BYLAWS

RED OAK SUBDIVISION PHASE III

SEA OAKS CONDOMINIUM ASSOCIATION

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As submitted to the Old Orchard Beach Planning Board

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ARTICLE 1 - INTRODUCTORY PROVISIONS.

Section 1.1. Creation.

Sea Oaks Condominium Association (the "Association") is organized as a Mutual Benefit Corporation under the Maine Nonprofit Corporation Act, title 13-B of the Maine Revised Statutes, in connection with the submission of Property known as the Red Oak Subdivision Phase III, A Condominium (the "Condominium") located in the Town of Old Orchard Beach, Maine subject to the Maine Condominium Act. The Red Oak Subdivision Phase III Condominium Association shall be known as the "Sea Oaks Condominium Association."

Capitalized terms not otherwise defined in these Bylaws shall have the meanings as specified in the Condominium Act or the Declaration.

Section 1.2. Purposes.

The purposes of the Association are to establish an association of Unit owners pursuant to the Maine Condominium Act for the government, operation and maintenance of the Condominium.

Section 1.3. Application.

All present and future Unit owners, mortgagees, lessees, licensees and occupants of the Units, and any other persons who may enter upon the Property in any manner are subject to these Bylaws and to Rules adopted by the Association.

Section 1.4. Membership

The members shall consist exclusively of all owners of Units in the Condominium now or hereafter created in accordance with the Declaration or, following termination of the Condominium, of all former Unit owners entitled to the distribution proceeds or their heirs, successors and assigns. Membership is transferable only as provided in the Declaration or these Bylaws. The membership of a Unit owner shall terminate upon the conveyance, transfer or other disposition of his interest in the Unit accomplished in accordance with the Declaration, whereupon his membership and any interest in the assets of the Association shall automatically transfer to and be vested in the successor in ownership. Membership is otherwise non-transferable. A mortgage of a Unit or the grant of a security interest therein as security for an obligation shall not operate to transfer membership until a foreclosure of the mortgage or security agreement. The Association may but is not required to issue certificates of membership.

Section 1.5. Powers.

The Association shall have the powers set forth in the Maine Condominium Act and the Maine Non-Profit Corporation Act, and the specific powers set out in Section 7.2 of the Declaration, which are incorporated into these Bylaws by reference. The Association shall act through its Board of Directors, except as limited in Section 7.3 of

the Declaration and these Bylaws.

Section 1.6. Office.

The principal office of the Association shall be located at the Condominium. The mailing address of the Association shall be PO Box 821, Scarborough, Maine, 04074.

Section 1.7. Interpretation.

In the event of any conflict or discrepancy between the Declaration, the Bylaws, or the Rules, the provisions of the Declaration shall govern.

ARTICLE 2 – MEETINGS OF UNIT OWNERS

Section 2.1. Annual Meeting.

Meetings of the members shall be held annually on a date set by the Board of Directors, provided that such date shall be held not more than 14 months after the previous annual meeting. The annual meeting and any special meetings shall be held at the Condominium's principal office or such other place as may be designated in the Notice of Meeting.

Section 2.2. Special Meetings.

Special meetings of the members may be held at any time upon the call of the President, the Board of Directors, or twenty percent (20%) or more of the total votes in the condominium. Upon receipt of such call, the Secretary shall promptly send out notices of the meeting to all members of the Association.

Only matters described in the meeting notice may be considered at a special meeting.

Section 2.3. Notice of Meetings.

Notice of annual or special meetings of Unit owners shall be given to Unit owners by the Secretary according to Section 10.8 of the Declaration, whose provisions are incorporated herein by reference, and shall include whether it is an annual meeting or a special meeting, the authority for the call of the meeting, the place and time of the meeting, and the items on the agenda, including the general nature of any proposed declaration or bylaw amendment, any budget changes and any proposal to remove a director.

Section 2.4. Waiver of Notice.

The presence of all the members in person or by proxy, at any meeting shall conclusively establish the meeting's validity, unless any member shall object at the meeting to the noncompliance with this Article. Any meeting so held without objection shall be valid for all purposes, and at any annual meeting any general business may be transacted and any action may be taken.

Section 2.5. Order of Business.

The order of business at all meetings of the members shall be generally as follows, if applicable:

Roll call.
Proof of notice of meeting or waiver of notice.
Reading of minutes of preceding meeting.
Reports of Officers.
Report of Board of Directors.
Report of committees.
Election of the Board of Directors.
Unfinished business.
New business.
Adjournment

Section 2.6. Quorum

The presence at the beginning of any meeting of the Association, in person or by proxy of Unit owners whose aggregate voting interest is three votes or fifty (50) percent of the total votes therein, whichever is greater, shall constitute a quorum for the transaction of all business.

Section 2.6-A. Participation by Unit Owners.

Unit owners must be given a reasonable opportunity at any Association meeting of the unit owners to comment regarding any matter affecting the condominium community or the Association. The presiding officer at the meeting may limit the number and duration of such remarks.

Section 2.7. 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. Reasonable Email Notice of the time and place where the adjourned meeting will be continued shall 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.

Section 2.8. Voting – Meetings of Unit Owners.

