

BYLAWS  
OF GREAT HARBOR ESTATES, INC.

ARTICLE I.  
CREATION AND APPLICATION

Section 1.01 Creation. This corporation is organized under the Maine Nonprofit Corporation Act in connection with the submission of Property known as the Great Harbor Estates Condominium (the "Condominium") located in the Town of Southwest Harbor, Maine to the Maine Condominium Act pursuant to the Great Harbor Estates Condominium Declaration (the "Declaration") as recorded in Book 4893, Page 71 of the Hancock County Registry of Deeds. The name of the corporation is the Great Harbor Estates, Inc. (the "Association").

The term "Property" as used herein shall include the land, the building and all other improvements thereon (including the Units, the Common Elements and all easements, rights and appurtenances belong thereto) and all other property, personal or mixed, intended for use in connection therewith now or hereafter submitted to or governed by the Declaration.

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

Section 1.02 Application. 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 enter upon the Property in any manner are subject to these Bylaws and to the Rules and Regulations, all as adopted, amended or altered from time to time by the Board of Directors of the Association (the "Board of Directors").

Section 1.03 Office. The principal office of the Association shall be located at the Condominium.

Section 1.04 Interpretation. In the event of any conflict or discrepancy between this Declaration, the Bylaws, the Rules and Regulations, and the Plat and Plans, the provisions of the Declaration shall govern.

ARTICLE II.  
PURPOSES AND POWERS OF THE ASSOCIATION

Section 2.1 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 established under the Declaration; and

Section 2.2 Powers. In addition to all the powers, authority and responsibilities granted to or imposed upon this Association by the laws of the State of Maine, specifically including those set forth or referred to in the Maine Condominium Act or the Maine Non-Profit Corporation Act all of which the Association shall have to the extent permitted by law and by the Declaration, the Association shall have the specific powers to:

- A. Adopt and amend Bylaws and Rules and Regulations;
- B. Adopt and amend budgets for revenues, expenditures and reserves, and to collect assessments for Common Expenses and Service Charges from Unit owners;
- C. Hire and terminate managers and other employees, agents, and independent contractors;
- D. Institute, defend, or intervene in litigation, arbitration, or administrative proceedings in its own name on behalf of itself or two (2) or more Unit owners on matters affecting the Condominium, and the Association shall be deemed to be the attorney-in-fact of each Unit owner for such purposes;
- E. Make contracts and incur liabilities;
- F. Regulate the use, maintenance, repair, replacement and modification of Common Elements, provided, however, that the use and allocation 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, subject to the restrictions set forth herein;
- H. Acquire, hold, encumber and convey in its own name any right, title, or interest to real or personal property;
- I. Grant easements, leases, concessions, and licenses for public utilities servicing or benefiting the Property through or over the Common Elements;
- J. Impose and receive payments, fees, or charges for the use, rental, or operation of facilities located on the Common Elements;
- K. Impose charges and Interest for late payment of assessments and Service 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 statements of unpaid Common Charges and assessments or resale certificates furnished in accordance with the Maine Condominium Act;
- M. Provide for the indemnification of its officers and directors and maintain directors' and officers' liability insurance;
- N. Exercise any other powers conferred by Declaration or Bylaws;
- O. Exercise all other powers that may be exercised pursuant to the Maine Nonprofit Corporation Act.

The Board of Directors of the Association shall manage the Condominium and exercise such powers on behalf of the Association, subject to the terms of these Bylaws, the Declaration and the Maine Condominium Act.

Section 2.3 Non-Profit Status. The Association is not organized for profit and no property or profit thereof shall inure to the benefit of any person except in furtherance of the nonprofit-making purposes of the association or in the course of acquiring, constructing or providing management, maintenance and care of the Condominium Property, or by virtue of a rebate of excess membership dues, fees, assessments, or Common Charges.

### ARTICLE III. ASSOCIATION OF OWNERS

Section 3.1 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 3.2 Annual Meeting. Meetings of the members shall be held annually each successive year on the last day of September, or in the event that day is a legal holiday, then on the first day thereafter which is not a holiday, provided that the Board of Directors shall have the authority to alter the annual meeting date in its discretion if it determines that another meeting date is more convenient. 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 3.3 Special Meetings. Special meetings of the members may be held at any time upon the call of the Board of Directors, or upon the call of Forty percent (40%) or more in interest of the owners, which call shall state the purpose of the meeting. Upon receipt of such call, the Secretary shall promptly send out notices of the meeting to all members of the Association.

