

BY-LAWS
PROVIDING FOR THE SELF-GOVERNMENT
OF
MISTY HARBOR OF WINNIPESAUKEE RESORT MOTEL
A CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Purpose. The administration of the Condominium shall be governed by these By-Laws which are annexed to the Declaration of Misty Harbor of Winnepesaukee Resort Motel, a Condominium and are made a part thereof, and all present and future holders of any interest in the condominium shall hold said interest subject to these By-Laws as well as to the Declaration and Rules promulgated hereunder.

2. Definition B. Terms not defined herein or in the Declaration shall have the meanings specified in Section 3 of the Condominium Act.

3. By-Laws' Applicability. The provisions of these By-Laws 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 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 acknowledgement that such owner, tenant or occupant has accepted and ratified these By-Laws, the provisions of the Declaration and the Rules and will comply with them.

4. Office. The office of the Condominium and of the Board of Directors shall be located at Route 11-B, Gilford, New Hampshire, or at such other place as may be designated from time to time by the Board of Directors..

ARTICLE II

UNIT OWNERS' ASSOCIATION

1. Composition. All of the Unit Owners, acting as a group in accordance with the Condominium Act, the Declaration and these By-Laws, shall constitute the "Unit Owners 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 Unit Owners' Association by the Condominium. Except as to those matters which the Act specifically requires to be performed by the vote of the Unit owners, the administration of the Condominium shall be performed by the Board of Directors (as more particularly set forth in Article III)

2. Voting. In any meeting of members the owners of units shall be entitled to cast one vote for each unit owned.

If a unit is owned by one person his right to vote shall be established by the record title to his unit. If a unit is owned by more than one person or is under lease, the person entitled to cast the vote for the unit shall be designated by a certificate signed by all of the record owners of the unit and filed with the Secretary of the Association. If a unit is owned by a corporation, the person entitled to cast the vote for the unit shall be designated by a certificate of appointment signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Corporation and filed with the Secretary of the Association. Such certificates shall be valid until revoked, or until superseded by a subsequent certificate, or until a change in the ownership of the unit concerned.

Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and must be filed with the Secretary before the appointed time of the meeting. If the Declarant owns or holds title to one or more Condominium Units, the Declarant shall have the right at any meeting of the Unit Owners' Association to cast the votes to which such Units are entitled.

3. Place of Meeting. Meetings of the Units Owners' 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 Meetings of the Unit Owners' Association shall be held on April 1 of each year, or on such other date within a thirty day period prior to or subsequent from such date, as may be designated by the Board of Directors and reflected in the notice provided for in Paragraph 6 below. At such annual meetings the Board of Directors shall be elected by ballot of the Owners in accordance with the requirements of Article III. provided, however, that until two (2) years after the recordation of the Declaration or until the Units to which three-fourths (3/4) of the undivided interest in the common area appertain have been conveyed by the Declarant, whichever occurs first, the Declarant shall be entitled to elect all of the members of the Board of Directors. The Association may transact such other business as may properly come before it at such meetings.

5. Special Meetings.

(a) Transfer of Control by Declarant. Promptly after Units representing seventy-five (75) percent or more of the undivided interest in common area have been conveyed by Declarant, but in no event later than two (2) years after the formation of the Association by the recordation of the Declaration, the Declarant shall notify the Unit Owners thereof and shall call a special meeting of the Unit Owners. Notice of such meeting shall be given in accordance with the provisions of Section 6 of this Article II. At such meeting the persons designated by the Declarant shall resign as members of the Board of Directors, and all of the Owners, including the Declarant if the Declarant owns any Unit or Units, shall elect a new Board of Directors.

(b) Other Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners' Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Owners having not less than thirty (30) percent of all the votes of all Owners. The notice of any special meeting shall set forth the purpose thereof and 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 Secretary to mail, by United States mail, return receipt requested, a notice of each annual meeting or special meeting, at least twenty-one (21) days in advance of any annual meeting, and at least seven (7) days in advance of any other 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 and at such other address as each Owner may have designated by notice in writing to the Secretary; provided, however, that such notice may be hand delivered by the Secretary or Manager, if the Secretary or Manager obtains a receipt of acceptance of such notice from the Unit Owner.

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 Unit Owners' Association if and only if he shall have fully paid all assessments made or levied and due against him and his Condominium Unit by the Board of Directors as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his Condominium unit, at least three (3) days prior to the date fixed for such annual or special meeting.

