BYLAWS OF

FAIRWAY POND CONDOMINIUM ASSOCIATION

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BYLAWS OF

FAIRWAY POND CONDOMINIUM ASSOCIATION

ARTICLE 1. INTRODUCTORY PROVISIONS

Section 1.1. Creation. These Bylaws (the "Bylaws") have been adopted pursuant to and as required by Section 1603-106 of the Maine Condominium Act (the "Act") in connection with the establishment of a nonprofit unit owners association (the "Association") for the property called Fairway Pond Condominiums, a Condominium, located at Wild Dunes Way in Old Orchard Beach, York County, Maine (the "Property"), described in a Declaration of Condominium for Fairway Pond Condominiums, a Condominium, dated _____ 2001, (the "Declaration") recorded in the York Registry of Deeds, as the same may be amended from time to time. Except as otherwise required by the Act or by the Maine Nonprofit Corporation Act (the "Nonprofit Act"), the Association shall be governed by these Bylaws unless they are inconsistent with the Declaration, in which case the Declaration shall control.

Section 1.2. Definitions. The capitalized terms herein without definition shall, except as otherwise specifically required by the Act, have the same definitions contained in the Declaration.

Section 1.3. Name and Office. The name of the Association shall be Fairway Pond Condominium Association and the principal office of the Association shall be located at the Property or at such other place as may, from time to time, be designated by the Executive Board.

Section 1.4. Applicability of Bylaws. The provisions of these Bylaws are applicable to all present and future Unit Owners, mortgagees, lessees, licensees and occupants of the Units, their employees, agents and customers, and any other persons who may use the Condominium or any of its facilities, as are the Rules and Regulations, all as adopted, amended or altered from time to time by the Executive Board.

ARTICLE II. THE ASSOCIATION

Section 2.1. Membership. The Association shall consist of all Unit Owners acting in accordance with these Bylaws, the Declaration and the Act. The membership shall include the Declarant so long as it is the owner of a Unit, as well as all Unit Owners, or, following termination under Section 1602-118, all former Unit Owners entitled to distributions of proceeds, or their heirs, successors or 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. the transfer of an interest 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 evidencing membership in the Association.

Section 2.2. Powers and Duties. In addition to the powers and duties set forth in the Act, the Nonprofit Act, the Declaration, and otherwise set forth in these Bylaws, the Association shall have the following purposes, powers and duties:

(a) Adopt and amend Bylaws and Rules and Regulations, provided that the initial Executive Board shall have the power to adopt these Bylaws;

(b) Adopt and amend budgets for revenues, expenditures and reserves, and to collect assessments for Common Expenses and other authorized charges from Unit Owners;

(c) Hire and terminate managers and other employees, agents, and independent contractors;

(d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;

(e) Make contracts and incur liabilities properly relating to the Association;

(f) Regulate the use, maintenance, repair, replacement and modification of Common Elements provided, however, that the use of the Limited Common Elements may not be changed without the consent of those Unit Owners affected;

(g) Cause additional improvements to be made as a part of the Common Elements in accordance with the terms and limitations herein set forth;

(h) Acquire, hold, encumber and convey in its own name any right, title, or interest to real or personal property, but a conveyance for security may be done only in accordance with the Act and the terms of the Declaration;

(i) Grant easements, leases and licenses or concessions through or over the Common Elements;

(j) Impose and receive payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements and for services provided to Unit Owners;

(k) Impose charges and interest for late payment of assessments and other authorized charges and, after notice and an opportunity to be heard, impose reasonable penalties for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;

(l) Impose reasonable charges for the preparation and recordation of amendments to the Declaration or, resale certificates furnished in accordance with the Act, or statements of unpaid assessments;

(m) Provide for the indemnification of its officers and the Executive Board and maintain directors' and officers' liability insurance;

(n) Assign its right to future income;

(o) Exercise any other powers conferred by the Declaration or Bylaws;

(p) Exercise all other powers that may be exercised under the Nonprofit Act as the same may be amended from time to time; and

(q) Exercise such other powers as may be necessary and proper for the operation of the Association.