Section 3.4 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 the proposed declaration or bylaw amendment, any budget charges and any proposal to remove an officer or director) shall be sent by the President or Secretary or Assistant Secretary, if any, at least Ten (10) days, but not more than Sixty (60) days, before the date set for the meeting. Such notice shall be given to each Member listed with the records of the Association as set forth below and to each Eligible Mortgage Holders if and as required by the Declaration:

A By hand delivering it to him, or

B. By mailing it, postage prepaid, addressed to the member at the address of the Unit or any other address designated in writing by that member with the records of the Association.

The notice of any meeting shall state the time and place of the meeting, and the items on the agenda, including the general nature of any proposed Declaration or Bylaw amendments, any budget changes and any proposal to remove an officer or director. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall not invalidate the meeting.

**Section 3.5 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 3.6 Order of Business.** The order of business at all meetings of the members shall be generally as follows, if applicable:

- A. Roll Call
- B. Proof of notice of meeting or waiver of notice.
- C. Reading of minutes of preceding meeting.
- D. Reports of Officers.
- E. Report of Board of Directors.
- F. Report of committees.
- G. Election of the Board of Directors.
- H. Unfinished business.
  - 1. New business.
- J. Adjournment.

**Section 3.7 Parliamentary Procedure.** At all meetings of the members or of the Board of Directors, the Modern Rules of Order as then amended shall be followed, except in the event of conflict these Bylaws or Declaration as the case may be shall prevail.

**Section 3.8 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 fifty percent (50%) of the total interest therein shall constitute a quorum for the transaction of all business.

**Section 3.9 Voting.**

A. Any person, partnership, limited liability company, corporation, trust, or other legal entity or a combination thereof, owning any Unit (other than an interest held as security for an obligation) duly recorded in his or its name, which ownership shall be determined from the records of said Registry of Deeds, shall be a member of the Association, and either, in person or by proxy, shall be entitled to vote for each Unit so owned at all meetings of the Association.

B. Multiple owners of a Unit shall be deemed one owner. If only one of the multiple owners of a Unit is present in person or by proxy at a meeting of the Association, he is entitled to cast all the votes allocated to that Unit. If more than one of the multiple owners are 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 presumed to be a majority agreement if anyone of the multiple owners present casts the votes allocated to that Unit unless any of the other owners of the Unit promptly protests to the person presiding over the meeting.

c. Votes allocated to a Unit may be cast pursuant to a written proxy duly executed 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 executed 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 a meeting of the Association. A proxy is not valid if it is not dated or purports to be revocable without notice as determined by the Secretary of the Association. A proxy shall automatically terminate eleven (11) months after its date, unless it specifies a shorter term.

D. An executor, administrator, personal representative, guardian, or trustee may vote in person or by proxy at any meeting of the Association with respect to any Unit owned or held by him in such a capacity, whether or not the same shall have been transferred of record by a duly recorded conveyance. If the Unit has not been so transferred, he shall satisfy the secretary that he so holds the Unit.

E. 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.

F. Each Unit shall have the percentage vote in the Association as specified in the Declaration. Any specified percentage vote refers to the aggregate percentage of such votes.

G. 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 Directors, 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.

Section 3.10 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, without further notice of the time and place of adjournment beyond that given at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum. at the meeting as originally called.

Section 3.11 Unanimous Action by Members Without a 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.

#### ARTICLE IV. BOARD OF DIRECTORS.

Section 4.1 Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors initially composed of three (3) directors initially appointed by the Declarant. Upon the expiration of the Declarant Control Period as defined in the Declaration, the members shall elect five (5) directors, of which two shall initially have a term of one (1) year and three (3) for a term of two (2) years; a majority of such directors shall be an occupant of a Unit, or the owner or the spouse of an owner of a Unit, 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 personal representative thereof. After the expiration of said initial terms, the terms of the directors shall then be two (2) years each. The number of directors may be changed between 3 and 7 by amendment to the Bylaws.

Section 4.2 Election and Term of Office. Initially two (2) directors shall be elected for a term of one year each and three (3) for a term of two (2) years each. At the expiration of the initial term of office of each director, his successor shall be elected to serve a term of Two (2) year; provided, however, that a director shall hold office until his successor has been elected.

Section 4.3 Powers and Duties. The Board of Directors 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 Maine Condominium Act or the Maine Nonprofit Corporation Act, as either may be amended from time to time, except those matters which by law, by the Declaration or by these Bylaws specifically reserved to the members.

