EXHIBIT G

PROPOSED RULES AND REGULATIONS OF CAPE ARUNDEL COTTAGE PRESERVE OWNERS ASSOCIATION

BYLAWS OF CAPE ARUNDEL COTTAGE PRESERVE OWNERS ASSOCIATION

1976 Portland Road, Arundel, Maine

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BYLAWS OF CAPE ARUNDEL COTTAGE PRESERVE OWNERS ASSOCIATION

ARTICLE I. OFFICE

Section 1. Principal Office. The principal office of Cape Arundel Cottage Preserve Owners Association (hereinafter referred to as the "Association") shall be maintained at 1976 Portland Road, Arundel, Maine 04046, or such address as may be designated from time to time by the Executive Board of the Association.

Section 2. Place of Meetings. All meetings of the Association shall be held at its principal office unless some other place is stated in the call.

ARTICLE II. ASSOCIATION OF OWNERS

Section 1. Membership. The members of the Association (hereinafter "members") shall consist of all Unit Owners of Cape Arundel Cottage Preserve, a Condominium (hereinafter referred to as the "Condominium"), a property submitted to the provisions of the Maine Condominium Act and located at 1976 Portland Road in the Town of Arundel, York County, Maine. Membership shall be in accordance with the Declaration of Cape Arundel Cottage Preserve, a Condominium (hereinafter referred to as the "Declaration") or these Bylaws, as amended from time to time. The membership of each Unit Owner terminates upon a sale, transfer or other disposition of his ownership interest in a Condominium Unit (hereinafter referred to as "Unit") as provided in the Declaration, whereupon the membership and any interest in the funds of the Association shall automatically transfer to and be vested in the successor in ownership. A conveyance in mortgage of a Unit, however, shall not operate to transfer membership until the mortgage is foreclosed or the property sold in lieu of foreclosure. The Association may, but is not required to, issue certificates of membership.

Section 2. First Meeting; Annual Meeting. The first annual meeting of the Association shall be held, at the call of the Declarant of Cape Arundel Cottage Preserve, a Condominium (hereinafter referred to as the "Declarant"), within sixty (60) days after the closing of sales of seventy-five percent (75%) of the Units by the Declarant, or the expiration of seven (7) years from the date of the first Unit sale or transfer by Declarant, whichever is first. Thereafter, the annual meeting of the Association shall be held each year on the first Saturday in August, or in the event that day is a legal holiday, then on the first day thereafter which is not a holiday.

Section 3. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President of the Association (hereinafter referred to as the "President") or upon the call of any two (2) Unit Owners. Upon receipt of the call, the Secretary of the Association (hereinafter referred to as the "Secretary") shall send out notices of the meeting to all members of the Association.

Section 4. Notice of Meetings. A written or printed notice of every meeting of the Association, stating whether it is an annual meeting or special meeting, the authority for the call, the place, day, and hour of the meeting, and the purpose therefor shall be given by the Secretary

or the person or persons calling the meeting at least ten (10) days before the date set for the meeting. Such notice shall be given to each member as indicated in the records of the Association by delivery in hand or mailing such notice, postage prepaid, addressed to the member at his address as it appears in the records of the Association. Such notice shall also be given to holders, insurers and guarantors of mortgages on Units when required by Article 12 of the Declaration. If notice is given pursuant to the provisions of this Section, the failure of any member to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat. Upon written request for notices mailed by registered mail addressed to the Secretary at the address of the Association, the holder of any duly recorded mortgage against any Unit may promptly obtain a copy of any and all notices permitted or required to be given to the members from and after receipt of the request until the request is withdrawn or the mortgage is discharged of record. To the extent permitted under the Condominium Act, any such notice may also be sent by electronic means to any other address, including an e-mail address, specifically designated by the Unit Owners and/or any other parties entitled to such notice.

Section 5. Waiver of Notice. The presence of all the members in person or by proxy, at any meeting of the Association shall render the same a valid meeting, unless any member shall, at the opening of the meeting, object to the holding of the same for noncompliance with the provisions of Section 4 of this Article II. Any meeting so held without objection shall, notwithstanding the fact that no notice of meeting was given, or that the notice given was improper, be valid for all purposes, and any general business may be transacted and any action may be taken.