8. Proxies. The vote appertaining to any Unit may be cast pursuant to a proxy executed by or on behalf of the Unit Owner or, where the Unit Owner is more than one person, by or on behalf of all such persons. The validity and revocation of proxies is governed by RSA 356B:39 of the Condominium Act as the same may be amended from time to time.

9. Quorum. A quorum shall be deemed to be present throughout any meeting of the Unit Owners, until adjourned, if persons entitled to cast more than 33 1/3 percent of the total votes are present at the beginning of such meeting.

10. Order of Business. The order of business at all meetings of the Unit Owners' Association may be as follows: (a) roll call; (b) recitation of proof of notice of meeting; (c) reading of minutes to 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 designated alternative, shall preside over all meetings of the Unit Owners' Association and the Secretary shall keep the minutes of the meeting and shall record all transactions occurring and all resolutions adopted at the meeting.

ARTICLE III

BOARD OF DIRECTORS

1. Powers and Duties. The affairs and business of the Condominium shall be managed by a Board of Directors (sometimes hereinafter referred to as the "Board") which shall have all of the powers and duties 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 By—Laws directed to be exercised and done by the Unit Owners' Association. The Board of Directors shall have the power from time to time to adopt any Rules deemed necessary for the enjoyment of the Condominium provided that such Rules shall not be in conflict with the Condominium Act, the Declaration or these By-Laws. This Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters which might arise between meetings of the Board of Directors. In addition to the general duties imposed by these By-Laws, the Board of Directors shall have the power to, and be responsible for, the following:

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

(b) Making assessments against Owners to defray the Common Expenses 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, care, upkeep, replacement and maintenance of all of the Common Area and services of the Condominium, including but not limited to trash collection, snow removal, and hydrant clearance from the Common Area, water, electrical, telephone and any other necessary utility service for the Common Area.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Area, and providing services for the replacement of the Common Area, and 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, which supplies and equipment, if purchased, shall be deemed the common property of the Owners.

(e) Making and amending Rules respecting the use of the Property and enforcing the provisions of the Declaration, these By-Laws and such Rules, and bringing any proceedings which may be instituted on behalf of the Owners.

(f) Obtaining and maintaining insurance against casualties and liabilities, as provided in Article VI of these By-Laws, and paying the premiums therefore and making, or contracting for the making of, repairs, additions and improvements to, or alterations to the Property and repairs to the Property and repairs to and restoration of, the Property, in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty.

(g) Maintaining books of account showing the receipts and expenditures of the unit Owners' Association.

(h) Obtaining an audited financial statement, within 120 days of the end of each fiscal year.

(i) To do such other things and acts not inconsistent with the Condominium Act or with the Declaration which it may be authorized to do by a resolution of the Unit Owners' 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 By-Laws; provided that any actions by the Manager with respect to the powers set forth in paragraph (b) 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 penalty and without cause upon no more than ninety (90) days written notice. The Unit Owners' Association and the Board of Directors shall retain a Manager when requested to do so by Eligible Mortgage Holders or eligible Insurers or Guarantors holding, insuring or guaranteeing mortgages on Units which have at least 51 percent of the votes of the Units subject to such mortgages and when a Manager has been so required, any decision to reestablish self management by the Unit Owners' Association shall require the prior consent of Owners of Units to which at least 67 percent of the votes in the Unit Owners' Association are allocated and the approval of Eligible Mortgage Holders holding mortgages on Units which have at least 51 percent of the votes.

3. **Number of Directors.** The Board of Directors shall be composed of Five (5) persons. Directors shall consist only of Owners or spouses of Owners, or where a Person that 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.** At the first annual meeting of the unit Owners' Association three (3) directors shall be elected. The term in office of one director shall be one (1) year, the term in office of one director shall be two (2) years, the term in office of one director shall be three (3) years, subject to the provisions of Section 3 above. At the expiration of the initial term of the office of each director, his successor shall be elected to serve a term of three (3) years and each director shall hold office until his successor has been elected.

5. **Organization Meeting.** The first meeting of the members of the Board of Directors following the annual meeting of the Unit Owners' Association shall be held within ten (10) days after the annual meeting at such place as shall be fixed by the directors at the meeting at which such directors were elected, 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.

6. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each twelve (12) month period after the annual meeting of the Unit Owners' Association. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least five (5) business days prior to the day named for such meeting, except that no notice shall be required for a regular meeting held immediately after, and at the same place as the annual meeting of the Association.

7. Special Nesting. Special meetings of the Board of Directors may be called by the President on five (5) 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 Secretary in like manner and on like notice on the written request of at least two (2) directors.

