entitled to cast such vote shall be the person named in the certificate executed by all of the owners of such Unit and filed with the Secretary of the Association. If ownership of a Unit is in a corporation, partnership, limited liability company or trust, or if the owner of the Unit is deceased, the representative entitled to cast the votes allocated to such Unit shall be designated in a certificate for that purpose filed with the Secretary of the Association and executed, as the case may be, by the president or a vice president of that corporation, and attested to by the secretary or clerk of that corporation, by the managing partner or partners, if any, of the partnership or, if there is no managing partner, then by all the partners of that partnership, by the president or vice president of the limited liability company, or if there are no officers, then by the manager or by a majority of the members of the limited liability company, by all of the trustees of that trust, or (in the case of a deceased Unit owner) by the personal representative of the deceased Unit owner's estate. Such certificates shall be valid until revoked by a subsequent certificate similarly executed and

filed with the Secretary of the Association. Wherever the vote, approval or disapproval of a Unit owner is required by this Declaration or the Act, such vote, approval or disapproval shall be made only by the person who would be entitled pursuant to such certificate to cast at any meeting of the Association the vote allocated to such Unit. If a multiple Owner of a Unit has failed to file said certificate with the Secretary of the Association and only one of the multiple owners is present at a meeting of the Association, the present Owner shall be entitled to cast at the meeting all the votes allocated to that Unit without establishing the concurrence of the absent Owners just as though that person were the sole Owner of the Unit. If a multiple Owner of a Unit has failed to file said certificate with the Secretary and if more than one Owner of that Unit is present at the meeting, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority of the multiple Owners present at the meeting. Such majority agreement shall be conclusively presumed if any one of those multiple Owners shall cast the vote allocated to the Unit without protest being promptly made at the meeting to the person presiding over the meeting by any other Owners of that Unit.

(b) Except where a greater number is required by the Act, the Declaration or these Bylaws, each question presented at a meeting shall be determined by a majority vote. As used in these Bylaws, the term "Majority Vote" shall mean the vote of Unit Owners of those Units to which are allocated more than fifty percent (50%) of the total votes allocated to all of the Units that are present in person or by proxy at any meeting of the Association at which a quorum is present as determined in accordance with Section 2.5 and 2.6(a). At all elections for Executive Board members, the members shall be elected by the Unit Owners as set forth in Article 12 of the Declaration and in the Articles of Incorporation.

**Section 2.7. Proxies.** A vote may be cast in person or by proxy. Such proxy may be granted by any Unit Owner only in favor of another Unit Owner, the holder of a mortgage on a Unit or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be revoked only by actual receipt by the person presiding over the meeting of written notice of revocation from the grantor of the proxy or upon formal entry on the record of the meeting, made with the Secretary of the Association or other party appointed to take the minutes, of such revocation prior to the vote in question. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

**Section 2.8. Actions of Association without a Meeting.** Any action required or permitted to be taken by a vote of the Association may be taken without a meeting if all Unit Owners shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the proceedings of the Association.

**Section 2.9. Conduct of Meetings.** The President (or, in his absence, the Vice-President) shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted at the meeting as well as keep a record of all transactions occurring at the meeting. The President may appoint a

person to serve as parliamentarian at any meeting of the Association. The then current edition of Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

**Section 2.10. Veto Rights.** The Declarant may voluntarily surrender the right to appoint and remove officers of the Association and members of the Executive Board before termination of the period of Declarant Control, but in that event Declarant may require, for the duration of such Declarant Control period, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved in writing by Declarant before such actions can become effective.

**Section 2.11. Copies of Condominium Documents.** The Association shall have current copies of the Declaration, these Bylaws, the Rules and Regulations and any other rules concerning the condominium as well as its own books, records and financial statements (the "Condominium Documents") available for inspection by Unit Owners or by holders, insurers and guarantors of first mortgages secured by Units. The Condominium Documents shall be available during normal business hours on reasonable prior notice.