If only one of several owners of a Unit is present at a meeting of the Association, that owner is entitled to cast all the votes allocated to that Unit. If more than one of the multiple owners is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit.

Each Unit has the number of votes in the association as specified in Exhibit B of the Declaration, as it may be amended from time to time, and the owner or owners of each Unit may exercise that voting power in accordance with these Bylaws. By way of

example, if one person owns two Units, he or she may exercise the combined vote allocated to both Units. If two people together own one Unit, those two people have only the vote of that one Unit.

The owner of record as determined by documents on file in the York County Registry of Deeds, whether the owner be a person or persons, a partnership, limited liability company, corporation, trust, or other legal entity, shall be entitled to cast the vote of the Unit, in person or by proxy. The executor, administrator or personal representative of a deceased person may cast the vote of the person until the earlier of the date when a deed of distribution is recorded in the York County Registry of Deeds or until the authority of that fiduciary is terminated. Persons purporting to vote for trust, corporate, partnership, estate or limited liability company shall, upon request, show sufficient evidence of authority to act.

The Declarant may exercise the voting rights pertaining to any Unit to which it retains title.

No vote pertaining to a Unit owned by the Association may be cast. The voting interest of such a Unit shall not be deemed to be outstanding in determining the presence of a quorum or the percentage of approval needed to act.

There shall be no cumulative voting or splitting of votes.

Upon reasonable advance notice, Members may attend meetings of the Association via a telephonic speakerphone at which they may hear and be heard by other members, but members wishing to attend in this manner shall be responsible for the costs of providing speakerphone services. The Association shall provide reasonable cooperation in arranging such services. The President's decisions as to such matters shall be binding.

Section 2.9. Proxies; Balloting by Proxy.

Votes allocated to a Unit may be cast pursuant to a written proxy duly signed by a Unit owner and filed with the Secretary. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly signed written proxy. A Unit owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over the meeting.

Any action required or permitted to be taken at a meeting of the members (to the extent not otherwise precluded by law) may be taken without a meeting if written consents, setting forth the action so taken, are signed by all the members entitled to vote on such action and are filed with the Secretary of the Association as part of the corporate records. Such written consents shall have the same effect as a unanimous vote of the members.

Section 2.10. Rules of Order.

The Unit owners may adopt and amend, from time to time, Rules of Order not conflicting with these Bylaws or the Declaration, to govern its meetings. Until the Unit owners adopt their own Rules of Order, the most current edition of Robert's Rules of

Order shall govern the meetings of the owners.

ARTICLE 3 - BOARD OF DIRECTORS-GENERAL

Section 3.1. Number, Qualifications and Election.

a. Initial Directors Appointed by Declarant. The affairs of the Association shall be governed by a Board of Directors initially composed of three (3) Directors initially appointed by the Declarant, as set out in the Declaration.

b. Initial Election of Directors by Unit Owners after Declarant Control Period Expires. No later than the expiration of the Declarant Control Period as defined in the Declaration, the Declarant shall call a meeting of Unit owners to elect three (3) Directors, who shall serve until the next annual meeting of Unit Owners, at which time their terms shall expire.

c. Election to Staggered Terms at Annual Meeting. At the next annual meeting of Unit owners following the initial election of Directors by Unit owners, the terms of the three Directors shall expire and three new members of the Board of Directors shall be elected. At that time, one Director shall be elected for a term of one (1) year, one shall be elected for a term of two (2) years and one shall be elected to a term of three (3) years. After the expiration of said terms, the terms of the Directors shall then be three (3) years each.

d. Who Can be a Director. A Director may be an occupant of a Unit, or the owner or the spouse of a Unit owner, or if a Unit owner is a corporation, limited liability company, partnership, trust or estate, then an officer, director, member, manager, partner, trustee, beneficiary or appointed agent thereof. Other persons may be Directors, but in any case, a majority of Directors are required to be owners, spouses of owners or such agents, in accordance with Section 1603-103 (e) of the Maine Condominium Act.

e. How Long to Hold Office. The members of the Board of Directors shall hold office from the time they are elected (and no oath of office or the like is required) until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal or resignation. A Director may serve an unlimited number of terms and may succeed himself.

Section 3.2. Powers of Directors.

The Board of Directors shall generally act on behalf of the Association, and shall have all powers set out in Section 7.2 of the Declaration (as limited by Section 7.3 of the Declaration). These powers are incorporated into these Bylaws by reference.

Section 3.3. Duties of Directors.

A Director shall discharge the Director's duties:

a. In good faith;

b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

c. In a manner the Director reasonably believes to be in the best interests of the Association and not for their own personal interest.

Section 3.4. Committees.

The Board of Directors may create committees to assist it in its work, and name Unit Owners and others to each committee. Unless the Board specifically delegates power to a committee, the committee shall act in an advisory role only.

Section 3.4-A. Delegation of Powers; Managing Agent.