8. Waiver of Notice. Before or within ten (10) 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 as such meeting.

9. Board of Directors' Quorum. 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, 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 the director by a vote of the Unit Owners' 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 so elected shall be a director for the remainder of the term of the director so replaced; provided however, that the vacancy of the 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 with or without cause, and his successor elected, at any duly called regular or special meeting of the Unit Owners' Association at which a quorum is present, by an affirmative vote of two-thirds (2/3) of the votes represented and voting. Any director whose removal has been proposed by the Owners shall be given at least

ten (10) days' notice of the calling of the meeting and the purpose thereof and an 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. Availability of Records. The Board of Directors shall make available to all Owners, mortgagees, and to insurers or guarantors of any mortgage on a Unit current copies of the Declaration, Bylaws, other Rules concerning the condominium and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. Any eligible holder, insurer or guarantor of a mortgage on a Unit shall be entitled, within a reasonable time after written request to an audited financial statement for the immediately preceding fiscal year.

13. Licenses and Easements. The Board of Directors on behalf of the Unit Owners' Association and the individual Unit Owners shall have the power and authority to grant permits, licenses and easements over the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium. Each Unit Owner, by acceptance of the conveyance of a Unit and in consideration for an undivided Percentage Interest in the Common Area, and for the sole purpose set forth in this subparagraph 13, hereby grants to the Board of Directors, as the same may be constituted from time to time, an irrevocable power of attorney to execute any and all such permits, licenses and easements.

14. Compensation. No director shall receive any compensation from the condominium for acting as such, but shall be entitled to reimbursement for any out of pocket expenses.

15. Conduct of Meetings. The President, or, in his absence, a president pro tern elected by the Board, shall preside over all meetings of the Board of Directors and the Secretary shall keep the 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 Condominium.

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

17. Fidelity Bonds. The Board of Directors shall require that all officers, directors, agents and employees of the Unit Owners' Association or of any Manager handling or responsible for funds furnish adequate fidelity bonds. The total amount of fidelity bond coverage shall be no less than the lesser of (a) the estimated maximum amount of funds, including reserve funds, in the custody of the Unit Owners' Association or the Manager at any given time during the term of the bond, or (b) three months aggregate assessments on all Units plus reserve funds. The premiums on such bonds shall constitute a Common Expense.

18. 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.

19. 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. The Owners shall indemnify and hold harmless each of the Directors from and against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. 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 by them on behalf of the Owners, unless made in bad faith or due to willful misconduct or contrary to such provisions. It is also intended that the liability of any Owner arising out of any contract 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 the total liability thereunder as his Unit's percentage of common interest bears to the total percentage of common interest of all Units. 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 Unit's percentage of common interest bears to the total percentage of all Units. The Owners shall indemnify any person who was or is a party or is threatened to be made a party to any action, suit, or proceeding, whether or not based on contract, or by reason of the fact that he is or was a Director, or officer, for expenses (including attorneys' fees) judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding unless he acted in bad faith or was guilty of willful misconduct -

ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Condominium shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by the Board. The Board may appoint assistants or 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 Secretary may be held by the same person.

2. Election of Officers. The officers of the Condominium shall be elected annually by the Board at the organization meeting of each new Board and 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 special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. 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 regular meeting of the Board of Directors called for such purpose.

4. President. The President shall be the chief executive officer; he, or his designated alternate, shall preside at meetings of 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 President of a stock corporation organized under the laws of the State of New Hampshire.

5. Secretary. The Secretary, or his designated alternate, shall attend all meetings of the Board of Directors and all meetings of the Unit Owners' Association, shall record the minutes of all proceedings in the Record Book of the Condominium and shall perform like duties for committees when required. The Secretary shall keep the Record Book current and in his custody. He shall give, or cause to be given notice of all meetings of the Unit Owners' Association the Board and committees and shall perform such other duties as may be prescribed by the Board or President. The Secretary shall compile and keep current, at the principal office of the Condominium, a complete list of the Owners and their last known post office addresses. This list 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 Manager, and, with the assistance of the Manager, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all monies and other valuable personal property in such depositories as may be designated by the Board. 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, an account of all of his transactions as Treasurer and of the financial condition of the Condominium.

7. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium for expenditures or obligations may be executed by any officer of the Condominium 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 Condominium for acting as such, but shall be entitled to reimbursement for any out-of-pocket expenses.

ARTICLE V

OPERATION OF THE PROPERTY

1. Determination of Common expense and Assessments Against Owners.

(a) Fiscal Year. The fiscal year of Condominium shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of the same year, except that the first fiscal year shall begin at the date of the organization and terminate on December 31. The fiscal year herein established shall be subject to change by the Board of Directors.

