BYLAWS OF THE SUMMIT TERRACE CONDOMINIUMS UNIT OWNERS ASSOCIATION

ARTICLE I
Plan of Unit Ownership

Section 1.01. Unit Ownership. The land located at 115 Summit Terrace Road, South Portland, Maine, and known as Summit Terrace Condominiums in the City of South Portland, County of Cumberland and State of Maine, together with all improvements existing thereon, as described on Exhibit A to the Declaration has been submitted to the provisions of the Maine Condominium Act by Declaration recorded in the Office of the Cumberland County Registry of Deeds and shall be known as the "Summit Terrace Condominiums" (hereinafter called the Condominium).

Section 1.02. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the buildings and all other improvements thereon (including the units, and the Common Elements), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of the Maine Condominium Act.

Section 1.03. Application. All present and future Unit Owners, mortgagees, lessees and occupants of the units and their employees and any other persons who may use the facilities of the Condominium in any manner are subject to these Bylaws, the Declaration and to the rules and regulations established by the Board of Directors of the Condominium (the "Board of Directors") as hereinafter set forth. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a unit by any of the foregoing persons, other than a mortgagee of Declarant, shall constitute agreement that these Bylaws, the rules and regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with and the acceptance of a deed or conveyance by a mortgagee of Declarant shall constitute agreement that the estate of any such mortgagee in and to any such unit shall be subject to these Bylaws, the rules and regulations and the provisions of the Declaration as they may be amended from time to time. Unless otherwise specifically stated herein, the term "Unit Owner" shall
mean Declarant in instances where Declarant has not conveyed by deed a unit and purchasers of units in instances where Declarant has conveyed by deed a unit.

Section 1.04. Office. The principal office of the Condominium Board of Directors and the Board of Directors shall be located at 115 Summit Terrace Road, South Portland, Maine, or at such place as the Board of Directors may designate from time to time.

ARTICLE II
Board of Directors

Section 2.01. Initial Board of Directors. Subject to Section 2.02 below, the affairs of the Condominium shall be governed by a Board of Directors consisting initially of three (3) persons. The members of the initial Board of Directors shall be appointed, removed, and replaced from time to time by Declarant without the necessity of retaining resignations. The Declarant appointed members of the Board of Directors shall be replaced with Unit Owners, other than the Declarant, in accordance with the provisions of Section 2.02.

Section 2.02. Permanent Board. Except as otherwise required by 33 M.R.S.A. §1603-103, the transition from Declarant-appointed members of the Board of Directors to Unit Owners, other than Declarant, shall occur no later than the earlier of either sixty (60) days after Units having seventyfive percent (75%) of the voting rights are conveyed to Owners other than the Declarant, or seven (7) years following the conveyance of the first Unit to an Owner other than the Declarant. Declarant shall call the transitional meeting of Unit Owners pursuant to the provisions of Article III.

The Owners shall elect a Board of three (3) Unit Owners, the majority of whom shall be Owners other than the Declarant, one (1) of whom shall be elected for a term of one (1) year, one (1) of whom shall be elected for a term of two (2) years, and one (1) of whom shall be elected for a term of three (3) years. Thereafter, as the terms of the members expire, the Board members shall be elected by the Unit Owners at the Annual Meeting with each Director elected serving for a term of three (3) years. Incumbent members may be elected to a renewal term.

Section 2.03. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Condominium Board of Directors and shall do all such acts and things except as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Unit Owners. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep and maintenance of the Common Elements.

(b) Determination of the common expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.

(c) Collection of the common charges from the Unit Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and facilities.

(e) Adoption and amendment of rules and regulations covering the details of the operation and use of the Property.

(f) Opening of bank accounts on behalf of the Condominium Board of Directors and designating the signatories required therefore.

(g) Purchasing or leasing or otherwise acquiring in the name of the Association, or its designee, corporate or otherwise, on behalf of all Unit Owners, units offered for sale or lease surrendered by their owners to the Association.

(h) Purchasing of units at foreclosures or other judicial sales in the name of the Association, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with units acquired by, and subleasing units leased by the Association or its designee, corporate or otherwise, on behalf of all Unit Owners.