All of the foregoing shall be exercised by the Executive Board on behalf of the Association, subject to the terms of these Bylaws, the Declaration and the Act.

Section 2.3. Meetings. Meetings of members shall be held at the offices of the Association or at such other place properly designated in the notice of meeting.

(a) Annual Meeting. Meetings of the members shall be held annually on the third Saturday of March, or in the event that day is a legal holiday, then on the first day thereafter which is not a holiday. The purposes of such meeting shall be to elect the members of the Executive Board and to transact such other business as may properly come before the meeting.

(b) Special Meetings. Special meetings of the members may be held at any time upon the call of the Secretary at the direction of the Executive Board or upon the petition of twenty-five percent (25%) or more in interest of the votes of the Association, which call shall state the purpose of the meeting. Upon receipt of such call, the Secretary shall promptly send out notices of the meeting in accordance with the provisions of this Section.

(c) Notice of Meetings. A written notice of each meeting of the Association, stating whether it is an annual meeting or 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 an officer or Director, shall be sent by the Secretary at least ten (10) days, but not more than forty-five (45) days, before the date set for the meeting. Provided, however, that if the purpose of the meeting shall include the rejection or acceptance of a capital expenditure, such meeting shall be held within fifteen days (15) after the call therefor. Further, no business not stated in the notice may be conducted at a special meeting without tie consent of at least sixty (60%) percent of the members present either in person or by proxy. Such notice shall be given in accordance

with Article VI of the Declaration and given to each Unit Owner listed with the records of the Association, and to each Eligible Mortgage Holder if and as required by the Declaration, as follows:

(1) By hand delivering it to him, or

(2) By mailing it, postage prepaid, addressed to the Unit Owner (or Eligible Mortgage Holder) at the address of the Unit or any other address designated in writing by that Unit Owner (or Eligible Mortgage Holder) with the records of the Association.

If notice is given pursuant to the provisions of this Section, the failure of any person entitled thereto to receive actual notice of the meeting shall not invalidate the meeting.

(d) No later than the earlier of sixty (60) days immediately following the conveyance of seventy-five (75%) percent of the Units to Purchasers, or five (5) years following the conveyance of the first Unit to a Purchaser, a special meeting of the Association shall be held at which all of the members of the Executive Board shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor members of the Executive Board to act in the place of those resigning. The successor member receiving the highest number of votes shall serve until the third Annual Meeting of the Association following the date of such election and the successor member receiving the second highest number of votes shall serve until the second Annual Meeting of the Association following the date of such election, and the successor member receiving the next highest number of votes shall serve until the first Annual Meeting following the date of such election. Thereafter each member of the Executive Board shall be elected for a term of one year.

(e) Waiver of Notice. The presence of all the Unit Owners in person or by proxy at any meeting shall conclusively establish the meeting's validity, unless any Unit Owner 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.

(f) Quorum. The presence at the beginning of any meeting of the Association, in person or by proxy of Unit Owners whose aggregate voting interest constitutes more than twenty-five percent (25%) of the total interest therein shall constitute a quorum for the transaction of all business. If at any meeting a quorum shall not be in attendance, those members present may adjourn the meeting to a time not less than forty-eight (48) hours from the time of which the original meeting was called.

(g) Order of Business. The order of business at all meetings of the Association shall be generally as follows, if applicable:

(1) Roll call.
(2) Proof of notice of meeting or waiver of notice.
(3) Reading of minutes of preceding meeting.

(4) Reports of Executive Board or Officers.
(5) Reports of committees, if any.
(6) Election of the Executive Board, if required.
(7) Unfinished business.
(8) New business.
(9) Adjournment.

At all meetings of the members or of the Board of Directors, Roberts' Rules of order, as then amended, shall be followed, except in the event of conflict with these Bylaws or the Declaration, in which instance, the Bylaws or Declaration, as the case may be, shall prevail.

Section 2.4. Voting.