The Board of Directors may employ for the Condominium a managing agent at a compensation established by the Board of Directors. The managing agent shall perform such duties and services as the Board of Directors shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws. Where a managing agent does not have the power to act under the Act, the Declaration or these Bylaws, the managing agent may act as an advisor to the Board of Directors. The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by the Act, the Declaration and these Bylaws other than the following powers:

a. to adopt an annual budget and any amendment thereto or to assess Common Expenses;

b. to adopt, repeal or amend Rules;

c. to designate signatories on Association bank accounts;

d. to borrow money on behalf of the Association;

e. to acquire mortgages on Units;

f. to assign Common Elements as Limited Common Elements; and

g. to nominate candidates for Director

Section 3.5. Appointment and Vacancies.

Until the expiration of the Declarant Control Period, the Declarant shall appoint replacement Directors in the event of vacancies in the Board of Directors.

Thereafter, a vacancy caused by the expiration of a Director's term, the removal of a Director by a vote of the members, or by the expiration of the Declarant Control Period shall be filled by vote of the Unit owners.

Otherwise, vacancies in the Board of Directors prior to the expiration of the term of a Director shall be filled by vote of the other Directors, even though a quorum is lacking. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

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Section 3.6. Removal of Directors.

At a special meeting of members called expressly for that purpose, the entire Board of Directors or any individual Director may be removed, with or without cause, by a vote of Unit owners as provided in this section. Such removal may be accomplished by the affirmative vote of two thirds in interest of Unit owners present at the meeting in which a quorum is present. If any or all Directors are removed at such meeting of the Unit owners, new Directors may be elected at the same meeting without express notice being given of such election.

Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting, but the Unit owners' decision shall be final.

This section shall not apply to Directors appointed by the Declarant.

Section 3.7. Compensation.

No compensation shall be paid to Directors for their services as Directors or in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the members before or after the services are undertaken.

ARTICLE 3-A. DIRECTORS MEETINGS

Section 3-A.1. Meetings.

After the period of Declarant Control ends, meetings of the Board of Directors shall be conducted as follows:

a. Annual Meeting. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Association; no further notice shall be necessary in order legally to constitute such meeting.

b. Regular Meetings. Regular meetings of the Board of Directors (other than the annual meeting) may be held at such time and place as shall be determined, from time to time, by the Board. The Board of Directors shall hold at least two regular meetings each year.

c. Special Meetings. Special meetings of the Board of Directors may be called by the President or by the secretary upon written request of two Directors, upon 10 days' notice, in accordance with the Declaration.

d. Notice; Waiver of Notice. Unless the meeting has been included in a schedule given to the Unit owners or the meeting has been called to deal with an emergency, the Secretary or other officer specified in the bylaws shall cause Email Notice of each regular or special Board meeting to be given to each Board member and to the Unit owners. Notice by other means need not be given to Unit owners not on the Email distribution list. The notice must be given at least 10 days before the meeting and must state the time, place, and agenda of the meeting. If any materials are distributed to the Board before the meeting, the Board at the same time shall make copies of those materials reasonably available to Unit owners, except that the Board need not make available copies of unapproved minutes or materials that are to be considered in Executive Session.

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

e. Quorum of the Board of Directors. At all meetings of the Board of Directors, at the presence at the beginning of a meeting of at least three Directors or of the majority of Directors then in office, whichever is less, shall constitute a quorum for the transaction of business. The acts of the majority of the Directors present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, a quorum is not present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice, provided that a quorum is present at the start of the adjourned meeting.

f. Conference Call Meetings. One or more members of the Board of Directors may participate in and be counted for quorum and voting purposes at any meetings by means of conference telephone or similar communications equipment in which all persons participating in the meeting can hear each other. Directors wishing to attend in this manner shall be responsible for initiating the arrangement of such services reasonably in advance of the meeting. The Association shall provide reasonable cooperation in arranging such services at its expense. The Board may meet by telephonic, video, or other conferencing process if:

1. the meeting notice states the conferencing process to be used and provides information explaining how Unit owners may participate in the conference directly or by meeting at a central location or conference connection; and

2. the process provides all Unit owners the opportunity to hear or perceive the discussion and offer comments as set out in Section 3.A-2.

g. No Proxies. No proxy voting is allowed in meetings of the Board of Directors because the duties of directors are non-delegable.

h. Conduct of Meetings. The Board of Directors may adopt and amend, from time to time, Rules of Order not conflicting with these Bylaws or the Declaration, to govern its meetings. Until the Directors adopt their own Rules of Order, the most current edition of Robert's Rules of Order shall govern the meetings of the Directors.

The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a Minute Book of the Board of Directors meetings, recording all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

i. Unanimous Action without a Meeting. Unless otherwise expressly provided by law, any action that may be taken at a meeting of the Directors may be taken without a meeting if all of the Directors 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 Directors' meetings and shall have the same effect as a unanimous vote. In such case, the

Secretary promptly shall give Email Notice to all Unit owners of any action taken by unanimous consent.

i. Emergencies; Disasters. The requirements of this Article, including notice and quorum requirements, may be waived in circumstances reasonably deemed to be an emergency by those Directors immediately available to decide and act.

Section 3.A.2 Open Meeting Requirements.