Section 4.4 Other Duties. In addition to other duties imposed by these Bylaws or by duly adopted resolutions of the members of the Association, the Board of Directors shall be responsible for the following:

A Election of the officers of the Association;

B. Management and administration of the Condominium, the Association's property and the Common Elements, including the maintenance, repair and replacement thereof;

C. Determination and collection of assessments for Common Expenses, and Service Charges from the owners and the regulation of its fiscal affairs;

D. Establishment of reserves for the maintenance, repair and replacement of Common Elements and for contingencies.

E. Appointment and dismissal of the personnel and agents for the maintenance and operation of the Condominium, including without limitation the Common Elements, and to fix the terms of their engagement and their compensation and authority; and

F. Designation of executive and other committees.

Section 4.5 Manager or Management Agent, Employees, Generally. The Board of Directors may employ on behalf of the Association a management agent or manager at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Sections 4.4 and 6.2 of these Bylaws. All management contracts entered into during the Declarant Control Period shall permit termination without a penalty on thirty days notice at any time with or without cause after the expiration of such period.

Section 4.6 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 members. 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.

Section 4.7 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 the majority vote of the members, with or without cause. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting, but the members' decision shall be final.

Section 4.8 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.

Section 4.9 Annual Meeting. The annual meeting of the Board of Directors 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 4.10 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. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by delivery to his Unit, or by telephone, at least Ten (10) days prior to the day named for such meeting.

Section 4.11 Special Meetings. Special meetings of the Board of Directors may be called by the President on Ten (10) days' notice to each Director, given personally 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 of Directors 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 4.12 Waiver of Notice.** 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.

**Section 4.13 Board of Directors' Quorum.** 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 which might have been transacted at the meeting as originally called may be transacted without further notice.

**Section 4.14 Unanimous Action.** Unless otherwise expressly provided by law, 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.

## ARTICLE V. OFFICERS.

**Section 5.1 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 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 5.2 Election of Officers.** The principal officers of the Association shall be elected annually by the Board of Directors at the annual meeting and shall hold office at the pleasure of the Board.

**Section 5.3 Removal of Officers.** 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 5.4 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 of the Board of Directors.

**Section 5.5 Treasurer.** The Treasurer shall be responsible for keeping financial records and accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall also, in the absence of the President, exercise the powers and perform the duties of the

President. He shall be responsible, subject to the direction of the Board of Directors, for the preparation and dissemination to the members 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 5.6 Secretary. The Secretary shall keep and certify the minutes of all meetings of the Board of Directors 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.

Section 5.7 Auditor. The Board of Directors, may from time to time at any scheduled meeting appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association and to perform such audits and fiscal duties as may be requested by the Association.

Section 5.8 Amendments to Declaration. The Secretary shall prepare amendments to the Declaration and the President and Secretary shall execute the certificate for recording on behalf of the Association.

## ARTICLE VI. FISCAL AFFAIRS AND ADMINISTRATION.

Section 6.1 Accounting. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with customary accounting principals and practices. Within Ninety (90) days after the close of each fiscal year, the Association shall furnish its members with a statement of the income and disbursements for such prior fiscal year and a balance sheet as of the close of that year. All financial records shall be available for examination by Unit owners, mortgagees and their duly authorized agents and accountants at reasonable times.

### Section 6.2 Budget and Common Charges.

A. The Board shall cause a proposed annual budget to be prepared 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 member. The Board shall call a meeting of the members to review the budget; unless at that meeting the budget is rejected by Sixty-Seven percent (67%) in interest of all members, the budget shall be deemed to have been ratified. Unless the budget is rejected, the members shall pay the amounts specified in the proposed budget adopted by the Board.

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:

i. Management and administration expenses;

ii. The cost of operation, repairs, maintenance, replacement, and improvements of the Common Elements and such Limited Common Elements and such parts of the Units which the Association is responsible for the maintenance repair and replacement of;

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

iv. The establishment and maintenance of adequate working capital and reserves including general operating reserves, reserves for contingencies, for 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 a Maine financial institution; and

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

C. Until an annual budget is adopted by the Board, the members shall continue to pay that monthly amount of Common Charges 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 members showing the amount of assessments due, but each member shall pay his Common Charges promptly when due regardless of whether such a statement is sent.

D. Each member shall pay his share of Common Charges and assessments without setoff or deduction, which shall be an amount equal to the total Association budget, net of other income and Service Charges as defined herein, multiplied by his respective common expense liability. Each member 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 member may pay his share of the Common Charges 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 upon Twenty (20) days written notice of default, the entire remaining balance thereof shall immediately become due and payable in full.