Section 6. Quorum. The presence at any meeting of the Association in person or by proxy of Unit Owners whose aggregate voting rights constitute more than fifty percent (50%) of the total voting rights 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 except the election of Executive Board Members (hereinafter referred to as "Board Members") presented to the meeting, unless a greater percentage vote is required by law, by the Declaration or by these Bylaws. In the election of Board Members, those receiving the greatest number of votes, though less than a majority, shall be elected.

Section 7. Voting. Any person, firm, corporation, partnership, limited liability company, trust or other legal entity or a combination thereof, owning any Unit other than as a mortgagee in the Condominium duly recorded in his or its name, the ownership whereof shall be determined by the records of the York County Registry of Deeds, shall be a member of the Association, and either in person or by proxy entitled to vote for each Unit so owned at all meetings of the Association. Any provisions to the contrary notwithstanding, co-Owners or joint Owners shall be deemed one Owner. The authority given by a member to another person to represent such member at meetings of the Association shall be in writing, signed by such member or if a Unit is jointly owned then by all joint Owners, or if such member is a firm, corporation, partnership, limited liability company, trust or other legal entity, by the proper officer, partner, member or other legal representatives thereof, as the case may be, and shall be filed with the Secretary, and unless otherwise stated therein, such authority shall be valid until revoked in writing. An executor, administrator, guardian, or trustee may vote in person or by proxy at any meeting of the Association with respect to any Unit owned or held by him in such a capacity, whether or not

the same shall have been transferred to his name by a duly recorded conveyance. In case such Unit shall not have so been transferred to his name, he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding such Unit in such capacity. Whenever any Unit is owned by two or more jointly according to the records of said Registry of Deeds, the Owners thereof may designate in writing one or more of the Owners to cast the vote for all such Owners, and such designation, unless otherwise limited by its terms, shall be valid once filed with the Secretary until revoked by any such Owner by notice in writing filed with the Secretary. The Declarant may exercise the voting rights pertaining to any Unit title to which is in the Declarant. No vote pertaining to a Unit owned by the Association may be cast. An Eligible Mortgage Holder shall have the voting rights provided by Section 1602-119 of the Maine Condominium Act.

Any specified percentage of Unit Owners refers to the aggregate voting rights and not to the number of Units or Owners.

Section 8. 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 members present, whether a quorum be present or not. If the adjournment is for less than thirty (30) days and the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken, no further notice need be given. 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.

ARTICLE III. EXECUTIVE BOARD

Section 1. Number and Qualification. As provided by these Bylaws, the Declaration and the Maine Condominium Act, the Association shall be administered by a board of directors known as the Executive Board (hereinafter "Board"). Until the first annual meeting of the Association, the affairs of the Association shall be governed by a Board composed of three (3) persons appointed by the Declarant, who need not be Unit Owners. Thereafter, the affairs of the Association shall be governed by a Board elected by the members of the Association, initially composed of five (5) persons, and as increased or decreased at any annual meeting by a majority vote, within the limits stated in the Articles of Incorporation. Each Executive Board Member shall be the Owner or the spouse of an Owner of a Unit in the Condominium; or if a Unit Owner shall be a firm, corporation, partnership, limited liability company, trust or estate, then an officer, partner, member or manager, trustee or beneficiary thereof or other designated agent (hereinafter "Board Member").

Section 2. Powers and Duties. The Board shall have the power and duties necessary for the administration of the affairs of the Association as provided by the Maine Condominium Act and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Unit Owners.

Section 3. Other Duties. In addition to other duties imposed by these Bylaws or by resolutions of the Association, the Board shall be responsible for the following:

(a) Care, upkeep, and surveillance of the project and the common elements.

(b) Determination and collection of the monthly assessments from the Unit Owners.

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the Condominium and the common elements.

Section 4. Manager or Management Agent, Employees, Generally. The Board may employ for the Association a management agent or manager, at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article III. Any agreement for professional management, or any other contract providing for services of the Declarant to the Unit Owners, shall not exceed a term of three (3) years and shall be cancelable by either party without cause and without a termination fee upon ninety (90) days written notice. The Board may employ any other employees or agents to perform such duties and at such salaries as the Board may establish. Any first mortgagee of a Unit may file a written request with the Board that it be notified of a change of management agent or manager and the Board shall, upon making such change, give such notification as requested. Until the first annual meeting of the Association, the Board may employ or use the services of the Declarant or the Declarant's employees, and all costs and expenses related to those services shall be charged to common expenses. Neither the Board nor the Declarant shall be charged with self-dealing or breach of fiduciary duty by reason of such employment.

