

BYLAWS

RIVERBROOK AT PORTSMOUTH CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Purpose. The administration of the condominium shall be governed by these Bylaws which are annexed to the Declaration of Riverbrook at Portsmouth Condominium and are made a part of thereof, and all present and future holders of any interest in the Condominium shall be member of Riverbrook at Portsmouth Condominium Association which is a "condominium management association, organized and operated to provide for the acquisition, construction, management, maintenance and care of "association property" as those terms are defined in Section 528 of the Internal Revenue Code. No part of the net earnings of said Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of "association property" and other than by a rebate of excess assessments pursuant to Article V, Section 1(c) hereof) to the benefit of any Owner.

2. Definitions. Capitalized terms not otherwise defined in these Bylaws shall have the meanings specified in the Declaration and in Section 3 of the Condominium Act.

3. Bylaws Applicability. The provision of these Bylaws are applicable to the Property, and the use, occupancy, sale, lease or other transfer thereof. All present and future Owners, tenants, future tenants, their guests, licensees, servants, agents, employees and any other Person who shall use the facilities of the Condominium, shall be subject to these Bylaws and to the Rules of the Condominium. The acceptance of a deed of conveyance or the entering into a lease or the act of occupancy of a Unit or any other portion of the Condominium shall constitute an acknowledgment that such Owner, tenant or occupant has accepted and ratified these Bylaws, the provisions of the Declaration and the Rules and will comply with them.

4. Office. The office of the Condominiums and of the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

ROCKINGHAM COUNTY
REGISTRY OF DEEDS

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ARTICLE II

UNIT OWNERS' ASSOCIATION

1. Composition. All of the Owners, acting as a group in accordance with the Condominium Act, the Declaration and these Bylaws, shall constitute "Riverbrook at Portsmouth Condominium Association" or the "Association" which shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the assessments for Common Expenses, arranging for the management of the Condominium, and performing all of the acts that may be required to be performed by the association by the Condominium Act. Except as to those matters which the Act, the Declaration or these Bylaws specifically require to be performed by the vote of the Owners, the administration of the Condominium shall be performed by the Board of Directors (as more particularly set forth in Article III).

2. Voting. Each completed Unit shall be entitled to the number of votes equal to the Percentage Interest assigned to such Unit in the Declaration. Because an Owner may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the vote appertaining to that Unit. But, if more than one of such person is present, the vote appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. As applied to a person which is not a natural person, the word "person" shall be deemed for the purposes of this section to include, without limitation, any one natural person having authority to execute deeds on behalf of such person which is not a natural person and which is, either alone or in conjunction with another person or persons, an Owner. Except where a greater number is required by the Condominium Act, the Declaration or these Bylaws, a majority of the votes of Owners, in good standing and entitled to vote, voting in person or by proxy, is required to adopt decisions at any meeting of the Association, except for election of Directors which may be accomplished by a plurality of such votes. If the Declarant owns or holds title to one or more completed Units, the Declarant shall have the right at any meeting of the Association to cast the vote(s) to which such Unit(s) is entitled.

3. Place of Meetings. Meeting of the Association shall be held at the principal office of the Condominium or at such other suitable place as may be designated by the Board of Directors and stated in the notice of meeting.

4. Annual Meeting. The first annual meeting of the Association shall be held on a date to be determined by the Declarant, which date shall be within one (1) year after the formation of the Association by the recordation of the Declaration. Notice of such meeting shall be given in accordance with the provisions of Section 6 of this Article II. Thereafter, the annual meetings of the Association shall be held on the same date of each succeeding year, or in such other date within a 30 day period prior to or subsequent to such date (so long as such a meeting is held at least once each calendar year), as may be designated by the Board of Directors and reflected in the said notice. At such annual meetings, the Board of Directors shall be elected by ballot of the Owners in accordance with the requirements of Section 4 of Article III. The foregoing notwithstanding, until three years after the recordation of the Declaration or until Units representing three-fourths of the Percentage Interests appertaining to 36 Units have been legally conveyed by the Declarant, or until Declarant relinquishes the right to so elect, whichever first occurs (the "Transition Date"), the Declarant shall be entitled to elect a majority of the members of the Board of Directors. The Association may transact such other business as may properly come before them at such meetings.

5. Special Meetings. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Clerk by Owners having not less than 30% of the votes of all Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

6. Notice of Meeting. It shall be the duty of the Clerk to mail, by United States mail, return receipt requested, a notice of each annual meeting or special meeting of the Owners, at least 21 days in advance of an annual meeting, and at least seven days in advance of a special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at the address of their respective Units or at such other address as each Owner may have designated by notice in writing to the Clerk.

7. Voting Requirements. An Owner shall be deemed to be in good standing and entitled to vote at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all assessments made or levied and due against him and his Unit by the Board of Directors as hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him and against his Unit, at least three days prior to the date fixed for such annual or special meeting.

8. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies in accordance with the provisions of Section 39 IV of the Condominium Act.

9. Quorum. A quorum shall be constituted as provided in Section 38 of the Act. ^{33 1/2}

10. Order of Business. The order of business at all meetings of the Association may be as follows: (a) roll call; (b) recitation of proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) election of directors, if applicable; (h) unfinished business; and (i) new business, any of which may be waived.

11. Conduct of Meeting. The President, or his designate, shall preside over all meetings of the Association and the Clerk shall keep the minutes of the meeting and record in a record book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Condominium Act.

ARTICLE III

BOARD OF DIRECTORS

1. Powers and Responsibilities. The affairs and business of the Condominium shall be managed by a Board of Directors (sometimes herein referred to as the "Board" which shall have all of the powers and responsibilities necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not by the Condominium Act or by these Bylaws directed to be exercised and done exclusively by the Association. The Board of Directors may delegate to one of its members the authority to act in behalf of the Board of Directors on all matters which might arise between meeting of the Board of Directors. In addition to the general duties imposed by these Bylaws, the Board of Directors shall have the power to perform, and shall be responsible for the following:

(a) Preparation of an annual budget, in connection with which there shall be established the assessment of each Owner for the Common Expense;

(b) Making assessments against the Owners to defray the Common Expense of the Condominium, establishing the means and methods of collecting such assessments from the Owners, collecting said assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property. Unless otherwise determined by the Board of Directors, the annual assessments against each Owner

for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) Providing for the operation, management, repair, replacement and maintenance of all of the Common Area including designating, hiring and dismissing the personnel necessary therefor, and, where appropriate, providing for the compensation of such personnel and for the purchase or use of equipment, supplies and material to be used by such personnel in the performance of their duties;

(d) Making and amending Rules providing details concerning the operation, use and enjoyment of the Property (subject to the condition that such Rules shall not be in conflict with the Condominium Act or with the Declaration or these Bylaws, and subject to the provisions of Section 11 of Article V hereof) and enforcing by legal means the provisions of the Declaration, these Bylaws and such Rules, and bringing any proceedings which may be instituted on behalf of the Owners;

(e) Obtaining and carrying insurance against casualty and liability, as provided in Article VI of these Bylaws, and paying the premium cost thereof and making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property, in accordance with the other provisions of these Bylaws;

(f) Opening bank accounts on behalf of the Association and designation signatories required therefor, and keeping books with detailed accounts of the receipts and expenditures affecting the Property and the administration of the Condominium. The said books shall be available for examination by the Owners, and their duly authorized agents, at reasonable times and places. All books and records shall be kept in accordance with generally accepted accounting practices;

(g) To do such other things and acts not inconsistent with the Condominium Act and with the Declaration which it may be authorized to do by a resolution of the Association.

2. Managing Agent. The Board of Directors may employ, or contract with, a professional manager or management firm ("Manager") for a fee or compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize including, but not limited to, the duties listed in Section 1 of this Article III. The Board of Directors may delegate to the Manager all of the powers granted to the Board of Directors by these Bylaws; Provided that any actions by the Manager with respect to the powers set forth in Paragraphs (b) and (e) of Section 1 of this Article III shall require the written consent of the Board

of Directors. The term of any employment contract for a Manager may not exceed two (2) years, and any such employment contract shall provide, inter alia, that such agreement may be terminated without cause upon no more than 90 days written notice and without payment of a termination fee.

In the event that a holder of a first mortgage has required professional management (management by someone other than the Association itself, who is regularly employed in the management business) of the Property, any decision to self-manage the Property by the Association must be approved by two-thirds of the Owners and 51% of the holders of first mortgages (based upon votes appurtenant to such mortgaged Units). In the event that the Declarant has entered into a management contract, any such contract shall terminate upon the "transition date" as set forth in Article II, 4., of these By-Laws, unless ratified or renewed by the Unit Owners.

3. Number of Directors and Initial Selection of Board. The Board of Directors shall be composed of three persons. Until the election of the Board of Directors takes place at the first annual meeting of the Association as provided in Section 4 of Article II, the Board of Directors shall consist entirely of such persons as designated by the Declarant. Thereafter, until the Transition Date, a majority of the members of the Board of Directors shall be Designated by the Declarant. The Declarant shall have the right in its sole discretion to replace such Directors as may be so selected and designated by it, and to select and designate their successors. The Declarant may relinquish its rights hereunder at any prior time. Directors, except for those designated by Declarant, shall consist only of Owners or spouses of Owners, or, where a person who is an Owner is not a natural person, any natural person having authority to execute deeds in behalf of such person.