E. If any member shall fail or refuse to pay to the Association when due his share of the assessments or any other Service Charges, user fees and penalties, thereafter 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 Common Charges and Service 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 member. Recording of the Declaration constitutes record notice and perfection of the lien for Common Charges, Service Charges, user fees, including penalties, late 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 of Directors but such recorded notice is not necessary to establish or perfect the lien.

F. If such payments are not received within thirty (30) days after they become due, the Board shall exercise and enforce any and all rights and remedies provided in the Maine Condominium Act, the Declaration or these Bylaws or otherwise available at law or in equity for the collection of all unpaid amounts and, if available, all possessory remedies against the delinquent owner's Unit under the Forcible Entry and Detainer Laws of Maine, as amended from time to time. The delinquent owner shall be required to pay to the Association a reasonable rental for such Unit until sale or foreclosure. In any action to foreclose the lien for Common Charges, assessments, Service Charges, user fees, late charges, penalties, interest, and costs of collection including reasonable attorneys' fees against any owner of a Unit, the Association may act through its manager or Board of Directors in the same manner as any mortgagee of real property. The manager or Board of Directors acting on behalf of the Unit owners shall have the power to bid and acquire such Unit at a foreclosure sale and to lease, mortgage, convey, or otherwise deal with the Unit. Suit to recover a money judgment for unpaid Common Charges, assessments, Service Charges, user fees and penalties due to the Association, with interest and all costs and reasonable attorneys' fees, may be maintained without foreclosing upon or waiving the lien securing the same. The lien is extinguished unless action to enforce the lien is started within Three (3) years after the full amount of the assessment becomes due.

Section 6.3 Service Charges. Service charges (other than common expenses) may be assessed separately to each Unit or group of Units benefited thereby and shall be paid by the Unit owner within Fifteen (15) days of deposit in the U. S. Mail or hand delivery, and shall constitute a lien on the Unit of the same status as a lien for Common Charges set forth in Section 6.2.

Section 6.4 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 members 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 Charges shall be determined and paid on the basis of such revision.

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

Section 6.5 Fiscal Year. The fiscal year of the Association shall be such as may from time to time be established by the Board of Directors.

Section 6.6 Capital Improvements. The approval of a majority in interest of all the members shall be required to make a capital improvements to the Common Elements in an amount in excess of Thirty-five percent (35%) of the aggregate Common Charges against all the members over the prior fiscal year, exclusive of Service Charges and user fees, and in such event the cost thereof shall be assessed to all Unit owners as an assessments.

**Section 6.7 Use of Units.** All Units shall be utilized in accordance with the provisions of the Bylaws, Declaration, and Rules and Regulations.

**Section 6.8 Enforcement of Declaration and Bylaws.** Every Unit owner shall pay to the Association promptly on demand all costs and expenses, including reasonable attorneys' fees and expenses incurred by or on behalf of the Association, in collecting any delinquent Common Charges, assessments, Service Charges, damages or fees due from such Unit, foreclosing its lien for assessments, collecting any penalties imposed hereunder, or enforcing any provisions of the Declaration, these Bylaws, or the Rules and Regulations against such owner or any occupant of such Unit.

**Section 6.9 Rules and Regulations.** In order to assist the peaceful and orderly use and enjoyment of the buildings and Common Elements of the Condominium, the Board of Directors may from time to time adopt, modify, and revoke, in whole or in part, such further reasonable 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 upon adoption, and every amendment, modification, and revocation thereof, shall be sent promptly to each Unit and shall be binding upon all members of the Association and all persons present on the Condominium.

**Section 6.10 Restrictions.** As an amendment to these Bylaws and subject to the Declaration, the members may from time to time adopt, modify and amend such further restrictions on and requirements respecting the use and maintenance of Units and the use of Common Elements designed to prevent unreasonable interference with the use and enjoyment of the Condominium. The following restrictions shall apply initially in addition to those expressed elsewhere in these Bylaws or in the Declaration:

A. Trash, garbage and other waste shall be kept only in sanitary containers and shall be disposed of in such manner as may be prescribed from time to time in accordance with rules and regulations established by the Board of Directors. No articles of personal property belonging to any Unit owners shall be stored in any portion of the Common Elements.

B. No member shall overload the electrical wiring in the building or operate any machinery, appliances, accessories or equipment in such a manner as to cause, in the judgment of the Board of Directors, any unreasonable disturbance or make any alterations to or connections with the heating, plumbing, or sewage disposal systems without the prior written consent of the Board of Directors.