## **ARTICLE 3 EXECUTIVE BOARD**

**Section 3.1. Composition.** The affairs of the Association shall be governed by the Executive Board. The Executive Board shall consist of not less than three (3) and not more than seven (7) individuals. Prior to the Transition Meeting and Transition Election provided for in Section 2.3(b), the Executive Board shall be composed of three (3) persons who shall be appointed by Declarant and who may be removed and replaced from time to time by the Declarant without the necessity of obtaining resignations. The appointees of the Declarant need not be Unit Owners. After the Transition Election, the composition of the Executive Board shall be governed by Section 2.3(b) of these Bylaws and by Section 12.1(b) of the Declaration.

### **Section 3.2. Election and Term of Office.**

(a) At the Annual Meeting of the Association, subject to Article 12 of the Declaration, the election of members of the Executive Board shall be held. The term of office of any Executive Board member to be elected at such meeting (except as set forth in Section 3.4 hereof) shall be fixed at three years. Subject to the provisions of Section 3.1 and the requirement that a five (5) member Executive Board be elected at the Transition Election, the number of members on the Executive Board shall be determined at each Annual Meeting prior to the elections. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or the member's death, adjudication of incompetence, removal or resignation. An Executive Board member may serve an unlimited number of terms and may serve successive terms.

(b) Persons qualified to be members of the Executive Board may be nominated for election as follows:

- (i) Any Unit Owner may submit to the Secretary at least fifteen (15) days before the meeting at which the election is to be held a nominating petition signed by at least two other Unit Owners and a statement that the person nominated is willing to serve on the Executive Board. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting; or
  - (ii) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board; provided that either the nominated person is present at the meeting and indicates that he would be willing to serve on the Executive Board or the nominating person has a written statement from the nominated person indicating that such person would be willing to serve on the Executive Board.
- (c) There shall be dedicated seats on the Executive Board in accordance with the provisions of Section 2.3(b) of these Bylaws.

**Section 3.3. Resignation and Removal.** Except with respect to members designated by the Declarant during the period of Declarant control, at any regular or special meeting of the Association duly called, any one or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast at least two-thirds (2/3) of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Board member shall give notice to the Secretary at least fifteen (15) days prior to the meeting. Any member whose removal has been proposed by a Unit Owner shall be given at least ten (10) days notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. Members of the Executive Board appointed by Declarant may be removed by Declarant at anytime with or without cause. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit.

**Section 3.4. Vacancies.** Except with respect to members designated by Declarant during the period of Declarant Control, vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of the Unit Owners, which is addressed in Section 3.3 above, shall be filled by a vote of the majority of the remaining members to a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Except with respect to vacancies caused by expansion of the Executive Board, each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of the removed member. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term. With respect to vacancies caused by expansion of the board, the term of the new member or members shall be determined by the Executive Board in an effort to ensure that no more than two-thirds (2/3) of the Executive Board is up for election in any given annual meeting. Vacancies shall be filled by a member of the class, and elected by the class, in which the vacancy occurs, excepting a vacancy with respect to an At-Large Member.

**Section 3.5. Compensation.** The members of the Executive Board shall serve without compensation for their services unless such compensation is expressly authorized or approved by a vote of more than fifty percent (50%) of the votes of all Unit Owners at any Annual or special Meeting of the Association.

**Section 3.6. Powers of the Executive Board.**

(a) Enumeration. The Executive Board shall have all the powers and duties granted by the Act and by the laws governing unincorporated associations or both, and may do all such other acts and things provided from time to time by the Act to be done by an Executive Board or by the Unit Owners collectively except such acts or things as are by law or by their Bylaws or by the Declaration directed to be exercised and done by the Unit Owners individually.

(b) Limitation. Nothing in this section or elsewhere in these Bylaws shall be considered to grant to the Executive Board or to the officers of the Association any powers or duties that, by law, are possessed by Unit Owners.