(a) The vote in the Association to which each Unit Owner is entitled shall be as set forth on Exhibit B, each Unit Owner being entitled to one vote. The votes in the Association allocated to a Unit can only be cast as a unit and cannot be split. If a Unit is owned of record by one person, that Unit Owner's right to vote shall be established by the record title to the Unit. If ownership of a Unit is in more than one person, the person who shall be entitled to cast the votes allocated to that Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary of the Association. If ownership of a Unit is in a corporation, partnership, trust or estate, the officer or employee of that corporation, partner of that partnership, trustee of that trust, or agent of that estate, entitled to cast for the corporation, partnership, trust or estate the votes for the corporation, partnership, trust or estate the votes allocated to such Unit shall be designated in a certificate for that purpose executed by the president or a vice president of that corporation, and attested to by the secretary or clerk of that corporation, executed by all the partners of that partnership, or executed by all the beneficiaries of that trust, or executed by either all the devisees of that estate or by order of the probate court and filed with the Secretary of the Association. Such certificates of multiple owners, corporations, partnerships, trusts or estates shall be valid until revoked by a subsequent certification similarly executed and filed with the Secretary of the Association. Wherever the vote, approval or disapproval of a Unit Owner is required by this Declaration or the Act, such vote, approval or disapproval shall be made only by the person who would be entitled pursuant to such certificate to cast at any meeting of the Association the vote allocated to such Unit. If the person named or designated in said certificate for a particular Unit shall be absent from a meeting of the Association, no person may cast the vote allocated to that Unit at the meeting although the presence of the meeting of a non-named or non-designated co-Owner or member, officer or employee of such Owner shall be counted in determining whether a quorum is present. If a multiple Owner of a Unit (that is not a partnership, trust, estate or corporation) has failed to file said certificate with the Secretary of the Association and only one of the multiple Owners is present at a meeting of the Association, he shall be entitled to cast at the meeting all the votes allocated to that Unit without establishing the concurrence of the absent Owners just as though that person were the sole owner of the Unit. If a multiple Owner of a Unit (that is not a partnership, trust, estate or corporation) has failed to file said certificate with the Secretary and if more than one Owner of that Unit is present at the meeting, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority of the multiple Owners present at the

meeting. Such majority agreement shall be conclusively presumed if any one of those multiple Owners shall cast the vote allocated to the Unit without protest being promptly made to the person presiding over the meeting by any other Owners of that Unit. Any provision of this Paragraph to the contrary notwithstanding, in the event of any proposed actions to terminate the Condominium pursuant to Section 1602-118 of the Act; change the allocated interests appurtenant to any Unit, change the boundaries of a Unit, or subdivide a Unit except for such changes and subdivisions created by the Declarant as a consequence of the exercise of any Development Rights reserved by the Declarant in this Declaration; merge or consolidate the Condominium with another condominium; convey or subject to a security interest any portion of the Common Elements; or use any proceeds of property insurance required to be maintained by the Association pursuant to this Declaration for purposes other than repair and restoration of the damaged Property in accordance with this Declaration, the Plats and Plans, the Bylaws, the original elevation thereof and original building plans and specifications therefor, then an Eligible Mortgage Holder shall have the right, but not the obligation in place of the Owner of the Unit subject to the Mortgage held by such Eligible Mortgage Holder, to cast the votes allocated to that Unit or to give or withhold any consent required of such Unit Owner for such action by delivering written notice to the Association with a copy to the Unit Owner prior to or at the time of the taking of the proposed action, which notice shall be sent by prepaid United States mail, return receipt requested, or by delivery in hand; failure of the Eligible Mortgage Holder to so exercise such rights shall constitute a waiver thereof and shall not preclude the Unit Owner from exercising such right. In no event shall more Votes be cast with respect to any Unit than are allocated to that Unit pursuant to this Declaration.

(b) Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. 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 executed 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 a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy shall automatically terminate eleven (11) months after its date, unless it specifies a shorter term. Proxies shall be duly executed and filed with the Secretary before the appointed time of the meeting.