Section 5. Election and Term of Office. From and after the first annual meeting of the Association, the Board Members shall be elected by the Unit Owners. At the first annual meeting of the Association, the term of office of two Board Members shall be fixed for three (3) years, the term of office of two Board Members shall be fixed at two (2) years, and the term of office of one Board Member shall be fixed at one (1) year. At the expiration of the initial term of office for each Board Member, his successor shall be elected to serve a term of three (3) years. The Board Members shall hold office until their successors have been elected and hold their first meeting, the intent and purpose being that the terms of office of the Board Members shall not all expire annually.

Section 6. Vacancies. Until the first annual meeting of the Association, vacancies in the Board shall be filled by appointment by the Declarant. Thereafter, vacancies in the Board caused by any reason other than the removal of a Board Member by a vote of the members shall be filled by vote of the majority of the remaining Board Members, even though they may constitute less than a quorum; and each person so elected shall be a Board Member until a successor is elected at the next annual meeting of the Association.

Section 7. Removal of Board Members. At any regular or special meeting duly called, any one or more of the Board Members may be removed with or without cause by a majority of the members and a successor may then and there be elected to fill the vacancy thus created. Any Board Member whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Section 8. Compensation. No compensation shall be paid to Board Members for their services as Board Members. No remuneration shall be paid to a Board Member for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the Board before or after the services are undertaken. A Board Member may not be an employee of the Association.

Section 9. Annual Meeting. The annual meeting of the Board shall be held immediately following the annual meeting of the Association and at the same place, and no notice shall be necessary in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 10. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board Members. Notice of regular meetings of the Board shall be given to each Board Member, personally or by mail, addressed to his residence, or by telephone, at least three (3) days prior to the day named for such meeting. Unless prohibited under the Condominium Act, any such notice may also be sent by electronic means to any other address, including an e-mail address, specifically designated by the Board Member.

Section 11. Special Meetings. Special meetings of the Board may be called by the President on three (3) days' notice to each Board Member, given personally or by mail, addressed to his residence, or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Board Members. Upon the request of any Board Member made within thirty (30) days after a meeting, the person giving notice of the meeting shall execute a sworn affidavit setting forth the specific manner in which notice of the meeting was given to and received by each Board Member. Unless prohibited under the Condominium Act, any such notice may also be sent by electronic means to any other address, including an e-mail address, specifically designated by the Board Member.

Section 12. Waiver of Notice. Before or after any meeting of the Board, any Board Member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board Member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board Members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. Quorum. At all meetings of the Board, a majority of the Board Members shall constitute a quorum for the transaction of business, and the acts of the majority of the Board Members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Unanimous Action. Unless otherwise provided by law, the Declaration, or these Bylaws, any action which may be taken at a meeting of the Board may be taken without a meeting if all of the Board Members sign written consents, setting forth the action taken or to be taken, at any time before or after the intended effective date of such action. Such consents shall be filed with the minutes of Board meetings and shall have the same effect as a unanimous vote.

Section 15. Bonds of Officers and Employees. The Board may require that all officers and employees of the Association handling or responsible for corporate funds shall furnish adequate bonds. The premiums on such bonds shall be paid by the Association.

Section 16. Committees. The Board may establish such standing or other committees, with such powers and duties, as it deems advisable.

ARTICLE IV. OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Secretary, and a Treasurer all of whom shall be elected by the Board. The Board Members may in their discretion appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers, as in their judgment may be necessary.