4. Election and Term of Office. Subject to Declarant's right to designate set forth herein, at the first annual meeting of the Association, three Directors shall be elected. The term of office of one Director shall be fixed at two years and the term of office of one Director shall be fixed at three years. Prior to the Transition Date the Declarant may select which positions shall be subject to designation by Declarant and which positions shall be filled by election as provided herein, at the expiration of the initial term of office of each respective Director, each successor shall be elected at subsequent annual meetings of the Association to serve a term of three years. The Directors shall hold office until their respective successors have been elected and hold their first meeting.

5. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the Association shall be held immediately after, and at the same place as, such annual meeting, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present thereat.

6. Regular Meetings. Regular meetings of the Board of Directors may be held without call or notice at such time and place as shall be determined, from time to time, by a majority of the Directors, provided that notice of the first regular meeting following any such determination shall be given to Directors not present when such determination is made. At least two such meetings shall be held during each twelve month period after the annual meeting of the Association.

7. Special Meetings. Special meetings of the Board of Directors may be called by the President on five business days notice to each Director. Such notice shall be given personally or by mail, telephone or telegraph, and such 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 Clerk in like manner and on like notice on the written request of at least two Directors.

8. Waiver of Notice. Before or within ten days 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.

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

10. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, at a special meeting of the Board of Directors held for that Purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum of the Board; and each person to elected shall be a Director for the remainder of the term of the Director so replaced; provided, however, that a vacancy in the position held by a Director designated by the Declarant pursuant to a right of the Declarant to make such designation shall be filled by the Declarant.

11. Removal of Directors. A Director may be removed without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum is present, by an affirmative vote of a majority of the votes presented and voting. Any Director whose removal has been proposed by the Owners shall be given at least ten days notice of the calling of the meeting and the purpose thereof and any opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, no person selected and designated by the Declarant as a member of the Board of Directors may be removed without the consent of the Declarant and in such event the Declarant shall select and designate his successor.

12. Compensation. No Director shall received any compensation from the Association for acting as such.

13. Conduct of Meetings. The President, or, in his absence, a president pro tem elected by the Board, shall preside over all meetings of the Board of Directors and the Clerk shall keep minutes of the meetings of the Board of Directors recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings, which minutes shall be filed in the record book of the Association.

14. Report of Board of Directors. The Board of Directors shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Condominium.

15. Fidelity Bonds. The Board of Directors may require that all Directors, officers, agents (including the Manager) employees and volunteers of the Association handling or responsible for handling funds belonging to, or administered by, the Association furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense. The amount of such bonds shall equal or exceed the funds in the custody of the Association, but in no event shall the amount of the bonds be less than the total of three months' assessment against all Units plus reserve funds. The premiums on such bonds shall constitute a Common Expense.

16. Dispensing with Vote. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

17. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own

individual willful misconduct or bad faith or actions which are contrary to the provisions of the Declaration or of these Bylaws. The Owners shall indemnify and hold harmless each of the Directors from and against (i) all contract or negligence liability to others arising out of contracts made by, and action taken or omitted by, the Board of Directors on behalf of the Owners unless any such contract or action shall have been made, taken or omitted in bad faith, due to willful misconduct or contrary to the provisions of the Declaration or of these Bylaws, and (ii) against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by such Director in connection with any threatened, pending or completed action, suit or proceeding unless he acted in bad faith or was guilty of willful misconduct or acted contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability (except as Owners) with respect to any contract made or action taken or omitted by them on behalf of the Owners, unless made, taken or omitted in bad faith, due to willful misconduct or contrary to such provisions. It is also intended that, except with respect to Directors guilty of willful misconduct or bad faith or of actions which are contrary to the provisions of the Declaration or these Bylaws, each Owner's share of the total liability arising out of any contract, action or omission made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of such total liability as his Percentage Interest bears to the Percentage Interests of all of the Owners. Every written agreement made by the Board of Directors or by the Manager on behalf of the Owners shall, if obtainable, provide that the members of the Board of Directors or the Manager, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (Except as Owners), and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his Percentage Interest bears to the Percentage Interests of all Owners.

ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Clerk, and a Treasurer, all of whom shall be elected by the Board. The Board may appoint such other officers as in its judgment may be necessary. With the exception of the President, no officer need be a member of the Board. The offices of Treasurer and Clerk may be held by the same person.

2. Election of Officers. The officers of the Association shall be elected initially by the Board at a Special Meeting held on or near the date on which the Declaration is recorded at the Registry. Thereafter, the officers shall be elected annually by the Board at its meeting held immediately following the annual meeting of the Association, and such officers shall hold office at the pleasure of the Board. Any vacancy in an office shall be filled by the Board at a regular meeting or a special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and accept their offices. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board, and his successor may be elected at any meeting of the Board of Directors.

4. President. The President shall be the chief executive officer; he, or his designate, if present, shall preside at meetings of the Association and the Board of Directors, and shall be an ex officio member of all committees; he shall have general and active management of the business of the condominium and shall see that all orders and resolutions of the Board are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the office of the president of a stock corporation organized under the laws of the State of New Hampshire.