(c) 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, and 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.

(d) At any meeting at which a quorum is present, the affirmative vote of a majority of the voting interest of those present shall determine any question except the election of Directors, unless a greater percentage vote is required by law, by the Declaration or by these Bylaws. In the election of the Executive Board those receiving the greatest number of votes, though less than a majority, shall be elected. To the extent required by the Act, for the purposes of amending the Declaration or these Bylaws, the percentage in interest shall be measured against the total voting interest regardless of whether or not such Unit Owners are present.

(e) Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting if written consents, setting forth the action so taken, are signed by all the Unit Owners or, if required by the Declaration, Eligible Mortgage Holders, entitled to vote on such action and are filed with the Secretary and made a part of the corporate records. Such written consents shall have the same effect as a unanimous vote of the Unit Owners

ARTICLE III. EXECUTIVE BOARD

Section 3.1. Number and Qualifications. The affairs of the Association shall be governed by an Executive Board sometimes referred to herein as a "Board of Directors" or the "Board", and the members of which are sometimes referred to as "Directors", initially composed of three (3) Directors, each with a term of two years until the Declarant's right to appoint, remove, and replace the Directors expires or is waived.

Thereafter, the Executive Board shall be composed of at least three (3) but no more than five (5) natural persons. Each such Director shall be the Owner or the spouse of an Owner of a Unit, or if a Unit Owner is a corporation, partnership, trust or estate, then an officer, employee, partner, trustee, personal representative or beneficiary of such Unit Owner, until the Declarant's right to appoint expires or is waived, a Director may be replaced or removed by Declarant without necessity of obtaining resignations. The appointees of Declarant need not be Unit Owners except that after the conveyance of at least one Unit by the Declarant, and prior to the transition election, at least one (1) member of the Board, other than the Declarant, shall be a Unit Owner. For a Director who no longer qualifies, the Director's term of office shall cease upon written notice to such Director from the Secretary of the Association.

Section 3.2. Election and Term of Office. After the expiration or waiver of the Declarant's right to appoint, remove and replace the Directors, the initial Executive Board shall be formed and composed as provided in Section 2.2(c) of these Bylaws. At the expiration of the initial term of office of each Director so elected, his successor shall be elected to serve a term of one (1) year; provided, however, that a Director shall hold office until his successor has been elected. Any Director may serve an unlimited number of terms and may succeed himself.

Section 3.3. Powers and Duties. The Executive Board shall generally act on behalf of the Association, shall have all powers and duties necessary or appropriate for the administration of the affairs of the Association, and shall have all powers referred to in the Declaration, the Bylaws or otherwise provided under the Act or the Nonprofit Act, as they may be amended from time to time, except those matters which by law, by the Declaration, or by these Bylaws are specifically reserved to the Unit Owners.

Section 3.4. Appointment and Vacancies. Except for Directors elected by the members, vacancies in the Board caused by any reason other than the expiration of a Director's term or the removal of a Director by a vote of the members, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the

Association. A vacancy caused by the expiration of a Director's term or the removal of a Director by a vote of the members shall be filled by vote of the Unit Owners. A Director elected to fill a vacancy shall be elected for the non-expired term of his predecessor in office.

Section 3.5. Removal of Directors. At any regular meeting or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the Unit Owners entitled to cast all votes and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed shall be given at least ten (10) days notice and an opportunity to be heard at the meeting, but the Unit Owner's decision shall be final. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his (or his spouse's) Unit.

Section 3.6. 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 more than fifty (50%) percent of the Members at any Annual of Special Meeting of the Association.

Section 3.7. Annual Meeting. The annual meeting of the Executive Board shall be held immediately following the annual meeting of the Association and at the same place; no further notice shall be necessary in order legally to constitute such meeting.