The following subsections of Section 3.2-A apply after the date that the Declarant relinquishes the right to name the members of the Board of Directors:

The Board of Directors shall give timely notice reasonably calculated to inform unit owners of the date, time and place of and topics proposed to be discussed at meetings of the Board. The notice may be given by a posting in a prominent place in the common elements or elsewhere, by e-mail or by other means, but actual notice need not be delivered to each unit owner. Failure of a unit owner to receive notice does not invalidate any action taken by the Board at the meeting. Unit owners have the right to attend meetings of the Board, subject to reasonable rules established by the executive board.

The Board may restrict or prohibit attendance by unit owners and others during executive sessions. An executive session may be held only to:

(a) Consult with the association's attorney concerning legal matters;

(b) Discuss existing or potential litigation or mediation, arbitration or administrative proceedings;

(c) Discuss labor or personnel matters;

(d) Discuss contracts, leases and other commercial transactions to purchase or provide goods or services currently being negotiated, including the review of bids or proposals, if premature general knowledge of those matters would place the association at a disadvantage; or

(e) Prevent public knowledge of the matter to be discussed if the Board determines that public knowledge would violate the privacy of any person.

(f) Allow an Opportunity to be Heard prior to the Board's assessing fines and penalties against a Unit owner or others, unless the Unit owner requests that the meeting be open to other Unit owners.

A final vote or action may not be taken during an executive session

c. Conference Call meetings of the Board. The Board shall make its best efforts, given the circumstances and the technology available, to allow Unit owners, at their own expense and with prior arrangement with the Board, to listen and participate in conference call meetings of the Board.

For purposes of this section, a gathering of Board members at which the Board members do not conduct Association business is not a meeting of the Board. The Board and its members may not use incidental or social gatherings of Board members or any other method to evade the open meeting requirements of this section.

ARTICLE 4 - OFFICERS

Section 4.1. Designation.

The principal officers of the Association shall be a President, a Secretary and a Treasurer, of whom only the President need be elected from among the Directors. The Secretary and Treasurer need not be Unit owners. The Directors may appoint a Vice President, Assistant Treasurer, and an Assistant Secretary, and such other officers, none of whom need be Directors, as in their judgment may be necessary.

Section 4.2. Election of Officers.

The principal officers of the Association shall be elected annually by the Board of Directors at the annual meeting of Directors. They shall hold office at the pleasure of the Board. They shall serve until their successors are elected. Any person may hold two offices simultaneously, except that the President shall not hold any other office.

Section 4.3. Duties.

The duties of the officers shall be as follows:

a. President.

The President shall;

1. be the chief executive officer of the Association and the chairperson of the Board of Directors.

2. be responsible for implementing the decisions of the Board of Directors and in that capacity shall direct, supervise, coordinate and have general control over the affairs of the Association and the Board of Directors, subject to the limitations of the laws of the State of Maine, the Condominium Documents and the actions of the Board of Directors.

3. preside at all meetings of the Association (but may appoint another person to preside at all or a portion of meetings of Unit Owners) and preside at meetings of the Board of Directors. If the President is absent and does not designate a person to act in his place, the senior officer in terms of service on the Board, present at such meeting shall preside, and in the absence of any officer, the body holding the meeting shall elect a person to preside.

4. have any or all of the powers and duties ordinarily attributable to the chief executive officer of a corporation domiciled in Maine, and.

5. to prepare or cause to be prepared, execute, certify and record amendments to the Declaration and the Bylaws on behalf of the Association.

The President does not have the sole power to make decisions for the Board of Directors, nor to appoint members of Board committees. All powers given to the Board shall be exercised by the Board, which may delegate execution of its decisions to the President and other Officers.

b. Secretary.

The Secretary or the Secretary's designee shall give notices of meetings of Unit owners. The Secretary must have the capability to send Email Notices, as that term is defined in the Declaration. Unless otherwise determined by the Board of Directors, the Secretary shall:

1. keep all records of the Association and the Board of Directors;
2. give all notices as required by law, the Declaration or these Bylaws;
3. keep minutes of all meetings of the Association and the Board of Directors;
4. keep the register of Eligible Mortgage Holders.
5. file all reports and documents required to be filed by the Association with any governmental agency.
6. perform all duties and have such other powers as are ordinarily attributable to the Secretary of a corporation domiciled in Maine.

If the Secretary or any assistant 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.

c. Treasurer.

Unless otherwise determined by the Board of Directors, the Treasurer shall:

1. have custody of, and be responsible for, all funds and securities of the Association;
2. deposit all such funds in such depositories as the Board of Directors may direct;
3. keep correct and complete accounts and records of all financial transactions of the Association and the Board of Directors;
4. submit to the Board of Directors and the Association such reports as the Act, the Declaration, the Board of Directors or these Bylaws may require. Such records shall:
   i. Include chronological listings of all receipts and expenditures on account of the Common Elements, Limited Common Elements and each Unit;
   ii. Include the amount of each assessment for Common Expenses and Special Charges assessable to individual Units, if any, and the amount paid and the amounts due on such assessments.
   iii. Specify and itemize the maintenance, repair and replacement expenses relating to the Common Elements and the Limited Common Elements and any other expenses incurred by the Association.
5. upon request, provide a statement of unpaid assessments under Section 1603-116(h) of the Maine Condominium Act, and resale certificates under Section 1604-108(b) of the Act.
6. perform such duties and have such powers as are ordinarily attributable to the Treasurer of a Maine corporation.