5. Clerk. the Clerk shall attend all meetings of the Board of Directors and all meetings of the Association, shall record the minutes of all proceedings in the record book of the Association and shall perform like duties for committees when required. He shall keep the record book current and in his custody. He shall give, or cause to be given, notice of all meetings of the Association, special meetings of the Board and meetings of the committees and shall perform such other duties as may be prescribed by the Board or President. The Clerk shall compile and keep current at the principal office of the Association, (i) a complete list of the Owners and their last known post office address, (ii) a complete list of names and addresses of Unit mortgagees, together with conformed copies of mortgages, filed pursuant to Paragraph 7(g) of the Declaration, and (iii) copies of the Condominium Instruments. These lists and Condominium Instruments shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same at reasonable hours during regular business days.

6. Treasurer. The Treasurer shall have the custody of all funds and securities that are not under the control of the Directors or Manager, and with the assistance of the Directors or Manager, shall keep full and accurate records of receipts and

disbursements, shall prepare all required financial data, and shall deposit all money and other valuable effects in such depositories as may be designated by the Board. Such records shall include, without limitation, chronological listings of all assessments and Common Expenses on account of the Common Area and each Unit, and the amounts paid and the amounts due on such assessments by each Owner. He shall disburse funds as ordered by the Board, where possible taking proper vouchers for such disbursements, and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, and account of all of his transactions as Treasurer and of the financial condition of the Association. Owners shall have the right to examine the books of the Association at reasonable times and places.

7. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations shall be executed by an officer of the Association, or by such other person or persons as may be designated by the Board of Directors.

8. Compensation of Officers. No officer shall receive any compensation from the Association for acting as officer, unless voted by the Owners at an annual or special meeting.

ARTICLE V

OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Assessments Against Owners.

(a) Fiscal Year. The fiscal year of the Association shall consist of the twelve-month period commencing on January 1 of each year and termination on December 31 of the same year, except that the first fiscal year shall begin at the date of organization and terminate on the next-succeeding December 31. The fiscal year herein established shall be subject to change by the Board of Directors should the Board in its sole discretion deem such change to be in the best interest of the Association.

(b) Preparation and Approval of Budget. Each year the Board of Directors shall adopt a budget for the Condominium containing an estimate of the total amount which is considered necessary during the ensuing fiscal year for the cost of maintenance, management, repair and replacement of the Common Area and any parts of the Units as to which it is the responsibility of the Board of Directors to maintain, repair and replace, including the cost of compensation, materials, insurance premiums, supplies and other expenses that may be declared to be Common Expenses by the

Condominium Act, the Declaration, these Bylaws or the Association. Such budget shall also include such reasonable reserves as the Board of Directors considers necessary to provide a general operating reserve, and reserves for contingencies and replacements. The Board of Directors shall make reasonable efforts to send to each Owner a copy of the budget, in a reasonable itemized form which sets forth the amount of the Common Expenses payable by each Owner, at least fifteen days in advance of the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Owner's assessment for the Common Expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Owner of a completed Unit which has been sold and conveyed or rented by the Declarant in proportion to the number of votes in the Association appertaining to his Unit, and shall be a lien against each Owner's Unit in accordance with the Condominium Act. On or before the first day of each fiscal year, and the first day of each of the succeeding 11 months in such fiscal year, each Owner shall be obligated to pay to the Association 1/12th of the assessment for such fiscal year made pursuant to the foregoing provisions. Within 60 days of the end of each fiscal year, the Board of Directors shall supply to all Owners an accounting consisting of an itemized income and expense statement for the fiscal year just ended. Any amount accumulated in excess of the amount required for actual expenses and budgeted reserves shall, in the discretion of the Board of Directors, either be rebated to the Owners in accordance with each Owner's votes in the Association by crediting same to the next successive monthly installments due from Owners under the then current fiscal year's budget, until exhausted, or shall be added to reserves. Any net shortage shall, if the Board of Directors deems it advisable, be added according to each Owner's votes in the Association to the installments due in the succeeding 6 months after the rendering of the accounting.

(d) Reserves. The Board of Directors shall build up and maintain both an adequate operating reserve and an adequate reserve for contingencies and replacements of the Common Area, which shall be funded by regular monthly payments, as provided hereinabove. At the end of each fiscal year, all funds accumulated during such year for reserves for contingencies and replacement of Common Area shall be placed in a separate bank account, segregated from the general operating funds, and used only for such purposes. If, for any reason, including nonpayment of any Owner's assessment, the reserves are inadequate, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Owners according to their respective votes in the Association, and which may be payable in a lump sum or in installments as the Board of

Directors may determine. the Board of Directors shall serve notice of any such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten days after the delivery or mailing of such notice of further assessment. All Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessments.