(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 it considers necessary to pay the cost of maintenance, management, operation, 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, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Declaration, these By—Laws or a resolution of the Unit Owners' Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and rendering to the Owners of all related services. Such budget shall also include such reasonable reserves as the Board of Directors considers necessary to provide a general operating reserve, the 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 reasonably 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 contribution for the common Expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against the Owners of Units which have been conveyed by the Declarant as of January 1 of each fiscal year. Assessments shall be made against each Owner in proportion to the percentage interest in the Common Area appertaining to the Owner's Unit, and shall be a lien against each Owner's Condominium Unit when perfected in accordance with the Condominium Act. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall supply to all Owners an audited financial statement. Any amount accumulated in excess of the amount required for actual expense and budgeted reserves shall, in the discretion of the Board of Directors, either be returned to the Owners in accordance with each Owner's votes in the Unit Owner's Association, be credited according to each Owner's votes in the Association to the next monthly installment due from Owners under the current fiscal year's budget, until exhausted, or 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 Unit Owners' Association to the installments due in the succeeding six (6) months after the rendering of the accounting.

(d) Reserves. The Board of Directors shall build up and maintain an adequate operating reserve and reserve for replacement of the Common Area, which shall be funded by regular monthly payments, as provided for in subsection (C). At the end of each fiscal year, all

funds accumulated during such year f or reserves for 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 further assessment, which shall be assessed against the Owners according to their respective votes in the Unit Owners' 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 therefore, and such further assessment shall, unless otherwise specified in the notice become effective with the next monthly payment which is due more than ten (10) 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) Working Capital Reserve. The Board of Directors shall establish a working capital fund equal to two months' estimated common area charge for each Unit. Each Unit's contribution shall be collected at the time of conveyance of such Unit by the Declarant but not later than sixty (60) days after the conveyance of the first Unit in the Condominium, whichever occurs first. The Declarant shall be entitled to reimbursement for any assessment contributed by the Declarant from a Unit Owned at the time of conveyance of such unit by the Declarant. The fund shall be maintained in a segregated account for the use and benefit of the Unit Owners' Association.

(f) Initial Assessment. When the first Board of Directors takes office, it shall determine the budget, as defined in this section, for the period commencing upon the recordation of the Declaration at the Belknap County Registry of Deeds 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 paragraph (c) of this section. The Board of Directors may establish an initial operating reserve through special assessment of each Owner upon purchase of his Condominium Unit from the Declarant.

(g) 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 a new annual or adjusted budget shall have been adopted.

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 Elements or by abandonment of his Unit. No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Condominium Unit subsequent to a sale, transfer or other conveyance by him of such Condominium Unit. The purchaser of a Condominium Unit or a successor owner by virtue of such transfer or other conveyance shall be jointly and severally

liable with the selling Owner for all unpaid assessments against the Unit Expenses up to the time of the conveyance, without prejudice to the Purchaser's right to recover from the selling Owner the amount paid by the purchaser therefore; provided, however that any such selling Owner or purchaser shall be entitled to a recordable statement from the Board of Directors or the Manager setting forth the amount of the unpaid assessments against the Unit and such purchaser shall not be liable for, nor shall the Condominium Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; failure to furnish or make available such a statement within seven (7) days from receipt of such request shall extinguish the lien for unpaid assessments. Payment of a fee of Ten Dollars (\$10.00) or the maximum allowable under the condominium Act, whichever is greater, shall be required as a prerequisite for issuance of such a statement. If a mortgagee of a first mortgage of record or purchaser of a Condominium Unit obtains title to the Condominium Unit as a result of foreclosure of a first mortgage, or through the enforcement of any other remedies provided for in the mortgage, or by virtue of a deed in lieu of foreclosure, such mortgagee or purchaser, its successors and assigns shall not be subject to a lien for the payment of Common Expense assessed prior to the acquisition of title to such Unit by such mortgagee or purchaser pursuant to the aforesaid remedies. Such unpaid share of common Expenses assessed prior to the acquisition of title to such Unit by such mortgagee or purchaser pursuant to the aforesaid remedies shall be collectible from all Owners, including the purchaser or first mortgagee in proportion to their respective votes in the Unit Owners' Association.

3. 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 sixty (60) days from the due date for payment thereof.

4. Maintenance and Repair.

(a) By the Board of Directors. Except as otherwise provided in Section 4 (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 action or implied consent, in which case such expenses shall be charged to such Owner) of all the Common Area, whether located inside or outside of the Units, the costs of which shall be charged to all Owners as Common Expense.