**Section 3.7. Delegation of Powers; Managing Agent.** The Executive Board may employ and establish compensation for a Condominium managing agent (the "Managing Agent"). The Managing Agent shall perform such duties and services as the Executive Board shall authorize including, but not limited to, all of the duties listed in the Act, the Declaration or these Bylaws; provided that where a Managing Agent does not have the power to act under the Act, the Declaration or these Bylaws, the Managing Agent may act as an advisor or in an advisory capacity to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers: (i) to adopt an annual budget and any amendment thereto or to assess Common Expenses; (ii) to adopt, repeal or amend rules and regulation; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; (v) to acquire mortgages on units; and (vi) to assign Common Elements as Limited Common Elements and Exclusive Limited Common Elements. Any contract with the Managing Agent must provide that it shall be cancelable by either party with cause upon not less than thirty days written notice and shall be cancelable by the Executive Board without cause upon not less than ninety days written notice. Any such contract negotiated by the Declarant shall not exceed one year but may be renewed upon consent of the Association.

**Section 3.8. Validity of Contracts with Interested Executive Board Members.** No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm or association in which one or more of the Executive Board members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board that authorized or approved the contract or transaction or because his votes are counted, if the circumstances in either of the following subparagraphs exist:

- (a) The fact that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or
- (b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

**Section 3.9. Inclusion of Interested Executive Board members in a Quorum.** Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof that authorizes, approves or ratifies a contract or transaction of the type described in Section 3.8 hereof.

**Section 3.10. Meetings.** Meetings of the Executive Board shall be conducted in accordance with the following:

- (a) Time and Location. The Executive Board shall hold an annual meeting within ten days following the Transitional Meeting and each subsequent Annual Meeting of the Association for the purpose of electing officers, as more fully set forth in Article 4 hereof, for any purpose that may be required or permitted by law, the Declaration or these Bylaws to be done by a vote of the Executive Board. The Executive Board shall hold meetings at the call of the President or upon request to the President of the Executive Board by at least a majority of the members of the Executive Board; provided, however, that:
  - (i) In any event, the Executive Board shall meet at least three times each fiscal year (in addition to the annual meeting of the Executive Board), unless all members of the Executive Board shall waive such requirements as to a particular meeting or meetings;
  - (ii) The first such Executive Board meeting shall be held promptly after the date on which the Declaration is recorded;
  - (iii) There shall be a meeting of the Executive Board during the last month of each fiscal year for the purpose of adopting the budget of the Association for the next following year of the Association; and
  - (iv) The President shall call any Executive Board meeting requested by a majority of the members of the Executive Board for a date occurring not less than five nor more than twenty days after receipt of such request.

The President shall designate the time and location of Executive Board meetings. No business shall be transacted at Executive Board meetings other than as specified in the notice thereof.

(b) Notice. Not less than forty-eight hours prior to the time of any Executive Board meeting, a written notice stating the date, time and place of such meeting shall be delivered, either by hand or mail or telegram, to each Executive Board member at the address given to the Executive Board by such Executive Board member for such purpose. Any Executive Board member may waive notice of a meeting or consent to any action of the Executive Board without a meeting. An Executive Board member's attendance at a meeting shall constitute his waiver of notice of such meeting, unless the sole purpose of such member's attendance is to protest the holding of the meeting and such intention is slated for the record at the beginning of the meeting.

(c) Quorum of the Executive Board. At all meetings of the Executive Board, a majority of the members that have been duly elected as of the date of such meeting shall constitute a quorum for the transaction of business. Once such quorum is established, it shall not be affected by the subsequent departure of members of the Executive Board from that meeting. The votes of a majority of the members present at a meeting at which quorum is present shall constitute a decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice if the time and place to which it is adjourned is fixed and announced at such meeting. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

(d) Voting. Each Executive Board member shall be entitled to cast one vote. A vote of the majority of the members of the Executive Board present at any meeting at which quorum is present shall bind the Executive Board for all purposes unless otherwise provided in the Declaration or these Bylaws.