(e) Initial Assessment. When the members of the first Board of Directors take office, it shall determine the budget, as defined in this section, for the period commencing upon the recordation of the Declaration at the Registry and ending on the last day of the fiscal year in which their election occurs. Assessments shall be levied against the Owners during said period as provided in Subsection (c) of this Section. The Board of Directors shall establish an initial operating reserve through a special assessment of each Owner upon purchase of his Unit from the Declarant.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until 10 days after a statement has been mailed or delivered showing the monthly payment which is due under the new annual or adjusted budget.

(g) No units shall be conveyed by Declarant until such time as all units within a place are substantially completed and as-built plans have been filed for all units within that phase. In any event, the Declarant shall pay all assessments on unconveyed declared units regardless of the state of completion of those units until the same are conveyed.

2. Payment of Common Expenses. All Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V. No Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Area or by abandonment of his Unit. No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him of such unit. The purchaser of a Unit or other acquiring Owner by virtue of any transfer or other conveyance shall be jointly and severally liable with the transferring Owner for all unpaid assessments

against the latter for his proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the acquiring Owner's right to recover from the transferring Owner the amounts paid by the acquirer therefor; subject, however, to the provisions of Section 3 of this Article V relative to recordable statements of unpaid assessments and subject to the provisions of Paragraph 7(b) of the Declaration relative to first mortgagees.

3. Recordable Statement of Unpaid Assessment. Any such acquiring Owner or transferring Owner shall be entitled to a recordable statement of the Board of Directors or the Manager setting forth the amount of the unpaid assessments against the transferring Owner and such acquiring Owner shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Failure to furnish such a statement, in the manner in which notices are provided pursuant to Section 1 of Article XI, within seven days from receipt of such a request by the Board or Manager, shall extinguish the lien for unpaid assessments. Payment of a fee not exceeding the maximum allowable under the Condominium Act may be required as a prerequisite for issuance of such a statement.

4. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Owner which remain unpaid for more than 60 days from the due date for payment thereof.

5. Uncollectible Assessments. Any assessments which are not collectible due to a waiver or limitation imposed by the provisions of Section 3 above or due to the provisions of Paragraph 7(b) of the Declaration relative to first mortgagees shall be collectible from all Owners, including the purchaser or first mortgagee, in proportion to their respective votes in the Association.

6. Maintenance and Repair.

(a) By the Board of Directors. Except as otherwise provided in Section 6(b) below, the Board of Directors shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of an Owner, or of a person gaining access with said Owner's actual or implied consent, in which case such expense shall be charged to such Owner) of all of the Common Area whether presently existing or hereafter constructed, the cost of which shall be charged to all Owners as a Common Expense.

(b) By the Owner. Except for the portions of his Unit required to be maintained, repaired and replaced by the Board of Directors, and except as provided in Article VII hereof relating to repair and reconstruction after fire or other casualty, each Owner shall be responsible for the maintenance, repair and replacement, at his own expense, of his Unit, and any part thereof, including but not limited to, any interior walls, finished interior surface of perimeter walls, ceiling and floors, window glass, glass vents of his Unit, entrance doors and window frames (to the unfinished exterior surface thereof), any sliding or fixed glass doors or windows, kitchen and bathroom fixtures and appliance, and those parts of the heating and air conditioning, plumbing and electrical systems which are wholly contained within his Unit and serve no other. Each Owner shall be responsible for performing the normal maintenance for any Limited Common Area which is appurtenant to his Unit, including keeping it in a clean and sanitary condition and free and clear of snow, ice and any accumulation of water, and shall make, at his own expense, all repairs thereto beyond normal maintenance, caused or necessitated by his negligence, misuse or neglect.

In the case of the garage stalls, if any, each Owner having the exclusive right to use same shall be initially responsible for all maintenance and repair, which responsibility shall be discharged by the payment of a monthly fee equal to 1/12th of an amount yielded by multiplying the total annual budget figure for Common Expenses by a fraction, the numerator of which is the square feet of floor space of the garage stall and the denominator of which is the total square feet of floor space for all Units.

Repairs to Limited Common Area, including garage stalls, such as painting, which are beyond normal maintenance and which are not caused or necessitated by the negligence, misuse, or neglect of any individual Owner, shall be the responsibility of the Board of Directors. Each Owner shall keep the interior of his Unit and its equipment and appurtenancies in good order and condition, and shall do all redecorating, painting, and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit and shall maintain sufficient heat within said Unit at all times to prevent damage from freezing to all pipes or plumbing within his Unit. In addition, each Owner shall be responsible for all damage to any and all other Units or to the Common Area resulting from his failure to make any of the repairs required to be made by him by this Section and from his failure to provide sufficient heat as required by this Section. Each Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Owner shall promptly report to the Board of Directors, or the Manager, any defects or need for repairs for which the Board of Directors is responsible.