(j) Organizing corporations to act as designees of the Board of Directors in acquiring title to or leasing of units on behalf of all Unit Owners.

(k) Obtaining of insurance for the Property pursuant to the provisions of Article 9 of the Declaration.

(l) Making of repairs, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation of eminent domain proceedings.

Section 2.04. Managing Agent and Manager. The Board of Directors may employ for the Condominium a managing agent or a manager at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize, including, but not limited to the duties listed in subdivisions (a), (b), (c), (d), (k), and (1) of Section 2.03. The Board of Directors may delegate to the manager or managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subdivisions (e), (f), (g), (h), (i), and (j) of Section 2.03. Any contract entered into by the Board of Director for management services or any other services to be provided by the Declarant of the Condominium shall not exceed three years in length, and may be terminated at any time by either party, without cause, and without liability for a termination charge, fee or penalty.

Section 2.05. Removal of Members of the Board of Directors. On or after the date three (3) years from the date of the conveyance of the first unit to an owner other than the Declarant, or upon the

sale by the Declarant of seventyfive percent (75%) of the units, whichever shall first occur, and thereafter, at any regular or special meeting of Unit Owners, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the Unit Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Directors whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting.

Section 2.06. Vacancies. Subject to Section 2.02, vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the Unit Owners shall be filled by vote of a majority of the remaining Board members at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members of the Board of Directors present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member so replaced and until a successor shall be elected at the next annual meeting of the Unit Owners.

Section 2.07. Organizational Meeting. The first meeting of the members of the Board of Directors shall be immediately following the annual meeting of the Unit Owners, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 2.08. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by mail, telephone or electronic mail, at least three (3) business days prior to the day named for such meeting.

Section 2.09. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each member of the Board of Directors, given by mail, telephone or electronic mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) members of the Board of Directors.

Section 2.10. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 2.11. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a

quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.12. Informal Action by Board of Directors. Any action required to be taken at a meeting of the Board of Directors or any other action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the members of the Board of Directors entitled to vote with respect to the subject matter thereof.

Section 2.13. Fidelity Bonds. The Board of Directors may obtain adequate fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium Board of Directors funds. The premiums on such bonds shall constitute a common expense.

Section 2.14. Compensation. No member of the Board of Directors shall receive any compensation from the Condominium for acting as such.

Section 2.15. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Condominium unless any such contract shall have been made in bad faith or intentionally contrary to the provisions of the Declaration or of these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Condominium. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements and facilities bears to the interests of all the Unit Owners in the Common Elements and facilities and limited to the equity in the Unit (i.e., non-recourse to other assets of the Unit Owner). Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the Condominium shall provide that the members of the Board of Directors, or the managing agent or the manager, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all Unit Owners in the Common Elements provided however the failure to so provide will not invalidate such agreement.

Section 2.16. Fiscal Year. The Board of Directors shall establish a fiscal year.

Section 2.17. Committee. The Board of Directors may establish such standing or other committees with such powers and duties as its deems advisable.

ARTICLE III
Unit Owners

Section 3.01. Title to Units. Title to units may be taken in the name of an individual or in the name of two or more individuals, as tenants in common or as joint tenants, or in the name of a corporation, limited liability company, or partnership, or in the name of a fiduciary, or other entity recognized under Maine law as an entity that may hold title to real estate.

Section 3.02. Place of Meetings. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

Section 3.03. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Directors established after the first meeting at which Unit Owners may vote, upon a petition signed and presented to the Secretary by not less than twentyfive percent (25%) in common interest of Unit Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 3.04. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners at least ten (10) but not more than sixty (60) days prior to such meetings, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at the unit address or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 3.05. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum has not attended in person or by proxy, a majority in common interest of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than fortyeight (48) hours from the time the original meeting was called.

Section 3.06. Waiver of Notice. Any Unit Owner may at any time waive notice of any meetings of the Unit Owners in writing, and such waiver shall be deemed equivalent to the giving of such notice.