(b) By the Owner. Except for the portions of is Unit required to be maintained, repaired and replaced by the Board of Directors, 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, and interior walls, finished interior surface of ceiling and floors; kitchen and bathroom fixtures and appliances, 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 to neglect. Each Owner shall keep the interior of his Unit and its equipment arid appurtenances 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. 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 in this section. Each Owner shall perform his responsibility in such manner as shall not unreasonable 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) **Mariner of Repair and Replacement.** All 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.

5. **Additions, Alterations or Improvements by 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 Five Thousand Dollars (\$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 Owners having a majority of the percentage of common interest, 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 Five Thousand Dollars (\$5,000.00) 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 $66 \frac{2}{3}$ percent of the members of the Board of Directors such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of an Owner of a limited number of Owners requesting the same, such requesting Owners shall be assessed therefore 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.

6. **Additions, Alterations or Improvements by Owners.** No Owner shall make any structural addition, alteration or improvement in or 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, including the doors and windows, or of any exterior surface of a building, 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 of such external change within thirty (30) days after such request, and the failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement or change. The provision of this Section 6 shall not apply to Condominium Units owned by the Declarant until such Units have been initially conveyed by the Declarant.

7. **Restrictions on use of Units.** To assist the Condominium 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 advertisements or posters of any kind shall be posted in or on the Property except as authorized by the Board. Such authorization may not be unreasonably withheld. This restriction shall not apply to advertisements, signs or posters utilized by the Declarant, or its agents, in selling the Units.

(b) No clothing, laundry, rugs or wash shall be hung from or spread upon or from any window or exterior portion of a Unit or in or upon any Common Area. 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) No animal, other than common household pets, 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 accompanied by an adult person and carried or leashed. Each Owner shall remove all excrement created by his pets. 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 or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium.

(d) Owners tenants and guests shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb others.

(e) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is an annoyance or which interferes with the peaceful possession or proper use of the Condominium by others.

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

(g) No Unit or Common Area of the Condominium may be used for any unlawful, immoral or improper purpose.

(h) 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 By-Laws. Nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Board of Directors.

(i) No one shall place or cause to be placed in any stairs or stairway, walkway, driveway, parking area or other Common Area any bicycles, furniture, packages or objects of any kind. These areas shall be used only for normal transit through them (or, where appropriate, vehicular parking in them).

(j) 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.

(k) 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.

(l) 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 furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

8. Right to Access. An Owner shall grant a right of access to his Unit to the Board of Directors and the Manager and to any other person authorized by the Board for the purpose of making inspections or for the purpose of correcting any conditions originating in his Unit and threatening another Unit or Common Area, and for the purpose of performing installation, alterations or repairs to the mechanical or electrical services or other Common Area in his Unit or elsewhere in the building, 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.

9. Rules. Rules concerning the operation and use of the Common Areas 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 By-Laws. 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.

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; 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 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 heating and lighting fixtures, except for improvements made by individual Owners which exceed a total value of One Thousand Dollars (\$1,000.00) and 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 One Million Dollars (\$1,000,000.00) for bodily injury and property damage per occurrence, insuring the Association and all individuals referred to in Section 1 (ii) above, against any liability to anyone, and with cross liability coverage with respect liability claims of anyone insured thereunder against any other Insured thereunder. The insurance, however, shall not insure against individual liability for negligence occurring within a Unit or within the Limited Common Area to which a Unit has exclusive use.

(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 under insurance policies provided for under Paragraph 1 above and 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 Paragraph 1 (a) above (prior to the expiration date set forth in any agreed amount endorsement 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 Paragraph 3. above: (i) shall contain waivers of subrogation by the insurer as to claims against the Association, its employees and agents, members of the Board, the Manager, Owners 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 or 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 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 or substantially modified without at least thirty (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; (vi) shall exclude policies obtained by individual Owners for consideration under any "no other insurance" claims; and (vii) shall provide that until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any Unit, the mortgagees' insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents, employees or household members nor cancelled for non-payment of premiums.

3. Individual Policies. Any Owners and any mortgagee may obtain at his own expense additional insurance (including a "Condominium unit-owner's endorsement" for improvements and betterments to a Unit made or acquired at the expense of the Owner). Such insurance should contain the same waiver of subrogation provision as that set forth in Section 2(b) of this Article VI. It is recommended that each Owner obtain, 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 the Unit, vandalism or malicious mischief, theft, personal liability and the like.