Section 2. Election of Officers. The principal officers of the Association shall be elected annually by the Board at the annual meeting and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. In his absence, a chairman pro tempore may be chosen by the members of the Association or Board Members, as the case may be, to preside at a meeting. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint ad hoc committees from among the Unit Owners or their spouses from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Board or of the Association, shall give all notices as provided by these Bylaws, and shall have other powers and duties as may be incidental to the office of Secretary, given him by these Bylaws or assigned to him from time to time by the Board Members. If the Secretary shall not be present at any meeting, the presiding officer shall appoint a secretary pro tempore who shall keep the minutes of such meeting and record them in the books provided for that purpose. The Secretary shall be responsible for the filing of all reports and documents required to be filed by the Association with any governmental agency. The Secretary shall keep a record of the names and addresses of all Unit Owners and mortgage holders, and shall keep copies of all

Condominium documents. The Secretary shall, within ten (10) days after receipt of a request and payment of a fee established by the Board, provide any person entitled thereto a written statement or certification of the information required to be provided by the Association pursuant to Section 1603-116(h) and 1604-108(b) of the Maine Condominium Act.

Section 6. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. He shall be responsible, subject to the direction of the Board, for preparing and providing to the Secretary for dissemination to the members all financial reports, budgets and notices required, and for the preparation and signing, if necessary, of all financial reports or tax returns required to be filed by the Association. The Treasurer shall have such other powers and duties as may be incidental to the office of Treasurer, given him by these Bylaws or assigned to him from time to time by the Board Members.

Section 7. Compensation. The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the Board.

Section 8. Auditor. The members may at any meeting appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association and to perform such audits and fiscal duties as may be requested by the Association.

Section 9. Books and Records. The Secretary and Treasurer shall provide that current copies of the Condominium documents and the books, records and financial statements of the Condominium as provided in Section 1603-118 of the Condominium Act, as it may be subsequently amended, which books, records and financial statements shall be available for inspection by Unit Owners and by holders, insurers or guarantors of first mortgages on the Units as required under Section 1603-118. These documents shall be available during reasonable weekday hours or under other reasonable circumstances established by the Secretary and Treasurer.

ARTICLE V. FISCAL MANAGEMENT

Section 1. 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 2. Assessments. With respect to each fiscal year, the Board shall estimate the amount required by the Association to meet its expenses for such year, including but not limited to the following items:

(a) Management and administration expenses;

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

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

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

(e) Such other expenses of the Association as may be approved by the Board including operating deficiencies, if any, for prior periods.

Electricity, telephone and television cable shall be assessed and billed to each Unit separate from the common assessments unless agreements are entered into by the Declarant and/or the Association with utility providers to furnish such services on a project wide basis to be billed to the Association for inclusion as part of the common expenses paid by the Unit Owners. Costs for water, sewer services and natural gas or propane, if provided, will be paid for as part of the common expenses for all Units unless the Declarant arranges for separate metering of each Unit in which case each Unit shall pay the costs thereof separate from the common expenses.

Within ninety (90) 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) 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 percent (60%) or more of the members 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.

On or before the first day of each month of the fiscal year covered by such estimated annual budget, each member shall pay as his respective monthly assessment one-twelfth (1/12) of his proportionate share of the amount designated in the estimated annual budget as membership assessments, provided that the Board may establish a different billing cycle such as, for example, once every quarter, in which case the Unit Owners shall pay one-fourth of said annual assessment. Each member's proportionate share of membership assessments shall be an amount equal to the total membership assessment multiplied by his respective fractional 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 or element to each Unit rather than according to the fractional interest of each Unit.

Until the annual budget for a fiscal year is ratified by the members, each member shall continue to pay that amount which had been established on the basis of the previous annual budget.

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 percent (18%), established from time to time by the Board and, together with such interest and such costs and attorney's fees as are allowed by law, 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 and, if available, all possessory remedies under the Forcible Entry and Detainer laws of Maine.

Section 3. 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, monthly 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 not to exceed an amount equal to the then current monthly assessment for each Unit, which shall be due and payable when communicated to the members.

Section 4. Declarant. With respect to any Units owned by the Declarant, the Declarant shall pay a monthly assessment determined in the same manner as the monthly assessment is determined for all other Unit Owners.

Section 5. Maintenance and Repair. The Declaration provides for the division of responsibility between the Unit Owners and the Association for the maintenance, repair and replacement of the Units and Common Elements.

Section 6. Improvements. The Board 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 (1) Unit.

Section 7. Use of Units. All Units shall be utilized in accordance with the provisions of the Bylaws, Declaration and any Rules and Regulations established by the Board pursuant to Section 8 of this Article V.

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 in 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, these Bylaws or the Rules and Regulations against such Owner or any occupant of such Unit.