(e) Organization. Executive Board meetings may be held under such reasonable rules consistent with these Bylaws as the Executive Board may determine. The Executive Board is hereby entitled to promulgate such rules. Except for the meeting to approve the budget of the Association referred to in this Section 3.9(e), Unit Owners who are not Executive Board members shall have no right to attend Executive Board meetings but the Executive Board may, in its sole discretion, elect to allow such Unit Owners to attend a particular meeting or meetings. If the Executive Board does elect to allow Unit Owners who are not Executive Board members to attend a particular meeting or meetings, the Secretary of the Executive Board shall give prior notice, in the manner provided in Section 2.2(c) hereof, to all Unit Owners of each meeting at which Unit Owners are entitled or invited to be present; provided, however, that the failure to give such notice shall neither invalidate any actions taken by the Executive Board at such meetings nor impose any liability on the Executive Board or its officers and/or members for the failure to give such notice. All Unit Owners shall have the right to attend and be

heard, but not the right to vote, at the Executive Board meeting at which the fiscal year budget of the Association shall be presented to the Executive Board for adoption. The Secretary of the Executive Board shall give Unit Owners notice of such meeting, accompanied by a copy of the proposed budget, in the manner provided in Section 2.2(c) hereof.

(f) Conduct of Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a Minute Book of the Executive Board meetings, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The Executive Board shall have the right to establish reasonable rules with respect to the conduct of meetings, including reasonable limitations on public debate. The then current edition of Robert's Rules of Order shall govern the conduct of the meeting of the Executive Board if and to the extent such rules are not in conflict with said rules established by the Executive Board, the Declaration, these Bylaws or the Act.

**Section 3.11. Action Without a Meeting.** Any action taken by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

## **ARTICLE 4 OFFICERS**

**Section 4.1. Election.** At the first meeting of the Executive Board, and at every annual meeting of the Executive Board thereafter, the Executive Board members, if a quorum is present, shall elect officers of the Association for the following year, such officers to serve for a one year term and until their respective successors are elected. The officers to be elected are: President, Vice President, Secretary, Treasurer and such other officers as the Executive Board shall determine. Each officer may serve an unlimited number of terms so long as such member or officer continued to be re-elected to the Executive Board. Any member may hold two offices simultaneously, except that the President shall not hold any other office.

**Section 4.2. Duties.** The duties of the officers shall be as follows:

(a) President. The President shall be the chief executive officer of the Association and the chairperson of the Executive Board. The President shall be responsible for implementing the decisions of the Executive Board and in that capacity shall direct, supervise, coordinate and have general control over the affairs of the Association and the Executive Board, subject to the limitations of the laws of the State of Maine, the Condominium Documents and the actions of the Executive Board. The President shall have the power to sign checks and other documents on behalf of the Association and the Executive Board, or both, with or without the signatures of any other officers as may be determined by the Executive Board. The President shall be a member of all committees. If the President is absent from such meetings the senior officer of the

Association present at such meeting shall elect a person to preside. If the Executive Board so provides, the President also shall have any or all of the powers and duties ordinarily attributable to the chief executive officer of a corporation domiciled in Maine.

(b) Vice President. Unless otherwise determined by a resolution of the Executive Board, the Vice President shall, in the absence of the President, exercise the powers and perform the duties of the President. The Vice President shall perform such other duties and have such other powers as the Executive Board may designate from time to time.

(c) Secretary. Unless otherwise determined by the Executive Board, the Secretary shall keep or cause to be kept all records (or copies thereof if the original documents are not available to the Association) of the Association and the Executive Board and shall have the authority to affix the seal of the Association to any documents requiring such seal. The Secretary shall give or cause to be given all notices as required by law, the Declaration or these Bylaws, shall take and keep or cause to be taken and kept minutes of all meetings of the Association, the Executive Board and all committees, and shall take and keep or cause to be taken and kept at the Association's office a record of the names and addresses of all Unit Owners as well as copies of the Declaration, the Plats and Plan, these Bylaws and the Rules and Regulations, all of which shall be available at the office of the Association for inspection by Unit Owners or prospective Unit Owners during normal business hours upon reasonable notice and for distribution to them at such reasonable charges (if any) as may be set from time to time by the Executive Board. The Secretary shall keep or cause to be kept the register of Eligible Mortgage Holders. The Secretary shall also perform all duties and have such other powers as are ordinarily attributable to the secretary of a corporation domiciled in Maine.