(a) Each Owner may obtain additional insurance for his own benefit and at his own expense. No such policy shall be written so as to decrease the coverage under any of the policies obtained by the Board pursuant to Paragraph 1(a) above, and each Owner hereby assigns to the Board the 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) Each Owner should obtain insurance for his own benefit and at his own expense insuring all personal property presently or hereafter located in his Unit or Limited Common Area, any floor coverings, appliances and other personal property not covered in the master policy, and all improvements to his Unit which exceed a total value of One Thousand Dollars (\$1,000.00) and which are not reported to the Board.

(c) Each Owner should obtain liability insurance with respect to his ownership and/or use of his Unit.

4. Notice to Unit Owners. 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 termination thereof shall be promptly furnished to each Unit Owner by the Secretary of the Association. Such notice shall be sent by the U.S. Mail, return receipt requested, to all Unit Owners of record at the address of their respective Units and to such other addresses as any of them may have designated to the Secretary; or such notice may be hand delivered by the Secretary or Manager obtains a receipt of acceptance of such notice from the Unit Owner.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE CONDEMNATION OR OTHER

CASUALTY

1. When Repair and Reconstruction are Required. Subject to the provisions 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 or by condemnation, 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 to a building, 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 cost may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments insufficient amounts to provide payment of such costs shall be made against the Owners in proportion to their respective votes in the Unit Owners' Association.

(c) Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the damaged building was originally constructed. This subsection (c) may not be waived or amended by the Unit Owners without the written approval of Eligible Mortgage Holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to mortgages held by the Eligible Mortgage Holders.

(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 plans and specifications under which the damaged building was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the building (as reconstructed) shall stand.

3. Disbursements of Construction Funds

(a) The net proceeds of insurance collected on account of a casualty and the funds collected by the Board of Directors from assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair by the Board of Directors.

(b) The construction fund shall be paid by the Board of Directors in appropriate progress payments, to such contractors, suppliers and personnel engaged in performing the work of supplying materials or services for the repair and reconstruction and repair by the Board of Directors.

(c) It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in the construction fund after the payment of all of the cost of the reconstruction and repair for which the fund is established, such balance shall be distributed to the Owners.

(d) When the damage is to both Common Area and Units, the insurance proceeds shall, to the extent practical, be applied first to the cost of, repairing the Common Area and the balance to the cost of repairing the Units.

ARTICLE VIII

SALES, LEASES AND ALIENATION OF UNITS

1. No severance of Ownership. No Owner shall execute any deed, lease, mortgage or Instrument conveying or mortgaging the title to this Unit without including therein the undivided interest of such Unit without including therein the undivided interest of such Unit in the Common Area, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, lease, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interest, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. Except to the extent otherwise expressly provided by the Declaration, these By-Laws or the condominium Act the undivided interest in the Common Area allocated to any Unit shall not be altered, and any purported transfer, encumbrance, or other disposition of that interest without the Unit to which it appertains shall be void.

2. Payment of Assessments. No Owner shall be permitted to convey, mortgage, sell, lease, give or devise his Unit unless and until he (or his personal representative) shall have paid in full to the Board of Directors all unpaid Common Expenses theretofore assessed by the Board of Directors with respect to this Unit, except as provided in Section 2 of Article V, and shall have satisfied all unpaid liens with respect to his Unit, except mortgages. The Board of Directors shall promptly furnish to any Owner (or his devisee or personal representative) requesting the same in writing pursuant to this Section, a recordable statement certifying whether or not such owner is then obligated for any outstanding assessments previously levied against that Owner's Unit and the amount if any, then outstanding. In the event that the Unit is subject to outstanding expenses previously levied against such Unit, the statement shall certify any waiver of, or failure or refusal to exercise, the right of the Unit Owners' Association to prevent the disposition. Failure or refusal to furnish such a statement within seven (7) days of receipt of such request by the Board or Manager, shall make the above— mentioned prohibition inapplicable to any such disposition of the Unit. Any such statement shall be binding on the Association, the Board of Directors and every Owner. Payment of a fee not exceeding the maximum amount allowable under the

Condominium Act shall be required as a pre-requisite to the issuance of such a statement.