Upon any violation of the Declaration, Bylaws or the Rules and Regulations, the offending party (including any Owner, tenant, lessee, licensee, guest or invitee) and 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 Unit Owner shall each pay a penalty in the amount of ten percent (10%) 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 upon such reasonable notice and in accordance with such reasonable procedures as the Board 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 8. Rules and Regulations. In order to assure the peaceful and orderly use and enjoyment of the buildings and common elements of the Condominium, the Board may from time to time adopt, modify, and revoke in whole or in part at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules and Regulations, governing the conduct of persons in the Condominium as it may deem necessary, including, but not limited to, regulations governing such matters as parking, pets, noise, lights, signs, leasing of Units, landscaping, window appearance, refuse disposal, storage areas, use of common and limited common elements and methods and procedures for enforcing compliance with the Declaration, Bylaws and such Rules and Regulations. Such Rules and Regulations, and every amendment, modification, and revocation thereof, shall, upon adoption, be delivered promptly to each Unit Owner and shall be binding upon all members of the Association and occupants of the Condominium.

Section 9. 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 in like manner as any mortgagee of real property. The manager or Board acting on behalf of the Unit Owners shall have the power to bid and acquire such Unit at a foreclosure sale. The delinquent Unit Owner

shall be required to pay to the Association a reasonable rent for such Unit until the sale or foreclosure, together with all costs and reasonable attorneys' fees. Suit to recover money judgment for unpaid common expenses shall be maintainable with all costs and reasonable attorneys' fees without foreclosing or waiving the lien securing the same.

Section 10. Title. Every Unit Owner shall promptly cause to be duly recorded in the York 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 through the manager, and the Secretary shall maintain such information in the record of Unit ownership of the Association.

Section 11. Mortgages. Any mortgagee of a Unit may file a copy of its mortgage with the Board through its Secretary or manager, and the Secretary shall maintain such information in the record of Unit ownership of the Association. After the filing of the mortgage, and upon the request of the mortgagee, the Board, through its Secretary or 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 12. Insurance.

(1) The Board shall obtain and maintain, to the extent available in accordance with general business practices and the standard requirements of mortgage holders, insurance on the Condominium buildings and all other insurable improvements upon the land, including but not limited to, all of the Units, together with the fixtures, service machinery and equipment and all other personal property as may be held and administered by the Board for the benefit of the Unit Owners, covering the interest of the Condominium Association, the Board and all Unit Owners and their mortgagees as their interests may appear. To the extent reasonably available and required by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, Federal Housing Administration, or Maine State Housing Authority, such policy shall cover the fixtures, equipment and other personal property inside a Unit financed by a mortgage purchased by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, Federal Housing Administration, or Maine State Housing Authority. The insurance shall be purchased from recognized insurance companies duly licensed to operate in the State of Maine. Such insurance shall be primary even if Unit Owners obtain other insurance covering the same loss. It must show the named insured as "Association of the Owners of Cape Arundel Cottage Preserve, a Condominium, for the use and benefit of the individual Owners."

(2) The Board shall obtain master policies of insurance which shall provide that the loss thereunder shall be paid to the Board as insurance trustee under the Declaration. Under the said master policies, certificates of insurance shall be issued which indicate on their face that they are a part of such master policies of insurance covering each and every Unit of the Condominium and its common elements. A certificate of insurance with proper mortgagee endorsements shall be issued to the Owner of each Unit and the original thereof shall be delivered to the mortgagee, if there be one, or retained by the Unit Owner if there is no mortgagee. The certificate of insurance shall show the relative amount of insurance covering the

Unit and the interest in the common elements of the Condominium property and shall provide that improvements to a Unit or Units which may be made by the Unit Owner or Owners shall not affect the valuation for the purposes of this insurance of the buildings and other improvements upon the land. Such master insurance policies and certificates shall contain provisions that any Insurance Trust Agreement will be recognized, that the insurer waives its right to subrogation as to any claim against the Board, its agents and employees, Unit Owners, their respective employees, agents and guests, and of any defense based on invalidity arising from the acts or omissions of the insured or the individual Unit Owners who are not under the control of the Association, and providing further that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual Unit Owners as hereinafter permitted. The original master policy of insurance shall be deposited with the Board as insurance trustee and a memorandum thereof shall be deposited with any first mortgagee who may require the same. The Board must acknowledge that the insurance policies and any proceeds thereof will be held in accordance with the terms hereof. The Board shall pay, for the benefit of the Unit Owners and each Unit mortgagee, the premiums for the insurance hereinafter required to be carried at least thirty (30) days prior to the expiration date of any such policies and will notify each Unit mortgagee of such payment within twenty (20) days after the making thereof.