(c) Manner of Repair and Replacement. All maintenance, repairs and replacements shall be substantially similar to the original construction and installation, and shall be of first class quality. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

7. Additions, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the Common Area shall require additions, alterations or improvements costing in excess of \$5,000.00 during any period of twelve (12) consecutive months, and the making of such additions, alterations or improvements shall have been approved by a Majority of the Owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing \$5,000 or less during any period of twelve (12) consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute part of the Common Expense. Notwithstanding the foregoing, if, in the opinion of not less than two-thirds of the members of the Board of Directors such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of a limited number of Owner or Owners requesting the same, such requesting Owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

8. Additions, Alterations or Improvements by Owners. No Owner shall make any structural addition, alteration, or improvement in or to his Unit or Limited Common Area appurtenant to his Unit without the prior written consent thereto of the Board of Directors. No Owner shall paint, decorate or otherwise change the external appearance of his Unit or Limited Common Area, including the doors and windows, without the prior written consent thereto of the Board of Directors. The Board of Directors shall be obligated to answer any written request by an Owner for approval of such proposed structural addition, alteration or improvement or such external change within 30 days after such request, and its failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration, improvement or change. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit or Limited Common Area requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors, or any of them to anyone on account of such addition, alteration or improvement. Subject to the approval of the mortgagee of such affected Units, the Board of Directors any any Owner affected, and subject to obtaining any governmental approvals

required by law, any Unit may be subdivided or may be altered so as to relocate the boundaries between such Unit and any adjoining Units. The Clerk shall record any necessary amendment to the Declaration to effect such action as provided in Section 31 and 32 of the Condominium Act, provided, however, until Units owned by the Declarant shall have been completed and initial deeds of conveyance of such Units shall have been recorded, the Declarant shall have the right to make such alterations or subdivisions to such Units without the consent of the Board of Directors, and the Board of Directors shall execute any such application required.

9: Restrictions on Use of Units. To assist the Association in providing for congenial occupancy and the protection of the value of the Units, it is necessary that the Board of Directors have the right and authority to exercise reasonable controls over the use of the Units. Violation of the following enumerated prohibitions shall not be permitted, and the Board of Directors is hereby authorized to take all steps necessary to prevent or discontinue any violations thereof, all at the expense of the violator:

(a) No decorations, awnings, screens, sun shades, or covers, fans, advertisements, signs or posters of any kind be affixed to the exterior of a building or otherwise placed, posted in or on the Property so as to be visible from the outside of a Unit except as authorized by the Board. This restrictions shall not apply to advertisements, signs or posters utilized by the Declarant, or its agents, in selling or renting the Units.

(b) No clothing, laundry, rugs, or other unsightly object shall be hung from any window or exterior portion of a Unit or otherwise left or placed in such way as to be exposed to public view. The exterior surface of all window curtains within Units visible from the exterior of the Unit shall be white. All refuse and trash shall be placed in locations specifically designated by the Board, and no garbage or trash shall be permitted to remain in public view.

(c) One common household pet per unit may be kept or maintained on the Property with the consent of the Board. No other animals shall be kept or maintained on the Property, nor shall common household pets be kept, bred, or maintained for commercial purposes on the Property. Pets shall not be permitted outside of Units unless they are on a leash accompanied by an adult person. The person controlling such pet shall be responsible for cleaning all droppings of such pet. The Board of Directors may make further provisions in the Rules for the control and regulations of household pets in the Condominium. The Owner of a Unit where a pet is kept or maintained shall be responsible and may be assessed by the Board of Directors for all damages to the Property resulting from the maintenance of said pet, and any costs incurred by the Association in enforcing the Rules prescribed by the Board of Directors for the control and regulation for pets in the Condominium and each such Owner shall be deemed to indemnify and hold the Board harmless against such loss or liability resulting from said pet.

(d) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is an unreasonable source of annoyance to its residents or which unreasonably interferes with the peaceful possession or proper use of the Condominium by others. Without limiting the foregoing, no Owner, tenant, occupant or their guests shall play music or otherwise create noise in the Common Areas or Limited Common Area, which disturbs any other Owner, tenant or occupant.

(e) No Owner, tenant or guest shall allow the installation of wiring for electrical or telephone use, television antenna, air conditioning unit or other machine equipment, which protrudes through the perimeter walls or the roof of any building or is otherwise visible on the exterior of a building except as presently installed or to replace or repair those presently installed or as authorized by the Board.

(f) Nothing shall be done in any Unit or in, on, or to the Common Area which may impair the structural integrity of the Property, or which would structurally change a building or improvements thereon except as provided in the Declaration or these Bylaws. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Board of Directors.