(d) Treasurer. Unless otherwise determined by the Executive Board, the Treasurer shall have the charge and custody of, and be responsible for, all funds and securities of the Association, shall deposit or cause to be deposited all such funds in such depositories as the Executive Board may direct, shall keep or cause to be kept correct and complete accounts and records of all financial transactions of the Association and the Executive Board and shall submit or cause to be submitted to the Executive Board and the Association such reports thereof as the Act, the Declaration, the Executive Board or these Bylaws may from time to time require. Such records shall include, without limitation, chronological listings of all receipts and expenditures on account of the Common Elements, Limited Common Elements, Exclusive Limited Common Elements and each Unit, the amount of each assessment for Common Expenses and expenses assessable to individual Units, If any, and the amount paid and the amounts due on such assessments. Such records shall specify and itemize the maintenance, repair and replacement expenses relating to the Common Elements, Limited Common Elements, Exclusive Limited Common Elements and any other expenses incurred by the Association. The foregoing financial records shall be kept at the Association's office and shall be available for inspection by Unit Owners or prospective Unit Owners during normal business hours. The Treasurer shall, upon request, provide any person who shall have entered into a written agreement to purchase a Unit with a written statement of the

information required to be provided by the Association pursuant to Sections 16034 16(h) and 1604-108(b) of the Act. The Treasurer shall also perform such duties and have such powers as are ordinarily attributable to the treasurer of a corporation domiciled in Maine.

**Section 4.3. Compensation.** The officers of the Executive Board shall serve without compensation for their services in such capacity unless such compensation is expressly authorized or approved by a vote of more than fifty percent of the votes of all Unit Owners at any Annual or special Meeting of the Association. The officers may be reimbursed for any out-of-pocket expenses incurred in performing his duties.

**Section 4.4. Resignation and Removal.** Any officer may resign at any time by written notice to the Executive Board, such resignation to become effective at the next Executive Board meeting. Any officer who ceases to be a member of the Executive Board for any reason also shall be deemed to have resigned or been removed, ipso facto, from any Executive Board office he may have held. Any officer may be removed from his office at any time by a majority vote of the Executive Board whenever, in the judgment of the Executive Board members, the interests of the Association will be best served thereby, or by the vote of the Association, with or without cause, in the same manner set forth for the removal of Executive Board members in section 3.4 hereof;

**Section 4.5. Vacancies.** Vacancies caused by resignation or removal of officers or the creation of new offices may be filled by a majority vote of the Executive Board members.

## **ARTICLE 5 COMMON EXPENSES: BUDGETS**

**Section 5.1. Fiscal Year.** The fiscal year of the Association shall start on September 1 and shall end on August 31 each year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon the recordation of the Declaration and end on the following August.

### **Section 5.2. Preparation and Approval of Budget.**

(a) Adoption. On or before the first day of July of each year (or sixty days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt four annual budgets of the Association. One budget shall be an estimate of the total amount necessary to pay the cost of maintenance as to which it is the responsibility of the Association to maintain, including reserves, for all of the Duplex Units (the "Duplex Budget"). One budget shall be an estimate of the total amount necessary to pay the cost of maintenance as to which it is the responsibility of the Association to maintain, including reserves, for all of the Garden Apartment Units (the "Garden Apartment Budget"). One budget shall be an estimate of the total amount necessary to pay the cost of maintenance as to which it is the responsibility of the Association to maintain, including reserves, for all of the Townhouse Units (the "Townhouse Budget"). One budget (the "General Common Expenses Budget") shall be an estimate of the total amount necessary to pay the cost of maintenance, management,

operation, repair and replace all Common Elements as to which it is the responsibility of the Executive Board to maintain, repair and replace, and the cost of such wages, materials, insurance premiums, services, supplies and other expenses as may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or a resolution of the Association and will be required during the ensuing fiscal year for management and administration expenses; the cost of such utilities as may be furnished by the Association; the cost of insurance for the Units; the amount of such reserves as shall be reasonably established by the Executive Board including operating contingency reserves for expenses, both unanticipated and extraordinary, and reserves for periodic maintenance, repair and replacement of the Common Elements; and such other expenses of the Association as may be approved by the Executive Board including operating deficiencies, if any, for prior periods. The General Common Expenses Budget shall not include costs covered in the Duplex Budget, Garden Apartment Budget or Townhouse Budget.