ARTICLE IX

AMENDMENT TO BY-LAWS

1. Amendments. Except as otherwise provided in the Condominium Act and herein these By-Laws may be modified or amended either (i) by a vote of at least sixty-seven percent (67%) of the percentage common interest owned by the Owners cast in person or by proxy at a meeting duly held in accordance with the provisions hereof, provided the notice of the proposed amendment shall have been given to each Owner simultaneously with the notice of such meeting, or (ii) pursuant to a written instrument duly executed by Owners holding at least sixty-seven percent (67%) of the percentage common interest; provided, however, that (a) Section 4 of Article II, and Section 3 of Article III, insofar as they relate to the election of members of the Board of Directors by the Declarant, (b) Section 2 of Article II, insofar as it provides that the Declarant so long as it is the Owner of one or more Units, may vote the votes appurtenant thereto, and (c) this Section 1 of Article IX, may not be amended without the consent in writing of the Declarant, so long as the Declarant shall be an owner. Furthermore, notwithstanding the foregoing, so long as the Declarant is the Owner of one or more Units, no amendment to the By-Laws or Rules may be adopted which could interfere with the construction, display, sale, lease or other disposition of such Unit or Units.

2. Reporting. A modification or amendment of these By-Laws shall become effective only when it has been duly evidenced in accordance with the provisions of Section 34 of the Condominium Act.

3. Conflicts. No modification or amendment of these By-Laws may be adopted with shall be inconsistent with the provisions of the Condominium Act or with the provisions of the Declaration. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official By-Laws of the Condominium and all Owners shall be bound to abide by such modification or amendment.

4. Approval of Mortgagees. These By-Laws contain provisions concerning various rights, priorities, remedies and interests of the mortgagees of Units. Such provisions in these By—Laws are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, all mortgagees shall be given thirty (30) days notice of all proposed amendments of modification of these By-Laws or the Declaration which establish, provide for, govern or regulate any of the following matters:

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the common areas ;
- (d) Insurance of Fidelity Bonds;

- (e) Rights to use of the common areas;
- (f) Responsibility for maintenance and repair of the Units, Common Area or Limited Common Area;
- (g) Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- (h) Boundaries of any Unit;
- (i) The interests in the general or limited common areas;
- (j) Convertibility of Units into common areas or of common areas into Units;
- (k) Imposition of any right of first refusal or similar restriction on the right of a unit Owner to sell, transfer, or otherwise convey his or her Unit; and
- (m) Any provisions for the express benefit of mortgage holders, Eligible Mortgage Holders or Eligible Insurers or Guarantors of first mortgages on Units; shall be effective or valid without the written consent or approval of mortgagees holding mortgages on Units which have at least 51 percent of the votes of Units which are subject to mortgages; provided, however, that a mortgage holder who receives mortgages; provided, however, that a mortgage holder who receives a written request to approve modifications or amendments who does not deliver or post a negative response within 30 days of mailing of the request shall be deemed to have approved such request.

ARTICLE X

MORTGAGES

1. Notice to Board. An owner who mortgages his Condominium Unit shall notify the Board of the name and address of his mortgagee, and shall file a conformed copy of the mortgage with the Board. The Board shall maintain suitable records pertaining to such mortgages.
2. Notice of Action. Upon written request to the Unit Owners' Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any such Eligible Mortgage Holder or Eligible Insurer or Guarantor will be entitled to timely written notice of:
 - (a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, which remains incurred for a period of 60 days;

(c) Any lapse, cancellation or material modification of any insurance policy of fidelity bond maintained by the Owners Association;

(d) Any proposed action which the Declaration, these By-Laws or the Condominium Act, requires the consent of a specified percentage of mortgage holders.

3. Notice of Default. The Board shall give written notice to an owner of any default by the Owner in the performance of any obligations under the Act, Declaration or By-Laws, and, if such default is not cured within thirty (30) days, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board. No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration of these By-Laws except after ten (10) days written notice to the holder of the first mortgage on the Unit which is the subject matter of such suit or proceeding.

4. Notice of Damage. The Board of Directors shall notify (i) the mortgagee of a Unit whenever damage to the Unit covered by the mortgage exceeds One Thousand Dollars (\$1,000.00) and the Board is made aware of such damage; and (ii) all mortgagees whenever damage to the Common Area exceeds Ten Thousand Dollars (\$10,000.00).

5. Examination of Books. Each Owner and each mortgagee shall be permitted to examine the books of account on the Condominium at reasonable times, on business days, but, with respect to Owners not more than once a month.

ARTICLE XI

NOTICE

1. Manner of Notice. All notice, demands, bills, statements or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. mail, return receipt requested, first class postage prepaid (except for monthly bills for common expenses which may be sent by first class mail postage prepaid) (i) to an Owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Secretary, or (ii) if to the Unit Owners' Association, the Board of Directors or the Manager at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of statutes, of the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the

provisions of the Condominium Act.