Section 3.07. Eligibility. Any person who acquires title to a unit shall be a member of the Condominium Unit Owners Association. There shall be one membership for each unit owned within the Condominium. Such membership shall be automatically transferred upon the conveyance of any unit. Until the first meeting at which Unit Owners may vote, the Condominium Board of Directors shall act without vote of the Unit Owners. Thereafter, each Unit Owner shall be entitled to vote.

Section 3.08. Voting. Voting shall be on a one vote per each unit owned basis and the votes to which each Unit Owner is entitled is equal to the number of units owned. A majority of the total votes cast at a meeting at which a quorum is present shall be binding upon all Unit Owners for all purposes except when a higher percentage is required by these Bylaws, the Declaration or by law.

Section 3.9. Votes in the Event of Multiple Ownership of a Unit. If only one (1) of the multiple owners of the unit is present at a meeting of the Board of Directors, such owner shall be entitled to cast the vote allocated to that unit. If more than one (1) of the multiple owners are present, the vote allocated to that unit may be cast only in accordance with the agreement of a majority of interest of the multiple owners and failing such majority agreement, not at all. There is deemed to be a majority agreement when any one of the multiple owners casts the vote allocated to that unit without protest being made promptly to the person presiding over the meeting by any other of the owners of that unit.

Section 3.10. Order of Business. The preferred order and topics of business at all meetings of the Unit Owners shall be as follows, to the extent necessary:

(a) Roll Call.
(b) Proof of notice of meeting or waiver of notice.
(c) Reading of minutes of preceding meeting.
(d) Reports of officers.
(e) Report of Board of Directors.
(f) Report of committees.
(g) Election of members of the Board of Directors.
(h) Unfinished business.
(i) New business.
(j) Adjournment.

Section 3.11 Parliamentary Procedure. At all meetings of the Unit Owners, Robert's Rules of Order, as then amended, shall be the preferred procedure, except in the event of conflict, these Bylaws or the Articles of Incorporation shall prevail.

Section 3.12 Adjournment. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the Unit Owners present, whether a quorum be present or not, without further notice of the time and place of adjournment beyond that given at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 3.13 Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary at or before the time of each meeting. A Unit Owner may designate any person, who need not be an owner, to act as proxy. The designation of any such proxy shall be made in writing, signed and dated by the Unit Owner, and shall be revocable only by written notice to the Secretary by the Unit Owner designating the proxy. If a unit is owned by more than one (1)

person, each owner of the unit may vote or register protest at the casting of the unit vote by the other owners of the unit through a duly executed proxy.

3.14 Informal Action of Unit Owners. Any action required to be taken at a meeting of the Unit Owners or any action which may be taken at a meeting of the Unit Owners, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all the Unit Owners entitled to vote with respect to the subject matter thereof.

3.15 Quorum of Unit Owners. The presence at any meeting of the Association in person or by proxy of unit owners whose aggregate interest in the common elements constitutes more than fifty (50) percent of the total interest in the common elements shall constitute a quorum. At any meeting at which a quorum is present, the affirmative vote of a majority of those present shall decide any question presented to the meeting unless a greater percentage vote is required by law, by the Declaration or by these Bylaws. In the election of Directors, those receiving the greatest number of votes, though less than a majority, shall be elected.

ARTICLE IV
The Officers

Section 4.01 Officers and Qualifications. The principal officers of the Condominium shall be the President, Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint a Vice President, an Assistant Treasurer, and Assistant Secretary and such other officers as in its judgment may be necessary. The officers may be members of the Board of Directors.

Section 4.02. Election of Officers. The officers of the Condominium shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.03. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose.

Section 4.04. President. The President shall be the chief executive officer of the Board of Directors. He shall preside at all meetings of the Unit Owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a nonprofit corporation organized under the laws of the State of Maine, including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium. The President must be a Unit Owner or the agent of an entity which is a Unit Owner.

Section 4.05 Vice President. The Vice President, if one is appointed, shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint

some other member of the Board of Directors to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

Section 4.06 Secretary. The Secretary shall attend and keep the minutes of all meetings of the Unit Owners and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary of a nonprofit corporation organized under the laws of the State of Maine. The Secretary shall be responsible for certifying the adoption of any amendment to the Declaration and Bylaws, and for filing any amendment to the Declaration in the Cumberland County Registry of Deeds. The Secretary shall maintain records of the addresses of Unit Owners for purposes of providing notice under the Declaration and these Bylaws and shall be responsible for issuing such notices.