Section 3.8. Regular Meetings. Regular meetings of the Executive Board (other than the annual meeting) may be held at such time and place as shall be determined, from time to time, by the Board. Notice of regular meetings of the Board shall be given to each member and, if so required, Eligible Mortgage Holder, by the Secretary in the manner provided for service of notice upon Unit Owners and Eligible Mortgage Holders, at least ten (10) days prior to the day named for such meeting.

Section 3.9. Special Meetings. Special meetings of the Executive Board may be called by the President on three (3) days notice to each Director and, if so required, Eligible Mortgage Holder, given personally or by mail or by delivery to his Unit, 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 upon the written request of two (2) or more Directors.

Section 3.10. Waiver of Notice. Before or after any meeting of the Executive Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of legal 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.

Section 3.11. Quorum of Executive Board. At all meetings of the Executive Board, the presence of a majority of the Directors at the beginning of a meeting 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. If, at any meeting of the Executive Board, 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 which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.12. Action Without Meeting. Any action which 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.

Section 3.13. Validity of Contracts with Interested Executive Board Members. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm or association in which one or more of the Executive Board members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) The fact that an Executive Board member is also such a Director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or

(b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

Section 3.14 Employment of Managing Agent. The Executive Board is authorized to, but need not, employ a managing agent to perform such duties, authorized by the Executive Board, as are permitted under the Act, the Declaration and these Bylaws. All of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws may be delegated to the managing agent with the exception of the following: (a) to assign Common Elements as Limited Common Elements or designate Reserved Common Elements; (b) to adopt, amend or repeal Rules and Regulations; (c) to adopt the annual budget and any amendment thereto or to assess Common Expenses; (d) to borrow money on behalf of the Association or to designate signatories on Association bank accounts; and (e) to acquire and mortgage Units. With respect to the foregoing, the managing agent may nonetheless serve in an advisory capacity to the Executive Board. Any employment contract with the managing agent shall be at a compensation established by the Executive Board, which compensation shall be chargeable as a Common Expense. The term of such contract shall not exceed one year but may be renewed from year to year, provided, however, that the original contract, and any renewal thereof, must be cancellable by either party, without cause and without penalty or fee, on no more than ninety (90) days written notice and with cause on no more than thirty (30) days written notice.

ARTICLE IV. OFFICERS

Section 4.1. Designation. The principal officers of the Association shall be a President, a Secretary and a Treasurer, elected by the Executive Board, of whom only the President need be elected from among the Directors. The Directors may in their discretion 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 Executive Board at the annual meeting and shall hold office at the pleasure of the Board.

Section 4.3. Removal of Officers. Upon a majority vote of the Executive 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 4.4. President. The President shall be the chief executive officer of the Association and shall be a Director. He shall preside at all meetings of the Association and on the Executive Board. He shall have all of the general powers and duties which are usually vested in the office of President of a nonprofit corporation, including but not limited to the power to appoint committees from among the 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. The President shall cease holding office at such time as he ceases to be a member of the Executive Board.

Section 4.5. Treasurer. The Treasurer shall be responsible for keeping financial records and accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible, subject to the direction of the Executive Board, for the preparation and dissemination to the Unit Owners of 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.

Section 4.6. Secretary. The Secretary shall keep and certify the minutes of all meetings of the Executive 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 offices of Secretary, given him by these Bylaws or assigned to him from time to time by the Directors. 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. 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, within ten (10) days after receipt of request, provide or caused to be provided to any person entitled thereto, at the expense of such person, a written statement or certification of the information required to be provided by the Association pursuant to Sections 1603-116(h) and 1604-108(b) of the Act and the terms of these Bylaws.

Section 4.7. Clerk. The Clerk shall be the Registered Agent of the Association under the Nonprofit Act and need not be a Unit Owner.

Section 4.8. Compensation. The officers shall serve without compensation unless such compensation is authorized by more than fifty (50%) percent of the votes of all Unit Owners at any annual or special meeting.

ARTICLE V. OPERATIONS AND ADMINISTRATION OF PROPERTY

Section 5.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise established by the Executive Board; provided, however, that the first fiscal year shall begin upon recordation of the Declaration and end on December 31 of the same year.