(b) Available for inspection. Not later than thirty (30) days after the adoption of the annual budgets by the Executive Board, the Executive Board shall make the budgets available for inspection at the Association office and shall mail to each Unit Owners a summary of the budgets in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budgets shall constitute the basis for determining each Unit Owner's assessments for General Common Expenses of the Association. The Executive Board shall only be required to provide the Duplex Budget to the Duplex Unit Owners, the Garden Apartment Budget to the Garden Apartment Unit Owners and the Townhouse Budget to the Townhouse Unit Owners.

(c) Ratification of Budget. The Executive Board shall set a date for a meeting of the Unit Owners to consider ratification of the budgets referred to in section 5.2(b), which may be the Annual Meeting described in Section 2.2 hereof. Such date shall be not less than fourteen (14) days nor more than thirty (30) days after mailing of the summary referred to in such section. Unless at that meeting a majority of all the Unit Owners entitled to consider a budget reject such budget, such budget is ratified, whether or not quorum is present. In the event such proposed budget is rejected, the budget last ratified by the Unit Owners shall continue until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board. For purposes of this Section 5.2(c) the General Common Expenses Budget shall be considered by all Unit Owners, the Duplex Budget shall be considered only by the Duplex Unit Owners, the Garden Apartment Budget shall be considered only by the Garden Apartment Owners and the Townhouse Budget shall be considered only by the Townhouse Unit Owners.

(d) Reasonable Efforts. The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

### **Section 5.3. Assessment and Payment of Common Expenses.**

(a) General Common Expenses. The Executive Board shall calculate the monthly assessments for Common Expenses against each Unit in accordance with the

procedures and allocations set forth in the Declaration. Such assessments, payable in monthly installments, shall be due and payable on the first day of each calendar month and shall be a lien against each Unit Owners Unit as provided in the Act and the Declaration. Within one hundred and twenty (120) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Unit or Units to which such expense is allocated in accordance with the Declaration and shall be payable as a Special Assessment, in such manner as the Executive Board may determine.

(b) Reserves. Extraordinary expenditures not originally included in the annual budget that may become necessary during the year may be charged first against reserves for working capital, operations and contingencies. If the reserves are deemed to be inadequate for any reason, including non-payment of any Unit Owners assessments, the Executive Board may at any time levy further assessments for General Common Expenses that shall be assessed against the Unit or Units to which such expense is allocated in accordance with the Declaration and shall be payable as a Special Assessment, in such manner as the Executive Board may determine. Such Special Assessments may be levied against less than all Unit Owners. For example, if there is a shortfall in the Duplex Budget, such shortfall could be remedied by a Special Assessment against only Duplex Unit Owners.

**Section 5.4. Further Assessments.** The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to Section 5.3(a) or otherwise as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefor, and such further assessments, unless otherwise specified in the notice, shall become effective with the next Monthly Assessment that is due more than ten days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such Monthly Assessments. Such assessments shall be a lien as of the effective date as set forth in Section 5.3(a).

**Section 5.5. Initial Budget.** At or prior to the time assessments of Common Expenses commence, the Executive Board shall adopt the budgets, as described in this Article 5, for the period commencing on the date the Executive Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessment shall be levied and become a lien against the Unit Owners as is provided in Section 5.3 above.

**Section 5.6. Effect of Failure to Prepare or Adopt Budget.** The failure or delay of the Executive Board to prepare or adopt a budget or budgets for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or budgets, each Unit Owner shall continue to pay each

Monthly Assessment at the rate established for the previous fiscal year until the new annual or adjusted budget or budgets shall have been adopted.