(3) The property shall be covered by:

(a) Casualty or physical damage insurance in an amount equal to not less than one hundred percent (100%) of the full replacement value of the Condominium buildings and facilities as determined annually by the Board with the assistance of the insurance company affording such coverage, containing agreed amount provisions and provisions designed to protect against inflationary increases in value. The maximum deductible amount for any such policy shall be the lesser of Ten Thousand Dollars ($10,000) or one percent (1%) of the policy face amount. Such coverage shall afford protection against the following:

(i) Loss or damage by fire, lightning, sprinkler leakage, vandalism and malicious mischief, boiler and machinery coverage, if applicable, and other hazards covered by the standard extended coverage endorsement together with coverage for the payment of common expenses with respect to damaged Units during the period of reconstruction.

(ii) Such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use as the Condominium buildings, including but not limited to, those covered by standard "all risk" endorsements, vandalism, malicious mischief, windstorm and water damage, and such other insurance as the Board may determine.

To the extent reasonably available and required by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, Federal Housing Administration, or Maine State Housing Authority, such policies shall also contain an Inflation Guard Endorsement, when it can be obtained, a Steam Boiler and Machinery Coverage Endorsement, if applicable, and construction code endorsements, which may include, but are not

necessarily limited to, the following: Demolition Cost Endorsements; Contingent Liability from Operation of Building Laws Endorsement; Increased Cost of Construction Endorsement.

The policies providing such coverage shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the approval of the Board and shall further provide that the coverage thereof shall not be terminated or substantially changed by the insurer without twenty (20) days' notice to all of the insured parties, including each Unit mortgagee. Certificates of such insurance and all renewals thereof, together with proof of payment of premiums, shall be delivered to all Unit Owners and their mortgagees at least twenty (20) days prior to the expiration of the then current policies.

The policies shall also provide standard mortgage clauses which shall provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any Unit in their respective order and preference, whether or not named therein; provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Executive Board or Unit owners or any persons under any of them; waive any provision invalidating such mortgagee clauses by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause; and provide that without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Insurance Trustee designated by the Board for that purpose, otherwise, to the Association.

(b) Public liability insurance covering the common elements and any other property under the Association's supervision in such amounts, but not less than One Million Dollars ($1,000,000) Bodily Injury and Property Damage for any single occurrence, and in such forms as shall be required by the Board, including but not limiting the same to legal liability, hired automobile, non-owned automobile, off-premises employee coverage, bodily injury or property damage that results from the operation, maintenance or use of the common elements and any legal liability that results from law suits related to employment contracts in which the Association is a party. Said policy must provide that the insurer may not cancel or substantially modify it without twenty (20) days' notice to all of the insured parties, including each mortgagee. Additionally, said policy shall also contain "severability of interest" provisions to the effect that the insurer waives its right to subrogation or to deny coverage as to any claim against the Association or any Unit Owner as a result of negligent acts by the Association or such Unit Owner.

(c) Workmen's Compensation insurance to meet the requirements of law.

(d) Blanket Fidelity Bond coverage naming the Association as the Obligee and covering anyone who handles Condominium funds, including any management agent, in an amount equaling the maximum amount of funds that will be in the custody of the Association or any management agent at any time during which the insurance is in effect, but in no event less than the sum of three (3) months' assessments on all Units plus the Association's

reserve funds. The bond shall provide that the insurer may not cancel or substantially modify it without twenty (20) days' notice to all of the insured parties including each Unit mortgagee.

(e) Flood insurance in the amount of the lesser of (i) one hundred percent (100%) of the current replacement cost of all buildings and the insurable property located in a flood hazard area or (ii) the maximum available coverage for the property under the National Flood Insurance Program. A blanket or master policy shall be obtained which includes a maximum deductible of the lesser of Five Thousand Dollars ($5000) or one percent (1%) of the policy's face amount.

(f) Any other insurance the Board deems appropriate to protect the Association or the Unit Owners.