C. Each Unit shall deposit only ordinary household type waste in the sewerage system.

D. No Unit owner shall play or permit to be played any musical instrument or operate or permit to be operated any stereo system, phonograph, radio, television set, or other electronic device in or outside his Unit between the hours of 10:00 p.m. and 8:00 a.m., if such playing or operation shall disturb or annoy the occupants of any other Unit.

E. No Unit owner shall erect or maintain an outside television or radio antenna or dish in the Common Elements or Limited Common Elements, except with the approval of the Board of Directors.

Section 6.11 Right of Entry. Upon such prior notice as is possible under the circumstances, the manager and any person authorized by the Board of Directors shall have the right to enter any Unit in case of any emergency originating in or threatening such Unit or adjoining Common Elements whether or not the owner or occupant is present at the time, and upon prior notice to enter any Unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the Common Elements thereon or accessible therefrom.

Section 6.12 Title. Every Unit owner shall promptly record in the Registry of Deeds the deed, 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 6.13 Insurance and Fidelity Bonds.

A. The Association shall maintain insurance as required by the Declaration and such other insurance as the Board of Directors of the Association may determine is appropriate.

B. The Board of Directors shall require all officers and employees of the Association handling or responsible for corporate funds to furnish adequate fidelity bonds in the amount of the maximum funds that will be in the custody of the Association or any management agent at any time but not less than three (3) months Common Charges plus the amount of the Association's reserve account balance. The premiums on such bonds shall be paid by the Association. All such policies shall require at least twenty (20) days notice of cancellation.

C. It shall be the responsibility of each Unit owner to procure adequate insurance covering the contents of his Unit and any deductible for damage to the Unit interior, and any appliances, fixtures, betterments or improvements thereto installed by the owner unless that owner has elected to procure insurance under the Association's policy as provided in the Declaration.

ARTICLE VII.

SALE, LEASE, RENTAL OR OTHER TRANSFER OF A UNIT

Section 7.1 Binding Effect. All subsequent sales, leases or other transfers of a Unit by a Unit owner shall be subject in all respects to the Declaration, Bylaws, and Rules and Regulations of the Condominium.

Section 7.2 Leasing Restrictions.

A. No Unit may be leased by any person for a period of less than one (1) week. No portion of any Unit (other than the entire Unit) shall be leased for any period.

No Unit owner shall rent or lease a Unit other than in accordance with a written form of lease which contains the following provisions:

(i) requiring the tenant to comply with the Declaration, these Bylaws, and Rules and Regulations;

(ii) providing that failure to comply constitutes a default under the lease;

(iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the Unit owner after Thirty (30) days' prior written notice to the Unit owner, in the event of a default by the lessee in the performance of the lease, and

(iv) in the event that the payment of Common Charges and/or Service Charges or other amounts due to the Association becomes more than 30 days past due, the Association may require the Tenant to pay directly to the Association the rent on the Unit in an amount of up to the balance of current and delinquent Common Charges and other unpaid amounts outstanding, subject to the rights of any recorded first mortgage or Eligible Mortgage Holder which has exercised an assignment of rents. The Association's notice to the Tenant shall be conclusive and binding on the Tenant as to the Tenant's obligation to pay the rent directly to the Association and as to the amount of Common Charges and other fees due. The Unit owner shall have ten days after such notice is sent to file any objection with the Board of Directors, which objection must be in writing and signed under oath under the pains and penalties of perjury, must contain a short and plain statement of any alleged errors by the Association, and shall include copies of cancelled checks or other written evidence of objection or miscalculation of the amounts due. The Unit owner must state what amounts, if any, which the owner admits is owed to the Association.

Any lease or tenancy shall be in writing. The foregoing provisions shall be deemed to be automatically incorporated into any lease and into the terms of any tenancy or other agreement for the occupancy of a Unit.

Each Unit owner of a Unit shall, promptly following the execution of any written lease of a Unit, forward a true copy thereof to the Board of Directors.

The foregoing provisions of this paragraph shall not apply to an institutional lender in possession of a Unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

B. In the event a guest or tenant of a Unit fails to comply with the provisions of this Declaration, the Bylaws, Rules and Regulations or the lease, then, in addition to all other remedies which it may have, the Association may notify the owner of such violation(s) and demand that the same be remedied through the Owner's efforts within a reasonable time after such notice in the judgment of the Directors.