(g) Unless authorized by the Board of Directors, no Owner, tenant or guest shall direct or engage any employee of the Condominium on any private business, nor shall he direct, supervise or in any manner attempt to assert control over any such employee.

(h) No activity shall be done or maintained in any Unit or upon any Common Area which will increase the rate of insurance on any Unit or the Common Area or result in the cancellation of insurance thereon, unless such activity is first approved in writing by the Board of Directors. No waste shall be committed in the Common Area.

(i) In the use of the Units and the Common Area of the Condominium, Owners shall obey and abide by all valid laws, ordinances and zoning and other governmental regulations affecting the same and all applicable Rules adopted by the Board. The Common Area shall be used only for the furnishings of the services and facilities for which they are reasonably suited and which are incidental to the use and occupancy of the Units.

(j) Owners shall not be entitled to maintain more than ~~two automobiles~~ including not more than one truck up to a 3/4 ton pickup, within the Condominium at one time. No service, repairs or other maintenance shall be performed upon any such automobile or

truck within any Common Area or Limited Common Area. No motorbikes, motorcycles, minibikes or snowmobiles shall be operated within the Condominium, except that a motorcycle or snowmobile used by an Owner may be driven to and from an Owner's Unit. No motorbikes, minibikes, snowmobiles, motorized boats, trailers, campers, all terrain vehicles or unregistered vehicles shall be parked or allowed to remain within the Condominium except in a Unit.

(k) Owners shall be entitled to rent or lease their Unit. The Board may adopt Rules, pursuant to Article V, Section 11, to govern the leasing of Units, including Rules requiring deposits to pay the cost of any damage caused to the Condominium. Owners must notify the managing company of the leasing, and its terms and conditions.

(l) Without the consent of the Board of Directors, no Unit shall be occupied by more than six persons, or by more than four persons who are not related by blood, marriage or legal adoption to some other occupant of said Unit.

All authorizations required of the Board of Directors by this Section 9 shall be in writing signed by the Board and shall be upon such terms, conditions and limitations as the Board deems advisable.

10. Right of Access. A right of access shall exist to each Unit in favor of the Board of Directors or the Manager, or any other person authorized by the Board for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or Common Area, or for the purpose of performing installation, alterations or repairs to the mechanical or utility services or other Common Area, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Owner. In case of any emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

11. Rules. Rules concerning the operation and use of the Common Area may be promulgated and amended by the Board of Directors, provided that such Rules are not contrary to or inconsistent with the Condominium Act, the Declaration or these Bylaws. Copies of the Rules shall be furnished by the Board of Directors to each Owner prior to the time when the same shall become effective. A vote of the majority of Owners present in person or by proxy at a meeting of the Association may overrule and declare void any Rule adopted by the Board; provided that notice of the proposal to overrule shall be included in the notice of such meeting.

12. Financial Statements. Upon receipt of a written request for an audited financial statement from 51% of the holders of first mortgages, the Board of Directors shall authorize preparation of an audited financial statement at the expense of the requesting mortgagees.

ARTICLE VI

INSURANCE

1. Insurance Required. Pursuant to Section 43 of the Condominium Act, the Board of Directors shall obtain (i) a master casualty policy affording fire and extended coverage in an amount equal to the full replacement value of the structures within the Condominium; (ii) a master liability policy covering the Association, the Board, the Manager and agents or employees of the foregoing with respect to the Condominium, and all Owners and other persons entitled to occupy any portion of the Condominium (nothing herein shall be deemed to require that the Board obtain what is commonly known as "officers' and directors' liability" insurance coverage), and (iii) such other policies as specified hereinbelow, which insurance shall be governed by the following provisions to the extent obtainable or possible.

(a) Fire insurance with standard extended coverage endorsement, vandalism and malicious mischief endorsements insuring all the buildings in the Condominium including, without limitation, all such portions of the interior of such buildings as are for insurance purposes normally deemed to constitute part of the building and customarily covered by such insurance, such as heating and air conditioning and other service machinery, interior walls, all finished wall surfaces, ceiling and floor surfaces including any wall to wall floor coverings, bathroom and kitchen cabinets and fixtures, including appliances which are affixed to the buildings, and heating and lighting fixtures, except for improvements made by individual Owners which are not reported to the insurer, such insurance to be in an amount at least equal to the replacement value of the buildings and to be payable to the Board as trustee for the Owners and their mortgagees as their respective interests may appear.

(b) Public liability insurance in such amounts as the Board may from time to time determine, but in no event shall the limits of liability be less than \$1,000,000 for bodily injury and property damage per occurrence, insuring the Association and all individuals referred to in Section 1 above, against any liability to anyone, and with cross liability coverage with respect to liability claims of any one insured thereunder against any other insured thereunder. This insurance, however, shall not insure against individual liability for negligence occurring within a Unit.

- (c) Workmen's compensation insurance as required by law.
- (d) Such other insurance as the Board may determine.