Section 4.4. Auditor.

The Board of Directors may 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, at reasonable compensation set by the Board.

Section 4.5. General standards for officers.

An officer with discretionary authority shall discharge that officer's duties under that authority:

a. In good faith;

b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

c. In a manner the officer reasonably believes to be in the best interests of the Association and its members and not for the officer's own personal interest.

Section 4.6. Resignation and Removal.

Upon a majority vote of the Board of Directors at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose, any Officer may be removed, either with or without cause, and his successor elected. Any Officer whose removal has been proposed, shall be given an opportunity to be heard at the meeting, but the Board's decision shall be final.

Section 4.7. Certification of Amendments to the Declaration and Bylaws.

The President shall execute, on behalf of the Association, the certificate of amendment required under Section 1602-117 (e) of the Maine Condominium Act for recording amendments to the Declaration or the Bylaws in the Registry of Deeds.

Section 4.8. Compensation of Secretary and Treasurer.

The Secretary and/or the Treasurer of the Association may be compensated for their duties, in an amount determined by the Board of Directors. Any current Secretary or Treasurer who is a member of the Board of Directors shall be subject to the conflict of interest provisions of these bylaws in voting for compensation for themselves.

ARTICLE 5 – FINANCIAL; BUDGETARY; RECORDS

Section 5.1 Accounting.

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. The Association may send this statement to those Unit owners whose email address is on the email distribution list, and shall send the statement to others by U.S. mail, postage prepaid.

Section 5.2. Budget Preparation and Adoption.

The Board shall cause a proposed annual budget of Common Expenses and an estimate of Special Charges to be prepared based on its estimate of annual income and expenses. Within 30 days after adoption of an annual or any other proposed budget or budget revision for the Condominium, the Board of Directors shall provide notice, as required by Section 10.8 (a) of the Declaration, to Unit owners. The notice shall include:

a. A summary of the budget to all the Unit owners.

b. A notification of the date and time for a meeting of the unit owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary.

c. A proxy allowing the Unit owner to direct the named proxy holder (which shall be the presiding officer at the budget ratification meeting) to vote either in favor of the proposed budget, or against it.

Unless at that meeting two-thirds of all the votes in the Association (not just those present in person or by proxy) reject the budget, the budget is ratified, whether or not a quorum is present. Unit owners may express their views on the budget at the meeting, but cannot change the budget; it must either be ratified or rejected. If the proposed budget is rejected, the periodic budget last ratified by the unit owners shall be continued until the Unit owners ratify a subsequent budget proposed by the Board of Directors.

Section 5.3. Items in the Budget.

The budget shall include the amount required by the Association to meet its expenses for each fiscal year or such other fiscal period as it deems appropriate, including but not limited to the following items:

a. Management and administration expenses;

b. The cost of operation, repairs, maintenance, replacement, and improvements of the Common Elements and such Limited Common Elements and Units which the Association is responsible to pay for;

c. The cost of such insurance, bonds, services and utilities as may be furnished by the Association, other than such items for which a Special Charge is assessed;

d. Reserves, as set forth below;

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

f. An estimate of Special Charges.

Section 5.3-A. Reserves.

The budget shall provide for the establishment and maintenance of adequate working capital and reserves including without limitation general operating and working capital reserves, reserves for contingencies, losses not covered due to insurance deductibles for which the Association is responsible, and reserves for periodic maintenance, repair and replacement of the Common elements and Limited

Common Elements the Association is obligated to maintain, all to be held in a segregated fund in an account insured by the United States government or an agency thereof.

Section 5.4. Revised and Special Assessments.

If at any time the Board shall determine the amount of the Common Expenses to be inadequate, whether by reason of a revision in its estimate of expenses or income, the board may adopt and deliver to the Unit Owners at least thirty days prior to the date on which it becomes effective, a revised estimated annual budget for the balance of such fiscal year and thereafter monthly Common Expenses shall be determined and paid on the basis of such revised budget unless rejected by the Unit owners.

The Board may, upon determining that circumstances exist which requires immediate assessment of the Unit owners, make a special assessment in an amount not to exceed two current month's regular assessments for each Unit unless additional amounts are approve by the Unit Owners, which shall be due and payable when delivered to the Unit Owners.

Section 5.5. Fiscal Year.

The fiscal year of the Association shall be determined from time to time by the Board of Directors.

Section 5.6. Capital Improvements to Common Elements.

Proposed capital improvements exceeding Thirty-five percent (35%) of the aggregate Common Charges against all the members over the prior fiscal year, exclusive of Special Charges and user fees, are subject to the same ratification provisions as the annual budget; including passage unless rejected by two-thirds of all the votes in the Association. Capital improvements do not include the expenses of repair, replacement and maintenance of existing improvements forming a part of the Property.