Section 4.07 Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of accounts showing all receipts and disbursements and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Condominium, or the managing agent, in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of Treasurer of a nonprofit corporation organized under the laws of the State of Maine.

Section 4.08 Agreements, Contracts, Deeds, checks, etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Condominium shall be executed by any two officers of the Condominium Board of Directors or by such other person or persons as may be designated by the Board of Directors.

Section 4.09 Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V
Operation of the Condominium

Section 5.01. Responsibility of the Board of Directors. The Board of Directors shall be responsible for the operation of the Condominium in accordance with the provisions of the Declaration of these Bylaws.

Section 5.02. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors, the Common Elements and facilities shall require additions, alterations or improvements, costing in excess of $1,000.00, and the making of such additions, alterations, or improvements shall have been approved by a majority vote of the Unit Owners, and by all mortgagees of Declarant of one or more units, which approval shall not be withheld unreasonably, the Board of Directors shall proceed with such additions, alterations, or improvements and shall assess all Unit Owners for the cost thereof as a common charge. Any additions, alterations, or improvements costing $1,000.00 or less may be made by the Board of

Directors without approval of the Unit Owners or any mortgagees of units and the costs thereof shall constitute part of the common expenses.

Section 5.03. Additions, Alterations, or Improvements by Unit Owners. No Unit Owners shall make any structural addition, alteration, or improvement in or to any building nor shall be paint or otherwise decorate or change the appearance of any portion of the exterior of any building without the prior written consent thereto of the Board of Directors. The Board of Directors shall answer any request by a Unit Owner for such approval within thirty (30) days after such request and failure to so answer within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. Any application to the city or municipality or to any department or to any other governmental authority for a permit to make an addition, alterations, or improvements in or to any unit shall be executed by the Board of Directors only, but the Board and its members shall not by doing so incur any liability to any contractor, subcontractor or materialman on account of such addition, alterations, or improvements, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this Section 5.03 shall not apply to units owned by Declarant until such units shall have been initially conveyed by Declarant.

Section 5.04. Utility Charges. As to any utility charges, except water and sewer, which are supplied to each unit, each Unit Owner shall be required to pay the bills for said utility charges allocable to his unit. The utility services supplied to the Common Elements and facilities shall be separately billed, and the Board of Directors shall pay all said bills as a common expense.

Section 5.05. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the condominium in its entirety or in a part belonging to other owners or detract from the value or appearance of the condominium, including the unit or units in question, and shall be expressly responsible for any damages or liabilities resulting from his failure to do so. If any owner fails to perform such maintenance or repair after reasonable notice from the Association, the Association through its officers or manager shall have the right to enter the unit and perform such maintenance or repair in the name of the owners and shall be entitled to reimbursement from the owner for any expenditures incurred.

(b) All the repairs of internal installations of the unit such as toilets and other internal plumbing fixtures, lights, wiring, telephones, sanitary installations, doors, windows, lamps, and all other accessories belonging to the unit area shall be maintained at the owner's expense, other than the furnishing of water, sewer disposal, and power, through the common water systems, septic system and electric lines.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common elements damaged through his negligence, misuse or neglect.

(d) All other maintenance and repair of the common elements shall be performed at the direction of the manager or the Board of Directors, and shall be a common expense. Vouchers for the payment of maintenance and repair costs shall be approved by the manager or Board of Directors before payment.

Section 5.06. Improvements. The Board of Directors may make improvements to the common elements and assess the cost thereof to all unit owners as a common expense. In addition, if an improvement is requested by one or more unit owners and is in the opinion of the Board, exclusively or substantially exclusively for the benefit of those who requested it, the cost shall be assessed against such owner or owners in such proportion as the Board shall determine as fair and equitable. Nothing contained herein shall prevent the unit owners affected by such improvement from agreeing, in writing, either before or after the assessment is made, to be assessed in different proportions. The Declarant may, at its expense, make such improvements to the common elements as it deems advisable as long as it is an owner, directly or indirectly, of at least one unit or has rights to construct additional buildings within units.