2. General Insurance Provisions.

(a) The Board shall deal with the insurer or insurance agent in connection with the adjusting of all claims covered by insurance policies provided for under Article VI, Section 1 above and they shall review with the insurer or insurance agent, at least annually, the coverage under said policies, said review to include an appraisal of improvements within the Condominium, and shall make any necessary changes in the policy provided for under Article VI, Section 1(a) above (prior to the expiration date set forth in any agreed amount endorsements contained in said policy) in order to meet the coverage requirements of such paragraph.

(b) The Board shall be required to make every effort to see that all policies of physical damage insurance provided for under Article VI, Section 1 above (i) shall contain waivers of subrogation by the insurer as to claims against the Association, its employees and agents, members of the Board, Owners and guests, tenants, licensees and employees and members of the family of any Owner who reside with said Owner, except in cases of arson and fraud, (ii) shall contain a waiver of defense of invalidity of prejudice on account of the conduct of any of the Owners over which the Association has "no control", (iii) shall contain a waiver of defense of invalidity or prejudice by failure of the insured, or Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or Owners collectively, have no control, (iv) shall provide that such policies may not be cancelled, jeopardized or substantially modified without at least 30 days written notice to all of the insureds thereunder and all mortgagees of Units in the Condominium, (v) shall provide that in no event shall the insurance under said policies be brought into contribution with insurance purchased individually by Owners or their mortgagees; and (vi) shall include policies obtained by individual Owners for consideration under any "no other insurance" clause.

3. Individual Policies.

(a) Any Owner and any mortgagee may obtain at his own expense additional insurance (including, without limitation, a "condominium unit-owner's endorsement" for improvements and betterment to a Unit made or acquired at the expense of the Owner and not covered under the master casualty policy referred to in Article VI, Section 1(a) above. Such insurance should contain the

same waiver of subrogation provision as that set forth in Section 2(b) of this Article VI. No such policy shall be written so as to decrease the coverage under any of the policies obtained by the Board pursuant to Section 1(a) above, and each Owner hereby assigns to the Board, as trustee for the Owners and their mortgagees, the proceeds of any such policy to the extent that any such policy does in fact result in a decrease in such coverage, said proceeds to be applied pursuant to the terms hereof as if produced by such coverage. Copies of all such policies (except policies covering only personal property, owned or supplied by individual Owners) shall be filed with the Association.

(b) It is recommended that each Owner obtain at his own expense, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a "Tenant's Homeowners Policy," or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of his Unit or Limited Common Area, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Any such insurance should cover any loss, injury or damage to persons or to floor coverings, appliances and other personal property, not covered in the master policy, and all improvements to his Unit which are not reported to the Board.

(c) In addition to the other requirements of law or imposed by the Declaration or these Bylaws, each Owner, prior to commencement of construction of improvements to his Unit, shall, for insurance purposes, notify the Board of all proposed improvements to his Unit (except personal property other than fixtures) and upon receipt of such notice, the Board shall notify the insurer under any policy obtained pursuant to Section 1(a) hereof, of any such improvements.

4. Notice to Unit Owners. Excepting such policies as are obtained in behalf of the Association prior to the conveyance of the first Unit in the Condominium, when any policy of insurance has been obtained on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or in such initial policies, or termination thereof shall be promptly furnished to each Owner by the Clerk of the Association. Such notice shall be sent to all Owners of record at the address of their respective Units and to such other addresses as any of them may have designated to the Clerk; or such notice may be hand-delivered by the Clerk or Manager.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

1. When Repair and Reconstruction are Required. Subject to the provisions of Paragraph 3(i) of the Declaration, in the event of damage to or destruction of all or part of the buildings in the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the damaged or destroyed portion of the buildings. Notwithstanding the foregoing, each Owner shall have the right to supervise the redecorating work in his own Unit.

2. Procedure for Reconstruction and Repair.

(a) Immediately after a fire or other casualty causing damage or destruction to any part of the Condominium, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the damage to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary. The Board shall contract for such repair and restoration and in doing so shall exercise its sole discretion in selecting from among said estimates.

(b) If the proceeds of insurance, paid to the Board as trustee for the Owners and their mortgagees pursuant to Sections 1(a) and 3(a) of Article VI hereof, are not sufficient to defray said estimated costs of reconstruction and repair, or the funds for the payment of the costs thereof are insufficient, assessments in sufficient amounts to provide payment of such costs shall be made against the Owners in proportion to their respective votes in the Association. If all or any portion of such assessments are not available to the Board prior to the time that the amounts thereof are needed to provide payment of such costs, the Board may borrow such amounts, on behalf of the Association, and may secure such borrowing by assignment of the liens relative thereto arising pursuant to Section 2 of Article XII of these Bylaws.

(c) Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the building was originally constructed.

(d) Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction is substantially in accordance with original