Section 5.7. Accounts; Compilations.

a. Single fund authorized. All sums collected by the Board of Directors may be commingled into a single fund.

b. Accepted accounting practices required. All books and records of the Association shall be kept in accordance with good and generally accepted accounting practices.

c. Annual verification required. Association accounts shall be verified at least once each year by an independent accountant retained by the Board of Directors.

d. Financial statements furnished to mortgagees. The Association shall make a financial statement for the preceding fiscal year available to any holder, insurer or guarantor of a first Mortgage secured by any Unit who submits a written request therefore to the Association.

Section 5.8. Statement of Common Expenses.

When requested in writing, the Board of Directors shall promptly provide any Unit owner, contract purchaser or proposed Mortgagee with a written statement of all unpaid assessments for Common Expenses and Special Charges, if any, due from such Unit owner. The Board of Directors may impose a reasonable charge for the preparation of such statement, as a Special Charge, to cover the cost of its preparation.

Section 5.9. Surplus.

Unless otherwise decided by the Board of Directors, any amounts accumulated from assessments for Common Expenses that are more than the amount required for actual Common Expenses and reserves, shall be held by the Association and applied to reduce the amounts to be raised from assessments in the succeeding year's budget.

Section 5.10. Failure to Fix New Assessments.

If there is a failure to fix new Periodic Assessments as required by the Bylaws, the Unit owners shall pay the Periodic Assessments at the existing rate. If the Board of Directors changes the Periodic Assessment later, the difference between the new Periodic Assessment, if greater, and the previous Periodic Assessment (up to the effective date of the new Periodic Assessment) shall be treated as if it were a Special Assessment; thereafter each Unit owner shall pay the new Periodic Assessment. In the event the new Periodic Assessment is less than the previous year's Periodic Assessment, the Board of Directors may refund the surplus to the Unit owners, credit the surplus against future Periodic Assessments or retain the surplus for reserves.

Section 5.11. Signatures on Checks or Other Documents; Two Signatures Required.

All checks, drafts, notes, vouchers, bonds, acceptances, contracts, deeds, certificates, and all other instruments except meeting notices and correspondence, shall require two signatures. One of these signatures shall be either the President, Secretary or Treasurer. The other signature may be another officer, Director, agent, manager or employee, all as the Board of Directors may designate, unless and until the Board establishes a different requirement by unanimous vote. The Board may exempt this requirement for checks in a dollar amount below a threshold established by the Board.

Section 5.12. Recordkeeping Requirements; Inspection by Unit Owners.

a. Records available to Unit Owners. All financial and other records must be made reasonably available for examination by any Unit owner and her authorized agents during reasonable business hours or at a mutually convenient time and location and upon 5 days' notice reasonably identifying the specific records of the Association requested.

b. Information to be kept by the Association. The Association must maintain the following:

1. detailed records of receipts and expenditures affecting the operation and administration of the Association and other appropriate accounting records;

2. minutes of all meetings of its unit owners and Board, a record of all actions taken by the Unit owners or Board of Directors without a meeting, and a record of all actions taken by a committee appointed by the Board;

3. the names of Unit owners in a form that permits preparation of a list of the names of all owners and the addresses at which the association communicates with them, in alphabetical order showing the number of votes each owner is entitled to cast;

4. its original or restated Articles of Incorporation, Declaration, Bylaws and all amendments to them, and all Rules currently in effect;

5. all financial statements and tax returns of the Association for the past three years;

6. a list of the names and addresses of its current Board members and Officers;

7. its most recent annual report delivered to the Secretary of State;

8. financial and other records sufficiently detailed to enable the Association to comply with Section 4-108 of the Maine Condominium Act (relating to information necessary for Resale Certificates);

9. current contracts to which it is a party and which are in a record;

10. records of the Board or committee actions to approve or deny any requests for design or architectural approval from Unit owners; and

11. ballots, proxies, and other records related to voting by Unit owners for one year after the election, action, or vote to which they relate.

c. Materials which are not "Records". The following information held by the Association is not deemed to be a "record" and may be withheld from inspection and copying to the extent that they concern:

1. personnel, salary, and medical records relating to specific individuals;

2. contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;

3. pending or potential litigation or arbitration;

4. pending or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the declaration, bylaws, or rules;

5. communications with legal counsel which are otherwise protected by the attorney-client privilege or the attorney work product doctrine;

6. disclosure of information in violation of law;

7. records of an Executive Session of the Board or of any meeting of a nominating committee ; or

8. individual Unit files other than those of the requesting owner.

d. Copy Fees. An Association may charge a reasonable fee for providing copies of any records under this section and for supervising the Unit owner's inspection.

e. Photocopying; Electronic data. A right to copy records under this section includes the right to receive copies by photocopying or other means, including copies through an electronic transmission if available upon request by the Unit owner.

f. Compilation. The Association is not obligated to compile or synthesize information.

g. Commercial Purposes. Information provided pursuant to this section may not be used for commercial purposes.

ARTICLE 6 – COLLECTION; ENFORCEMENT

Section 6.1. Payment of Assessments, Special Charges, Etc.