Section 5.2. Preparation and Approval of Budget.

(a) On or before sixty (60) days prior to the beginning of the fiscal year, the Executive Board shall adopt an annual budget based on its estimate of annual income and expenses. Within thirty (30) days of the adoption of the proposed budget, the Board shall send a summary of such budget to each Unit Owner and Eligible Mortgage Holder, and shall set a date for a meeting of the Association to ratify the budget not less than fourteen (14) nor more than thirty (30) days after the notice is sent. Unless at the meeting a majority in voting interest of all Unit Owners reject the budget, the budget shall be deemed to be adopted whether or not a quorum is present.

(b) 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:

(1) Management and administration expenses;

(2) The cost of operation, repairs, maintenance, replacement, and improvements to Common Elements, Limited Common Elements, and facilities benefiting the Condominium;

(3) The cost of such insurance, services and utilities as may be furnished by the Association, other than such items for which a service charge is assessed;

(4) The amount of such working capital and reserves, as shall be established by the Board, including general operating reserves, reserves for contingencies, and reserves for maintenance and replacements; and

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

(c) Until an annual budget is adopted, the Unit Owners shall continue to pay that monthly amount which had been previously established; any delay or failure to estimate, to deliver or to adopt such budget shall not waive or release such obligation. The Association may send periodic statements to Unit Owners showing the amount of assessments due, but each Unit Owner shall pay his assessment promptly when due regardless of whether such a statement is sent.

(d) Each Unit Owner shall pay his share of assessments without setoff or deduction in an amount equal to the total Association budget, net of other income and authorized charges provided for herein, multiplied by his respective fractional ownership in the Common Elements. Each Unit Owner shall become liable to the Association, and a lien shall arise against his Unit for his entire fractional share of the assessments at the commencement of the pertinent fiscal period. Each Unit Owner may pay his share of the Common Expenses in monthly installments on or before the first day of each and every month during such period; provided, however, that if any such installment is not paid when due, then, if not paid prior to the due date of the next installment, the entire remaining balance thereof shall immediately become due and payable in full.

(e) If any Unit Owner shall fail or refuse to pay to the Association when due his share of the assessments or any other charges, fees and penalties, and such default shall continue for a period in excess of thirty (30) days, the amount thereof shall bear interest at the rate of eighteen percent (18%) per annum or such other rate as may be set by vote of the Board prior to the date on which the payment came due. Such assessments and charges, with such late charges as may be determined by the Board of Directors, interest and all costs of collection, including reasonable attorneys' fees, shall constitute a lien on the Unit of such Unit owner. Recording of the Declaration constitutes record notice and perfection of the lien for assessments, charges, interest and costs of collection. The Association may 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, but such recorded notice is not necessary to establish or perfect the lien.

(f) The Executive Board shall take prompt action to collect any assessment for Common Expenses or other charges due from any Unit owner which remains unpaid for more than thirty (30) days from the due date. The lien for assessments described herein may be enforced and foreclosed by the Association in like manner as a mortgage of real estate as provided in the Act, or by any other means provided by law or in equity. A suit to recover a money judgment for unpaid assessments, interest penalties and costs of collection may be maintained against the Unit Owner personally without foreclosing or waiving the lien securing such assessments, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment. During the pendency of any such suit, the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any Court having jurisdiction over such sale. In the event of foreclosure, the Executive Board, acting on behalf of the Unit Owners, shall have the power to bid and acquire such Unit at a foreclosure sale and to lease, mortgage, convey, or otherwise deal with the Unit.

Section 5.3. 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 the Unit Owners with a statement of the income and disbursements for such prior fiscal year and a balance sheet as of the close of that year. All financial records shall be available for examination by Unit Owners, mortgagees, and their duly authorized agents and accountants at reasonable times.

Section 5.4. No Exemption or Waiver. No Unit Owner may exempt himself from common expense liability with respect to the payment of assessments for common expenses by waiver of the enjoyment of the right to use any of the common elements or by abandonment of his Unit or otherwise. The obligation to pay assessments for common expenses is absolute and unconditional and shall not be subject to setoff or counterclaim.