Section 5.07. Use of Units. All units shall be utilized in accordance with the provisions of the Bylaws, Declaration, and any Rules and Regulations. Every unit owner shall pay to the Association promptly on demand all costs and expenses including reasonable attorneys' fees incurred by or on behalf of the Association for collecting any delinquent assessments or fees against such unit, foreclosing its lien therefor, collecting any penalties imposed hereunder, or enforcing any provisions of the Declaration or these Bylaws against such owner or any occupant of such unit. Upon any violation of the Declaration, Bylaws, or Rules and Regulation, the offending party and the owner (including any owner, tenant, lessee', licensee, guest or invitee of the owner of any unit in which the violation is occurring or has occurred) shall be given ten (10) days written notice by the Board by delivery in hand or by mail of the violation committed and the necessary corrective action that is required, and, if such violation continues beyond the ten (10) day period, the offending party and the owner shall each pay a penalty in the amount of ten (10%) percent of the then monthly assessment of the unit per day to the Association until the violation is corrected. The delivery in hand or mailing of the notice shall constitute the commencement of the ten (10) day period. Any person against whom a penalty is asserted under the preceding paragraph of this section shall be entitled to a hearing before the Board of Directors upon such reasonable notice and in accordance with such reasonable procedures as the Board of Directors may determine, but a request for such a hearing shall not interrupt or stay the time for correcting the violation or the continued penalty assessment.

Section 5.08. Rules and Regulations. In order to assure the peaceful and orderly use and enjoyment of the common elements and the occupancy of the Units to the extent such occupancy affects common elements of the condominium or other Units, the Board of Directors may from time to time adopt, modify, and revoke in whole or in part reasonable rules and regulations, to be called Rules and Regulations, governing the conduct of persons on the Condominium as it may deem necessary, including, but not limited to, methods of procedures for enforcing compliance with the Declaration and Bylaws; such rules and regulations, however, may be revoked by a vote of the Unit Owners whose aggregate interest in the common elements constitutes seventyfive

percent (75%) at any meeting duly called for the purpose. Such Rules and Regulations upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each owner and shall be binding upon all members of the Association and occupants of the property.

ARTICLE VI
Fiscal Management

Section 6.01. Accounting. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with customary accounting principles and practices. Within ninety (90) days after the close of each fiscal year, the Association shall furnish its members with a statement of the income and disbursements for such prior fiscal year and a balance sheet as of the close of that year.

Section 6.02. Assessments.

(a) Budget. With respect to each fiscal year, the Board shall estimate the amount required by the Association to meet its expense for such year, including but not limited to the following items:

(i) Management and administration expenses;

(ii) The estimated cost of repairs, maintenance and replacement of common elements;

(iii) The cost of such insurance and utilities as may be furnished by the Association;

(iv) The amount of such reserves as may be reasonably established by the Board, including general operating reserves, reserves for contingencies, and reserves for maintenance and replacements; and

(v) Such other expenses of the Association as may be approved by the Board of Directors including operating deficiencies, if any, for prior periods. Prior to the sale of the first unit, or within one hundred fifty (150) days thereof, the Declarant shall adopt a budget and make a common expense assessment. This budget shall remain in effect until changed by the adoption of the different budget in accordance with if the procedures hereafter set forth.

(b) Budget Approval. Within thirty (30) days of the commencement of each fiscal year, the Board shall cause an estimated annual budget to be prepared based on its estimations of annual expenses, and copies of such budget shall be furnished to each member. The Board shall call a meeting of the members not less than fourteen (14) days nor more than thirty (30)

days after such budget is furnished to the members for the purpose of considering ratification of such budget. Unless at that meeting sixty (60%) percent or more of the unit owners vote to reject the budget, the budget shall be deemed ratified, whether or not a quorum is present at the meeting. In the event the budget is rejected, the budget last ratified by the members shall be continued until such time as the unit owners ratify a subsequent budget proposed by the Board. If the aforesaid budget ratification meeting is not held, ratification shall be voted at the annual meeting.