Each Unit owner shall pay on a due date established by the Board, without setoff, all Common Expenses and Special Charges, Special Assessments, Interest on unpaid Assessments, Fines, Late Charges, costs of collection, including attorney's fees and revised Common Expenses due on account for that Unit, without setoff or deduction. The Common Expenses that are not otherwise assessed as Special Charges shall be assessed against all the Units in proportion to the relative Common Expense Liabilities. For budgeting and working capital purposes, the Board of Directors may charge Unit Owners monthly in advance for such Special Charges based on its reasonable estimate thereof, subject, however, to such periodic reconciliation as the Board in its discretion may deem appropriate based on the measuring system adopted by the Board.

If unpaid for fifteen (15) days after the due date, such sums shall bear interest at eighteen percent (18%) per annum from the due date until paid. In the sole discretion of the Board of Directors, an additional charge of $25.00 per assessment not paid when due may be charged.

Each member may pay his share of the Common Expenses and Special Charges in periodic installments on or before the first day of the period, provided, however, that if any such installment is not paid when due, then if not paid upon twenty (20) days written notice of default, the entire remaining balance thereof shall immediately become due and payable in full.

Multiple owners of a Unit shall each be jointly and severally liable for all sums due under this Section. This means that the Association may collect the entire amounts due from any owner.

No Unit owner may exempt himself from liability for Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or by the abandonment of his Unit or otherwise.

Payments made by Unit owners to the Association shall first be applied to late charges, interest, attorneys, fees, and the amounts due, in that order.

Section 6.2. Lien for Nonpayment.

Such outstanding Common Expenses and Special Charges, fines, interest, late fees and costs of collection, including reasonable attorneys' fees, shall be an automatic lien on the Unit in accordance with Section 1603-116 of the Maine Condominium Act without the necessity of recording any notice of lien in the Registry

of Deeds. The Association may, however, record a notice from time to time stating the amount and nature of the lien, signed by an Officer or Director of the Association or by an agent authorized by the Board of Directors.

The lien is extinguished unless proceedings to enforce the lien are instituted within five (5) years after the full amount of the assessments becomes due.

Section 6.3. Specific Remedies for Nonpayment of Assessments or Violations of Rules.

a. Denial of Use of Amenities. The Board may deny use of amenities and access to that portion of the Common Elements (not necessary for access to the Unit) by the owner or occupant of a Unit during the time that payment for Common Expenses and Special Charges and fines are past due, and when the Unit owner or occupant has been found to have violated the Declaration, Bylaws or Rules, in accordance with the Maine Condominium Act.

b. Fines. The Association may fine a Unit owner who violates the Declaration, Bylaws or Rules. The Board may establish a schedule of fines by Rule.

c. Court Action; foreclosure. The Association may pursue its remedies through a lawsuit to recover amounts due to the association. The Association may also foreclose the lien established by this Article and given to the Association under the Maine Condominium Act; however, the right of foreclosure shall be limited as set out in Section 6.5.

d. Summary Action. The Association, through its employees and agents, may summarily remove vehicles parked in non-designated areas and remedy conditions posing a threat to health and safety.

e. Inspection. The Board and its managers and employees have the right of reasonable inspection of Units to ensure compliance with the Declaration, Bylaws and Rules.

The exercise of any one remedy shall not preclude the exercise of other remedies provided by law, the Condominium Act, this Declaration or in the Bylaws.

Section 6.4. Due Process in Enforcement, Opportunity to be Heard; Collection of Assessments and Fines.

Before exercising any remedy (except summary action as allowed in Section 6.3) or imposing any fine, the Board of Directors shall allow a Unit owner an Opportunity to be Heard in accordance with this section.

a. The Board shall send notice to the alleged violator, by certified mail, return receipt requested containing a description, in reasonable detail, of the alleged violation, and the place, date and time of a meeting at which the matter will be considered.

b. The meeting shall be held in Executive Session unless the alleged violator requests an open meeting. The meeting shall be conducted by the Board or a committee appointed by the Board. The alleged violator and his representatives may attend and explain their position. The Board may invite other interested parties to attend the meeting.

c. After hearing from the alleged violator, the Board, shall consider all the circumstances and decide whether a fine or other sanction is appropriate. It shall notify the alleged violator, in writing, of its conclusions and the reasoning for them, and actions taken.

If the alleged violator does not attend the meeting at which the alleged violation is discussed, the Board may still act because it has given the alleged violator the Opportunity to be Heard.

Section 6.5. Discretion in Enforcement.

The Board may determine whether to exercise the Association's power to impose fines and sanctions and pursue legal action for violations of the Declaration, Bylaws, and Rules, including whether to compromise any claim for unpaid assessments or other claim made by or against it. The Board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:

a. the Association's legal position does not justify taking any or further enforcement action;

b. the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with current law;

c. although a violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

d. it is not in the Association's best interests to pursue an enforcement action.

The Board's decision not to pursue enforcement under one set of circumstances does not prevent the Board from taking enforcement action under another set of circumstances, except the Board may not be arbitrary or capricious in taking enforcement action.

Section 6.6. Limitations on Foreclosure Remedy

The Association may not commence an action to foreclose a lien on a unit unless:

a. the Unit owner, at the time the action is commenced, owes a sum equal to at least three [3] months of common expense assessments based on the periodic budget last adopted by the Association and the Unit owner has failed to accept or comply with any payment plan offered by the association; and

b. the Board of Directors votes to commence a foreclosure action specifically against that Unit.