**Section 5.7. Accounts; Audits.** Subject to the terms of Section 5.11 below, all sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices and the same shall be audited at least once each year by an accountant retained by the Executive Board.

**Section 5.8. Limitations on Expenditures and Borrowing.** Anything herein to the contrary notwithstanding, the Association, by a vote of more than fifty percent (50%) of all votes in the Association, may reject any capital expenditure or borrowing approved by the Executive Board, within thirty (30) days after approval by the Executive Board; provided, however, that this Section shall not apply to any capital expenditure or borrowing approved by an Executive Board that is appointed by Declarant during the period of Declarant control.

**Section 5.9. Statement of Common Expenses.** The Executive Board shall promptly provide any Unit Owner, contract purchaser or proposed mortgagee who requests the same in writing with a written statement of all unpaid assessments for Common Expenses and Limited Common Expenses, if any, due from such Unit Owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation to the extent permitted by the Act.

**Section 5.10. Working Capital Fund.** The Association shall establish a working capital fund to be funded as hereinafter described and to be equal to a minimum of two (2) months estimated Common Expense liability for each Unit. Each Unit's share of the working capital fund shall be collected from the Unit purchaser upon the initial transfer of title from the Declarant to the purchaser and shall be transferred to the Association for deposit into the working capital fund unless the Declarant has previously made the initial payment with respect to said Unit, in which case the purchaser must reimburse the Declarant for such payment, which the Association shall credit to the account of the Unit Owner who is such purchaser of a Unit from Declarant. The amount paid by the Unit purchaser shall not be considered as advance payment of a normal Common Expense liability and no Unit Owner shall be entitled to a refund of these monies by the Association upon the subsequent conveyance of his Unit or otherwise.

**Section 5.11. Separate Accounting.** The Associations shall maintain separate accounting for the assessments collected under the four budgets. Shortfalls or surpluses under the accounts for the Duplex Budget, Garden Apartment Budget or the Townhouse Budget shall be to the benefit or burden of the respective group of Unit Owners. As an illustrative example, a shortfall in the Duplex Budget could be remedied by a Special Assessment against the Duplex Unit Owners, but it could not be remedied by a transfer of funds collected under any of the other three budgets.

## **ARTICLE 6 REPAIR OR RECONSTRUCTION**

**Section 6.1. Restoration of Property Out of Common Expense Fund.** Damage to or destruction of the Common Elements or Limited Common Elements of the Property shall be promptly repaired and restored by the Association in accordance with the provisions of article I of the Declaration and Section 1603-113 (e) and (h) of the Act. The Executive Board shall be responsible for accomplishing the full repair or reconstruction, which shall be paid out of the Common Expense Fund. The disbursements of funds for such repair or reconstruction shall, at the option of the Executive Board, be made only as the work progresses upon approval of a qualified architect who shall have furnished a description satisfactory to the Executive Board of the costs involved and the services and materials to be furnished by the contractors, subcontractors and materialmen. Unit Owners may apply the proceeds from their individual property insurance policies, if any, to the share of such Common Expenses as may be assessed to them. The Executive Board shall be responsible for restoring the Common Elements and Limited Common Elements only to substantially the same condition as they were immediately prior to the damage and each Unit Owners shall personally assume the additional expense of any improvements to his Unit that he desires to restore beyond such condition, including the cost of preparation and recording of amended Plats and Plans, if necessary. If any physical changes are made by the Association to any restored Unit or Common Element, or any combination of them, which renders inaccurate the Plats and Plans that are then of record, the Executive Board shall record amended Plats and Plans showing such changes.

## **ARTICLE 7 SEPARATE REAL ESTATE TAXES**

**Section 7.1. Assessments Against Individual Units.** Commencing with the taxable period during which occurs the first conveyance of a Unit to a person other than the Declarant, if real estate taxes are not separately assessed against each Unit Owner, but rather are assessed against the property as a whole, then each Unit Owner (including the Declarant, as to the Units then owned by him) shall pay his proportionate share thereof in accordance with his respective Percentage Interest in the Common Elements.