(c) Budget Assessments. On or before the first day of each month the fiscal year covered by such estimated annual budget, each member shall pay his respective one-twelfth (1/12) of his of his proportionate share of the amount designated in the estimated annual budget as membership assessments. Alternatively, the Board of Directors may, in its discretion, change the assessment payment from monthly to semi-annual, quarterly or annual. Each member's proportionate share of members assessments shall be an amount equal to the total membership assessment multiplied by his respective percentage interest in the common elements provided however, that with respect to certain common elements, the operation, maintenance and replacement costs and reserves may be allocated among the members according to the respective use and benefit of the particular facility to each unit rather than according to the percentage interest of each unit. Until the annual budget for a fiscal year is sent to each member by the Board, the member shall continue to pay that amount which had been established on the basis of the previous estimated annual budget.

(d) Lien for Assessments. If any member shall fail or refuse to make payment of his proportionate share of the common expenses or any other amount payable to the Association when due, the amount thereof shall bear interest at a rate per annum, not exceeding eighteen (18) percent, established from time to time by the Board of Directors and, together with such interest, shall constitute a lien on the unit of such member. The Association and the Board shall have the authority to exercise and enforce any and all rights and remedies provided in the Condominium Act, the Declaration or these Bylaws, or otherwise available at law or in equity for the collection of all unpaid amounts including the right to accelerate payment on the full assessment for the year.

Section 6.03. Revised and Emergency Assessments. If at any time prior to or during the course of any fiscal year the Board shall deem the amount of the membership assessments to be inadequate by reason of a revision in its estimate of either expenses or other income, the Board shall prepare and cause to be delivered to the members a revised estimated annual budget for the balance of such fiscal year and shall call a meeting of the members to ratify such budget in the same manner as for an annual budget. After ratification, assessments shall be determined and paid on the basis of such revision. The Board may, upon finding that an emergency exists which

requires immediate assessment of the members, make an emergency assessment for each unit, which shall be due and payable when communicated to the members.

Section 6.04. Declarant. With respect to any units owned by the Declarant, the Declarant shall pay an assessment determined in the same manner as the assessment is determined for all other unit owners.

Section 6.05. Foreclosure of Lien. In any action to foreclose the lien against any owner of a unit, the Association may represent itself through its Manager or Board of Directors in like manner as any mortgagee of real property. The Manager or Board of Directors acting on behalf of the unit owners shall have the power to bid and acquire such unit at a foreclosure sale.

Section 6.06. Title. Every unit owner shall promptly cause to be duly recorded in the Cumberland County Registry of Deeds the deed, lease, assignment, or other conveyance to him of his unit or other evidence of his title thereto and file such evidence of his title with the Board of Directors through the manager, and the Secretary shall maintain such information in the records of ownership of the Association.

Section 6.07. Mortgages. Any mortgagee of a unit may file a copy of its mortgage with the Board of Directors through the manager, and the Secretary shall maintain such information in the records of ownership of the Association. After the filing of the mortgage, and upon the request of the mortgagee, the Board of Directors through its manager shall be required to notify the mortgagee of any matters for which notice to eligible mortgage holders is required under the Maine Condominium Act.

Section 6.08. Insurance. The Board of Directors shall obtain and maintain insurance as required by the Condominium Declaration.

Section 6.09. Reconstruction or Repair of Casualty Damage. Except as hereinafter provided, damage to or destruction of the common buildings and units shall be promptly repaired and reconstructed by the Board of Directors, using the proceeds of insurance, if any, on the building for that purpose, and any deficiency for a common building shall constitute common expenses, unless;

(b) The condominium is terminated;

(c) Repair or replacement would be illegal under any state or local health or safety statute or ordinance; or

(d) Seventyfive percent (75%) of the unit owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild.

If the entire condominium is not repaired or replaced:

(b) The insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the condominium;

(c) The insurance proceeds attributable to units and limited common elements which are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated or to their respective lien holders as their interests may appear; and

(d) The remainder of the proceeds shall be distributed to all the unit owners or lien holders as their interests may appear in proportion to the common element interests of all the unit owners.