If the only sums due with respect to a unit are fines and related sums imposed against the Unit, a foreclosure action may not be commenced against the Unit unless the Association has a court judgment against the Unit owner for collection of the fines and related sums.

Section 6.7. Sale or Other Transfer of a Unit; Resale Certificates.

Since unpaid amounts due to the Association are a lien on the Unit, any subsequent owner of the Unit will be liable for payment of such amounts accrued

before the transfer, without prejudice to that subsequent owners right to recover those amounts from the prior owner. Persons proposing to obtain title to a Unit may protect themselves against outstanding assessments by obtaining a Resale Certificate from the Association issued pursuant to Section 1604-108 of the Maine Condominium Act. A subsequent owner is not liable for any unpaid assessment, Special Charge or fee greater than the amount set forth in the Resale Certificate, nor shall the Unit conveyed be subject to a lien for any assessments, and Special Charges arising before the statement date in excess of the amount therein set forth.

ARTICLE 6-A – RULES

a. Authority to Adopt Rules. The Board of Directors has the authority to adopt and amend Rules concerning behavior in and use of the Common Elements and limited authority to adopt and amend Rules concerning behavior and uses within Units, as set out elsewhere in the Declaration and these Bylaws, which complement, amplify or clarify such behavior or use restrictions.

The Board may not enact rules which contravene the Maine Condominium Act, the Declaration of Condominium, the Bylaws, the Maine Non-profit Corporation Act or other state or federal law.

b. Adoption of Guidelines. The Board may adopt guidelines, carrying no penalties for violation, instead of Rules, in appropriate cases.

c. Procedure for Adopting Rules. Before adopting, amending, or repealing any rule, the Board of Directors must give all unit owners Email Notice of:

1. its intention to adopt, amend, or repeal a rule and provide the text of the rule or the proposed change; and

2. a date on which the Board will act on the proposed rule or amendment after considering comments on those changes from Unit owners.

3. Following adoption, amendment, or repeal of a rule, the Association shall notify the Unit owners of its action by Email Notice and provide a copy of any new or revised rule.

d. Schedule of Fines. The Board may adopt Rules specifying a schedule of fines for particular violations of the Rules, the Declaration or the Bylaws.

e. Limitations on Rules.

1. A rule regulating display of the flag of the United States must be consistent with federal law.

2. The Association may adopt rules that affect the use of or behavior in Units that may be used for residential purposes, only to:

a) implement a provision of the Declaration;

b) regulate any behavior in or occupancy of a Unit which violates the Declaration or adversely affects the use and enjoyment of other Units or the Common Elements by other Unit owners; or

c) restrict the leasing of residential units to the extent set out in the Declaration.

Otherwise, the association may not regulate any use of or behavior in Units.

3. 4. The Association's internal business operating procedures need not be adopted as rules.

5. Every Rule must be reasonable.

f. Repeal by Unit owners. Any Rule adopted by the Board of Directors may be repealed by majority vote of all Unit owners (not just those who vote) at a meeting of Unit owners, at which the question of repeal is on the agenda.

ARTICLE 7 – INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 7.1 Exculpation.

No Director or Officer of the Association shall be liable for acts or defaults of himself or any other officer or member, 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 7.2 Indemnification.

The Association shall indemnify any person who was or is threatened to be made a party against any actual, threatened, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact he is or was an officer, director, member of a committee appointed by the Board, agent or employee of the Association against all expenses including reasonable counsel fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection therewith, excepting, however, such matters in which such person is finally adjudged by a court of competent jurisdiction to have acted with willful misconduct or gross negligence towards the Association or (absent a final adjudication thereof) excepting such matters in which the Board of Directors (excluding any interested Director) determines any such person acted with willful misconduct or gross negligence. This right to indemnification shall be in addition to any other power of the Association to indemnify as permitted by law. The Association may also maintain insurance on behalf of any person who is or was a Director, Officer, committee member, agent or employee of the Association against any liability asserted against him and incurred by him in such capacity or arising out of his status as such, whether or not the Association would otherwise have the power or duty to indemnify him.

Section 7.3 Claims. Claims against the Association, the Board of Directors or the officers, employees or agents thereof in their respective capacities as such, or the Condominium as a whole, shall be directed to the Board of Directors of the Association, which shall promptly give written notice thereof to the Unit Owners and the Eligible Mortgage Holders and Mortgagees of Units, and such complaints shall be defended by the Association. The Unit Owners shall have no right to participate in such defense other than through the Association.

ARTICLE 8 – AMENDMENTS OF THE BYLAWS

Amendments to the Bylaws are described in Article 9 of the Declaration, whose provisions are incorporated by reference.

ARTICLE 9 - GENERAL PROVISIONS; DISPUTE RESOLUTION; NOTICE

The provisions of Article 10 of the Declaration are incorporated into these Bylaws by reference.

Effective Date: _____, 2025

Sea Oaks Condominium Association

_____
By: Robert Marcotte
Its President