## **ARTICLE 8 AMENDMENTS**

**Section 8.1. General Requirements; Consent of Declarant or Holders of Mortgages; Curative Amendments to Bylaws.** Except as otherwise provided in any one or more of these Bylaws, the Declaration or the Act, these Bylaws may be amended by the vote of the Unit Owners entitled to cast a majority of the votes in the Association, cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws; provided, however, that if such amendment shall make any change that would affect any rights, privileges, power or options of the Declarant, such amendment shall require the joinder of the Declarant; and further provided that no amendment seeking to abandon or terminate the condominium for of ownership of the Property except as otherwise provide in the Declaration, shall be effective without the prior written approval of all mortgagees encumbering the Units. Notwithstanding the foregoing, amendments of a material nature must be approved by Unit Owners entitled to cast at least sixty-seven percent (67%) of the total allocated votes in the Association and by Eligible Mortgage Holders representing at least fifty-one percent (51%) of the votes of the Units subject

to mortgages held by Eligible Mortgage Holders. The approval of an Eligible Mortgage Holder may be assumed when that Eligible Mortgage Holder has failed to submit a response to any written proposal for an amendment within thirty (30) days after the proposal is made. A change to any of the following would be considered material:

- (a) voting rights, not expressly provided for herein;
- (b) subordination of assessment liens;
- (c) reallocation of interest in the General Common, Limited Common or Exclusive Limited Common Elements, or rights to their use, except as a result of the exercise by Declarant of the Development Rights and Special Declarant Rights pursuant to Article 15 of the Declaration;
- (d) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium, except as a result of the exercise by Declarant of the Development Rights and Special Declarant Rights pursuant to Article 15 of the Declaration;
- (e) imposition of any restriction on the Unit Owner's right to sell or transfer his own Unit;
- (f) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;
- (g) any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or
- (h) any amendment of Section 8.2 or Article 17 of the Declaration.

Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, then at any time and from time to time the Executive Board, acting through the President or the Vice President, may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

**Section 8.2. Amendments to the Declaration.** The Declaration may be amended pursuant to the provisions of the Act and the Declaration. The President or Vice President is empowered to prepare and execute any amendments to the Declaration on behalf of the Association and the Secretary or any Assistant Secretary is empowered to attest, seal with Association's corporate seal and record any such amendments on behalf of the Association.

## **ARTICLE 9 GENERAL PROVISIONS**

**Section 9.1. Severability.** The provisions of these Bylaws shall be deemed independent and severable, and the invalidity, partial invalidity or unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision or portion thereof unless the deletion of such invalid or unenforceable provision shall destroy the

uniform plan for development and operation of the condominium project that the Declaration . (including the Plats and Plans as well as these Bylaws) is intended to create.

**Section 9.2. Conflicts.** The Act and the Declaration shall control in the event of any conflict between the provisions thereof and the provision of these Bylaws. The Act, the Declaration and these Bylaws shall control in the case of any conflict between the provisions thereof and the provisions of the Rules and Regulations.

**Section 9.3. Notices.** All notices or other communications required or permitted under these Bylaws shall be in writing and shall be deemed to have been given when personally delivered or on the second business day after the day on which mailed by certified mail, return receipt requested, postage prepaid (or otherwise as the Act may permit) (a) if to a Unit Owner, at the single address that the Unit Owner shall designate in writing and file with the Secretary or, if not such address is designated, at the address of the Unit of such Unit Owner, or (b) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Association and the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

**Section 9.4. Headings.** The headings preceding the various Sections of these Bylaws and the Table of Contents are intended solely for the convenience of readers of the Bylaws and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

**Section 9.5. Gender.** The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

## **ARTICLE 10** **CORPORATE SEAL**

**Section 10.1. Seal.** The form of the seal of the Association shall contain the name of the Association and the State of Maine.