If the unit owners vote not to rebuild any unit, that unit's allocated interests are automatically reallocated upon the vote as if the unit had been condemned and the Association promptly shall prepare, execute and record an amendment to the declaration reflecting the reallocations. Notwithstanding the provisions of this section, §1602118 of the Maine Condominium Act governs the distribution of the insurance proceeds if the condominium is terminated.

(b) Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility of maintenance and repair, the Board of Directors shall obtain reliable and detailed estimates of cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

(c) The proceeds of insurance collected on account of casualty, and the sums received by the Board of Directors from collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair.

(d) Encroachments upon or in favor of units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis of a proceeding or action by a unit owner upon whose property such encroachment exists. Such encroachments shall be allowed to continue in existence for so long as the building stands.

(e) In the event that there is any surplus of monies in the construction fund after the reconstruction or repair of the casualty damage has been fully completed and all costs paid, such sums may be retained by the Board of Directors as a reserve or may be used in the maintenance and operation of the Condominium property, or, in the discretion of the Board of Directors, it may be distributed to the unit owners and their mortgagees who are the beneficial owners of the fund. The action of the Board of Directors in

proceeding to repair or reconstruct damage shall not constitute a waiver of any rights against a member for committing willful or malicious damage.

ARTICLE VII
Liability of Officers

Section 7.01. Exculpation. No director or officer of the Association shall be liable for acts or defaults of any other officer, director or members of the Association or for any loss sustained by the Association or any member thereof, unless the same has resulted from his own willful misconduct or gross negligence.

Section 7.02. Indemnification. Every director, officer, and member of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceeding, investigation, or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his having been an officer, directors or member of the Association whether or not he continues to be such director, officer or member of the Association at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or gross negligence toward the Association in the performance of his duties, or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law or under the Declaration and shall inure to the benefit of the legal representative of such person.

ARTICLE VIII
Fiscal Year

Section 8.01. Fiscal Year. The fiscal year of the Association shall be such as may from time to time be established by the Board of Directors, but shall be calendar year unless otherwise established.

ARTICLE IX
Miscellaneous

Section 9.01. Notices. Except as otherwise specifically provided in these Bylaws, all notices hereunder shall be sent registered or certified mail to the Board of Directors, care of the managing agent, or if there be no managing agent, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate from time to time by notice in writing to all Unit Owners. Except as otherwise specifically provided in these Bylaws, all notices to any Unit Owner shall be sent by registered or certified mail to the unit address or to such other address as may have been designated by them from time to time, in writing, to the

Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section 9.02. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 9.03. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws, or the intent of any provision thereof.

Section 9.04. Gender. The use of masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 9.05. Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur without enforcement.

ARTICLE X
Bylaws

Section 10.01. Amendment. These Bylaws may be amended at any duly called meeting of Unit Owners, provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by Unit Owners holding eighty percent (80%) interest in the aggregate of the individual ownership and (3) that the amendment be approved in writing by the holders of first mortgages encumbering fiftyone percent (51%) of the undivided interest in the Common Elements subject to mortgages. If an amendment to these Bylaws is merely a correction of a technical error or the clarification of a statement, any eligible mortgage holder provided notice of such amendments shall be deemed to have approved same should said mortgage holder fail to respond within 30 days after having received notice of such amendment. No amendment will affect or impair the validity or priority of Unit Owners and holders of a mortgage encumbering a unit or units nor the validity or priority of any other proper liens, nor any rights or remedies of any mortgagee of Declarant under the terms of any mortgage on any one or more units.

No amendment made to these Bylaws shall be contrary to Chapter 6 of Title 13B of the Maine Revised Statutes.

Section 10.02. Conflict. In the event of any conflict between these Bylaws and the provisions of the Declaration or the Maine Condominium Act, the latter shall govern and apply.

ARTICLE XI
Association Records

Section 11.01. Copies. Upon request, the Association shall make available to all unit owners, lenders and eligible mortgage holders current copies of the Declaration, Bylaws, Rules and Regulations, Association books, records and financial statements. Copies shall be provided for reasonable copying fees not to exceed twenty-five cents ($0.25) per page or the actual costs of photocopying, whichever amount is greater.