If such violation(s) is(are) not remedied within said period, then the Owner shall thereafter, at his own cost and expense, Immediately institute and diligently evict his tenant or guest on account of

such violation(s). In the event the Owner fails to so act promptly, then the Board shall have the right, but not the duty, to institute and prosecute such election as attorney-in-fact for the Owners and at the Owner's sole cost and expense, including all legal fees incurred. Said costs and expenses shall be due and payable upon demand by the Association and shall be deemed to constitute a lien on the particular Unit involved, and collection thereof may be enforced by the Board of Directors in the same manner as the Board is entitled to enforce collection of Service Charges and common charge assessments.

Section 7.3 Liability for Assessments. Etc. In the transfer of a Unit, the grantee of the Unit shall be jointly and severally liable with the grantor for all unpaid Common Charges, assessments and Service Charges, penalties, fees, interest and costs of collection outstanding at the time of the grantor's transfer, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee or proposed purchaser under a purchase and sale contract upon written request and upon payment of such fee as may be set by the Directors may obtain a statement from the Board of Directors setting forth the amount of unpaid, assessments, and Service Charges against the Unit, and the grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for any, assessments, and Service Charges arising before the statement date in excess of the amount therein set forth.

Section 7.4 Common Elements. No Unit owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without including therein the interests in Common Elements appurtenant thereto, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interest so omitted, even though the latter shall not be expressly mentioned or described therein.

## ARTICLE VIII. EXECUTION OF INSTRUMENTS.

Section 8.1 Instruments Generally. All checks, drafts, notes, vouchers, bonds, acceptances, contracts, deeds, lien notices, certificates, and all other instruments shall be signed or approved by the President or the Secretary or Treasurer, and in addition by anyone or more officer(s), agent(s) or employee(s), all as the Board of Directors may designate, unless otherwise unanimously voted by the Board of Directors.

## ARTICLE IX GENERAL ADMINISTRATION

Section 9.1 Easements, Etc. The Association is authorized and empowered to grant such easements, rights-of-way, leases and licenses for sewer lines and sewage disposal facilities, water lines, electrical cables, telephone cables, television cables and antennas, gas lines, storm drains, underground conduits, fire escapes and alarms and such other purposes related to the provision of public services, and utilities to the Condominium as may be considered desirable, necessary or appropriate by the Board of Directors for the orderly maintenance, improvement and preservation and enjoyment of the Common Elements or for the preservation of the health, safety, convenience

and welfare of the owners of the individual Units upon at least Thirty (30) days' notice to the members unless a special meeting of the members is called within such period and the members vote to reject such grant. No such rights may be created through any Unit without the written consent of the owners thereof and that no such easement shall materially impair the use and enjoyment of the Condominium.

**Section 9.2 Utility Services.** The Association shall not be liable for the failure of electricity, telephone, water supply, sewage disposal systems, or other services to be obtained by the Association or paid for out of the common expense or service charge funds, or for injury or damages to persons or property caused by the elements or by the owner of any Unit or by any other person, or resulting from electricity, water, snow or ice which may leak, fall or flow from or settle on any portion of the Common Elements or limited Common Elements or from any roof, wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the owner of any Unit for loss or damage, by theft, or otherwise, of property which may be stored upon or in any individual Unit or in any of the Common Elements or facilities. No set-off, diminution or abatement of assessments for common expenses or Service Charges, shall be claimed or allowed for the expense, damage or discomfort arising from the making of repairs or improvements to the Common Elements or facilities or to any Unit, or from any action taken by the Association to comply with any law, ordinance, or order of any other governmental authority.

## ARTICLE X LIABILITY OF DIRECTORS AND OFFICERS.

**Section 10.1 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 10.2 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, 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, 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 10.3. 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 the 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 XI BY-LAWS.

Section 11.1 Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by vote of Sixty-Seven percent (67%) or more of the members of the Association at a meeting duly called for the purpose, PROVIDED, HOWEVER, that these Bylaws shall always contain those particulars which are required by the Maine Condominium Act, as amended from time to time to the extent applicable by law to this Condominium; and PROVIDED, FURTHER, that no modification of or amendment to the Bylaws shall be valid, until a certificate of the amendment is executed to evidence the propriety of such amendment or modification by the Secretary and President of the Association. Such certificate shall be recorded in Hancock County Registry of Deeds.

Section 11.2 Conflict. In the event of any conflict between these Bylaws and the provisions of the Declaration or the Maine Condominium Act, the latter shall govern and apply.