(4) Each Unit Owner may obtain additional insurance at his own expense affording coverage upon his personal property and improvements to his unit and for his personal liability, but all such insurance shall contain the same waiver of subrogation as that referred to in the preceding paragraph (2) hereof. Each Unit Owner may obtain casualty insurance at his own expense upon his Unit but such insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Board or shall be written by the same carrier. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by the Board pursuant to the preceding Section due to proration of insurance purchased by the Unit Owner under this Section, the Unit Owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Board to be distributed as herein provided.

(5) Premiums upon insurance policies purchased by the Board shall be paid by it and charged as common expenses.

(6) All proceeds payable as a result of casualty losses sustained which are covered by insurance purchased by the Board hereinabove set forth shall be paid to it. The Board shall act as the insurance trustee. In the event that the Board Members have not posted surety bonds for the faithful performance of their duties as such trustees or if such bonds do not exceed the funds which will come into its hands, and there is a damage to part or all of the Condominium property resulting in a loss, the Board shall obtain and post a bond for the faithful performance of its duties as insurance trustee in an amount equal to one hundred percent (100%) of the insurance proceeds payable before it shall be entitled to receive the proceeds of the insurance payable as a result of such loss. The sole duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Unit Owners and their respective mortgagees.

(7) Each Unit Owner shall be deemed to have delegated to the Board his right to adjust with the insurance companies all losses under policies purchased by the Board.

(8) In no event shall any distribution of proceeds be made by the Board directly to a Unit Owner where there is a mortgagee endorsement on the certificate of insurance.

In such event any remittance shall be to the Unit Owner and his mortgagee jointly. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

Section 13. Reconstruction or Repair of Casualty Damage.

Except as hereinafter provided, damage to or destruction of the buildings shall be promptly repaired and reconstructed by the Board, using the proceeds of insurance, if any, on the building for that purpose, and any deficiency shall constitute common expenses; provided, however, that if at least eighty percent (80%) of the Unit Owners vote not to proceed with repair or restoration, then and in that event (1) 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; (2) 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 (3) 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 subsection, Section 1602-118 of the Maine Condominium Act governs the distribution of insurance proceeds if the condominium is terminated.

(a) Immediately after a casualty causing damage to property for which the Board has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the 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 desires.

(b) The proceeds of insurance collected on account of casualty, and the sums received by the Board 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 costs of reconstruction and repair.

(c) 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 Unit Owner upon whose property such encroachment exists. Such encroachments shall be allowed to continue in existence for so long as the building stands.

(d) 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 as a reserve or may be used in the maintenance and operation of the Condominium property, or, in the discretion of the Board, it may be distributed to the Unit Owners and their mortgagees who are the beneficial Owners of the fund. The action of the Board 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 VI. EXECUTION OF INSTRUMENTS

Section 1. Instruments Generally. All checks, drafts, notes, bonds, acceptances, contracts, deeds, amendments to the Declaration and all other instruments shall be signed by the President, Secretary or Treasurer, or by such other officer or employee as the Board may designate.

ARTICLE VII. LIABILITY OF BOARD MEMBERS AND OFFICERS

Section 1. Exculpation. No Board Member or officer of the Association shall be liable for acts or defaults of any other officer or members 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 2. Indemnification. Every Board Member, 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 a Board Member, officer or member of the Association whether or not he continues to be such Board Member, 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 the legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law and shall inure to the benefit of the legal representatives of such person.

ARTICLE VIII. FISCAL YEAR

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year or such other fiscal year as may from time to time be established by the Board.

ARTICLE IX. BYLAWS

Section 1. Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by vote of the members of the Association whose aggregate interest in the common elements constitutes seventy-five percent (75%), at a meeting duly called for the purpose, PROVIDED, HOWEVER, that the contents of these Bylaws shall always contain those particulars which are required to be contained herein by the Maine Condominium Act. Amendment of these Bylaws is also subject to the rights of mortgagees as set forth in Article 12 of the Declaration.

Section 2. 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.