Section 5.5. Revised and Special Assessments. If at any time the Board shall determine the amount of the common charges 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 (30) 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 charges shall be determined and paid on the basis of such revision.

The Board may, upon determining that circumstances exist which require immediate assessment of the Unit Owners, make special assessments, not to exceed an amount equal to one current monthly assessment for each Unit, unless approved by the Unit Owners, which shall be due and payable when delivered to the Unit owners.

Section 5.6. Capital Improvements. The approval of a majority of the Unit Owners shall be required to make a capital improvement to the common elements in an amount in excess of fifteen (15%) percent of the aggregate assessments against all the Unit Owners over the prior fiscal year, exclusive of charges and fees, and in such event, the cost thereof shall be assessed to all Unit Owners as an assessment for common expenses.

Section 5.7. Use of Units. All units shall be utilized in accordance with the provisions of the Bylaws, Declaration, and Rules and Regulations.

Section 5.8. Rules and Regulations. In order to assist the peaceful and orderly use and enjoyment of the buildings and common elements of the Condominium, the Executive Board may from time to time adopt, modify, and revoke, in whole or in part, such reasonable rules and regulations (the "Rules and Regulations") governing the Condominium as it may deem necessary, including, but not limited to, methods and procedures for enforcing compliance with the Declaration and Bylaws. Such Rules and Regulations shall be binding upon all Unit Owners and all persons present in the Condominium. Such Rules and Regulations may be amended by and be modified or rejected, in whole or part, at any time by a vote of three-fourths (3/4) in interest of the Unit Owners present in person or by proxy at any meeting duly called for the purpose, which vote shall be binding upon the Executive Board. Until modified, amended or repealed, as herein provided, the Rules and Regulations annexed hereto shall govern the Condominium.

Section 5.9. Right of Entry. The Association, Executive Board, its officers, agents and employees shall have the right of entry provided in Section 4.4 of the Declaration.

Section 5.10. Title. Every Unit Owner shall promptly cause to be 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 Association, and the Secretary shall maintain such information in the records of the Association.

Section 5.11. Information to be Available. The Association shall make available to Unit Owners, Eligible Mortgage Holders, insurers and guarantors for inspection, these Bylaws, the Rules and Regulations, and other books, records and financial statements of the Association. The Association shall also make available to such persons or entities, at the cost of the person or entity requesting same, current copies of the Declaration, these Bylaws, and the Rules and Regulations.

Section 5.12. Insurance, Repair and Reconstruction.

(a) Insurance. Commencing no later than the time of the first conveyance of a Unit other than as security for an obligation to a person other than the Declarant, the Executive Board, on behalf of the Association, shall obtain and maintain as a common expense, the policies of insurance described in Article IX of the Declaration. Such policies shall be purchased and maintained in accordance with the requirements more particularly set forth in Article IX of the Declaration, and the adjustment of losses shall be administered as provided in Section 9.3 thereof.

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

ARTICLE VI. AMENDMENTS AND CONFLICTING PROVISIONS

Section 6.1. Amendment to Bylaws. Except as otherwise provided in any one or more of these Bylaws, the Declaration, or the Act, these Bylaws may be amended by the vote of the Unit Owners entitled to cast a majority of the votes in the Association, made in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws; provided, however that if such amendment shall make any change which would have a material effect upon any rights, privileges, powers and options of the Declarant, such amendment shall require the joinder of the

Declarant; and further provided that no amendment seeking (i) to abandon, partition, subdivide, encumber, sell or transfer any portion of the Common Elements, or (ii) to abandon or terminate the condominium form of ownership of the Property except as otherwise provided in the Declaration, shall be effective without the prior written approval of all mortgagees encumbering the Units. Notwithstanding the foregoing, amendments of a material nature must be approved by Unit Owners entitled to cast at least sixty-seven (67%) percent of the total allocated votes in the Association and by Eligible Mortgage Holders representing at least fifty-one (51%) percent of the votes of Units subject to mortgages held by Eligible Mortgage Holders. A change to any of the following would be considered material:

(a) voting rights;
(b) assessments, assessment liens, or subordination of assessment liens;
(c) reserves for maintenance, repair and replacement of Common Elements;
(d) responsibility for maintenance and repairs;
(e) reallocation of interests in the Common or Limited Common Elements, or rights to their use;
(f) boundaries of any Unit;
(g) convertibility of Units into Common Elements or vice versa;
(h) expansion or contraction of the Condominium; or the addition, annexation or withdrawal of property to or from the Condominium;
(i) insurance of fidelity bonds;
(j) leasing of Units;
(k) imposition of any restriction on a Unit Owner's right to sell or transfer his or her Unit;
(l) a decision by the Association to establish self-management when professional management had been required previously by an Eligible Mortgage Holder;
(m) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;
(n) any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or
(o) any provisions that expressly benefit mortgage holders, insurers or guarantors.

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

Section 6.2. Amendment to Declaration. The Declaration may be amended pursuant to the provisions of the Act and the Declaration. The President is empowered to prepare and execute any amendments to the Declaration on behalf of the Association, and the Secretary or

any Assistant Secretary is empowered to attest, seal with the Association's corporate seal, and record any such amendments on behalf of the Association.

ARTICLE VII. MISCELLANEOUS

Section 7.1. Severability. The invalidity of any provisions of these Bylaws shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of these Bylaws, and, in such event, all of the other provisions of these Bylaws shall continue in full force and effect as if such invalid provision had never been included herein.

Section 7.2. Conflict. In the event of any conflict between these Bylaws and the provisions of the Declaration, the latter shall apply. Further, the provisions of the Act shall apply to the operation of the Condominium except that contrary provisions contained in the Declaration, not otherwise prohibited by the Act, shall control.

Section 7.3. Gender. The use of the singular number in these Bylaws shall be deemed to include the plural, the plural the singular, and the use of any one gender shall be deemed applicable to all gender.

Section 7.4. Captions. The headings preceding the various sections of these Bylaws and the Table of Contents are intended solely for the convenience of readers of the Bylaws and in no way define, limit or describe the scope of these Bylaws or the intent of any provisions thereof.

Section 7.5. Notices. All notices, demands, bills, statements or other communications affecting the Condominium shall be given to Unit Owners by the Association, in writing, and shall be deemed to have been duly given if delivered personally securing a receipt therefor or sent by United States Mail, postage prepaid, if such notification is of a default or lien, sent by registered certified United States Mail, return receipt requested, postage prepaid, addressed to the Unit Owner at the address which the Unit Owner shall designate in writing and file with the Secretary of the Association or, if no such address is so designated, at the address of the Unit of such Unit Owner who is the record owner thereof. Similarly, all notices, demands, statements or other communications affecting the Condominium given by the Unit Owners to the Association shall be in writing and shall be deemed to have been duly given to the Association if delivered personally securing a receipt therefor, or sent by United States Mail, postage prepaid, return receipt requested, addressed to the Association at the principal office of the managing agent or, if there is no managing agent, to the Secretary. All notices, demands, statements or other communications affecting the Condominium given by the Association to any Eligible Mortgage Holder and Eligible Insurer shall be in writing and shall be deemed to have been duly given by the Association if delivered personally securing a receipt therefor, or sent by United States Mail, postage prepaid, addressed to the Eligible Mortgage Holder at the address identified pursuant to Article I of the Declaration by virtue of which it became an Eligible Mortgage Holder, and to the Eligible Insurer at the address identified pursuant to Article I of the Declaration by virtue of which it became an Eligible Insurer.

ARTICLE VIII. CORPORATE SEAL

Section 8.1. Seal. The Association shall have a seal in circular form having within its circumference the words:

FAIRWAY POND CONDOMINIUM ASSOCIATION
2001
MAINE