Proposed Rules and Regulations
Cape Arundel Cottage Preserve, a Condominium (the "Condominium")

It is anticipated that these proposed Rules and Regulations will be adopted by the Executive Board of the Cape Arundel Cottage Preserve Owners Association (the "Association") in connection with the commencement of the sale of Units in the Condominium by the Declarant, Arundel-Kennebunkport Cottage Preserve LLC. Rules and Regulations adopted by the Executive Board may be subsequently amended, modified or revoked, in whole or in part, by the Executive Board pursuant to the terms and provisions of the Bylaws of the Association. Copies of the Rules and Regulations as adopted, amended, modified or revoked by the Executive Board shall be provided to Unit Owners.

These Rules and Regulations supplement the terms and provisions of the Declaration of the Condominium (the "Declaration"). To the extent of any inconsistency between these Rules and Regulations and the Declaration, the Declaration shall control.

1. Use of Common Elements.

Each Unit Owner, occupant, tenant, guest, visitor and invitee may use the Common Elements in common with all other Unit Owners and their occupants, tenants, guests, visitors and invitees, in accordance with the purposes for which they are intended, without hindering or encroaching upon the lawful rights of the other Unit Owners, upon the following terms:

(a) Golf Carts. Golf carts may be operated within the Condominium, subject to such further Rules and Regulations relating to type of carts, speed limits, noise, hours of operation and such other factors as may be adopted by the Executive Board. Golf carts shall be electric powered and shall be parked only in spaces allocated for them. No person shall operate a golf cart within the Condominium unless they shall have a valid motor vehicle operator's license issued a U.S. State. The Declarant recommends that all golf cart owners purchase a separate liability and collision insurance policy for their golf cart. All golf carts are to be registered with the Association and accompanied by information regarding the owner's insurance coverage.

(b) Exterior Alterations. Except with the written consent of the Executive Board or as otherwise expressly provided in the Declaration, no person shall (i) construct or maintain any wires, lines, cables, fences, decks, steps, signs, canopies, antennas, clotheslines or other structures, nor (ii) plant, trim, cut. or remove flowers, grass or other vegetation, trees or shrubs, nor (iii) materially alter the grading or landscaping, nor (iv) do any other thing which affects the appearance from the exterior of the Common Elements or the Limited Common Elements.

(c) Other Items on the Common Elements. No Unit Owner may obstruct the Common Elements in any way, except in the privacy zone as hereinafter described.

2. Use of Common Areas Immediately Surrounding the Units.

Unit Owners may plant flowers and other plants, and otherwise decorate and maintain the area within six (6) feet from the boundary of their Unit. Such area shall also constitute a

"privacy zone." The privacy zone is an easement right restricting persons (other than Unit Owners having the privacy right) from entering the privacy zone when to do so would unreasonably interfere with the privacy interests of the Unit Owners or occupants of Units which the privacy zone protects.

Reasonable placement of chairs, grills and other items commonly placed outdoors may be located within the privacy zone.

With the approval of the Executive Board or a committee appointed by the Executive Board for that purpose, Unit Owners may also fence in their patios adjacent to their Unit but shall not otherwise be enclosed by screening or roofing. The cost of maintenance of fencing shall rest exclusively with the Unit Owner. In the event any fencing maintained by a Unit Owner hereunder under becomes unsightly, deteriorated, dilapidated, or any planting becomes weedy or dies, the Association shall have the right to enter the area, remove the deteriorated fencing or landscaping, as the case may be, restore such fencing or landscaping to an attractive condition, and assess the cost of such work and repair to the Unit Owner as a Limited Common Expense.

In no event may a Unit Owner cut down any trees within the privacy zone, or disturb or regrade any drainage swales.

3. Pets.

Unit Owners wishing to bring their dogs within the Condominium must register their dogs with the Association each year, and must provide proof of current rabies shots as part of that registration. Dogs must be on a leash when outside a Unit and cannot be tied up on a stationary leash or left unattended at any time. Unit Owners must clean up after their pets. No pets shall be allowed in the community center buildings and the facilities relating thereto.

Persons other than Unit Owners shall be prohibited from bringing their pets into the Condominium. Specifically, transient and rental occupants are prohibited from bringing their pets into the Condominium.

The Executive Board or the Manager, as the case may be, may summarily remove pets which cause unnecessary noise or present danger to other persons within the Condominium.

Neither the provisions in this section nor any further Rules and Regulations that may be subsequently adopted by the Executive Board shall be construed to limit seeing eye dogs or other animals assisting disabled persons as covered by state and federal law.