ARTICLE XII

COMPLIANCE AND DEFAULT

1. Relief. Each Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these By-Laws and the Rules and any amendments of the same. A default by an Owner shall entitle the Unit Owners' Association acting through the Board of Directors or the Manager, to the following relief:

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these By-Laws, and the Rules shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these By-Laws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners' Association, the Board of Directors, the Manager, or, if appropriate, by the aggrieved Owner. Nothing contained herein shall be deemed to limit the right of any Owner to commence legal proceedings against the Unit Owners' Association for any violation of the Declaration of these By-Laws.

(b) Costs of Attorneys' Fees. In any proceeding arising out of any alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the court.

(c) No waiver of rights. The failure of the Unit Owners' Association, the Board of Directors, or of any Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, these By-Laws or the rules shall not constitute a waiver of the right of the Association, the Board of Directors or any Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Declaration or the rules shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, these By-Laws or the Rules, or at law or in equity.

(d) Interest. In the event of a default by an Owner which constitutes for a period in excess of thirty (30) days such Owner shall be obligated to pay interest in the amounts due at the highest rate permitted by law, or at twelve percent (12%), whichever is less, per annum from the due date thereof. In addition, the Board of Directors shall have the authority to impose a late payment charge on such defaulting Owners in an amount not to exceed \$15.00, or six cents (\$.06) per dollar on any amount so overdue, whichever is greater.

(e) Abatement and Enjoyment of Violations by Owners. The violation of any rule or regulation adopted by the Board of Directors, or the breach of any By-Laws contained herein, or the breach of any provision of the Declaration, shall give the Board of Directors or the Manager

the right, in addition to any other rights set forth in these By-Laws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning or provisions hereof, and the Board of Directors or Manager shall not thereby be deemed guilty in any manner of trespass; (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or (iii) to suspend or limit the right of the Owner committing the violation to use any part of the Common Area during the continuance of such violation.

2. Lien for Assessments.

(a) The total regular assessments of each Owner for the Common Expenses or any special assessment levied pursuant to these By-Laws is hereby declared to be a lien levied against the Unit of such Owner as provided in the Condominium Act, which lien shall, with respect to regular assessments, be effective on January 1 of each fiscal year of the condominium and, as to special assessments, on the first day of the next month which begins more than seven (7) days after delivery to the Owner of notice of such special assessments.

(b) In any case where an assessment against an Owner is payable in installments, upon a default by such Owner in the payment of any single installment, which continues for ten (10) days after written notice of such default has been sent to the Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated at the option of the Board of Directors, and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner by the Board of Directors or Manager.

(c) The lien for assessments shall include costs and attorneys' fees as provided for in Section 1 of this Article and the lien contribution may be foreclosed in the manner provided by the laws of the State of New Hampshire for the foreclosure of power of sale mortgages or by suit brought in the name of the Board of Directors, acting on behalf of the Unit Owners' Association. During the pendency of such proceedings or suit the Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale.

(d) Suits to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the same, and foreclosure shall be available without bringing suit to recover a money judgment.

ARTICLE XIII

RESALE OF UNITS

In the event of the resale of a Unit or any interest therein by a Unit Owner (other than the Declarant), the President or such other officer or officers as the Board of Directors may from time to time specify shall, upon the written request of any prospective owner and within ten (10) days thereof, furnish to the prospective owner:

1. A statement as provided for in Article viii (2) hereof.
2. A. statement of any capital expenditures and major maintenance expenditures anticipated within the current or succeeding two fiscal years.
3. A statement of the status and amount of any reserve for the major maintenance or replacement fund and any portion of such fund earmarked for any specified project by the Board of Directors.
4. A copy of the income statement and balance sheet of the Association for the last fiscal year for which such statement is available.
5. A statement of the status of any pending suits or judgments in which the Association is a party defendant.
6. A statement setting forth what insurance coverage is provided for all Unit Owners by the Association and what additional insurance coverage would normally be secured by each individual unit owner.
7. A statement that any improvements or alterations made to the Unit; or the limited common areas assigned thereto, by the prior Unit Owner are not known to be in violation of the condominium instruments.

ARTICLE XIV

COMPLIANCE, CONFLICT AND MISCELLANEOUS PROVISIONS

1. Compliance. These By-Laws are set forth in compliance with the requirements of the Condominium Act.
2. Severability. These By-Laws are set forth to comply with the requirements of the State of New Hampshire. In case any of the By-Laws are in conflict with the provisions of any of its statutes, the provisions of the statutes will apply. If any provisions of these By-Laws or any section, sentence, clause, phrase or word or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws shall not be affected thereby and to this end, the provisions hereof are declared to be severable.
3. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.
4. Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

5. Gender, etc. Whenever in these By-Laws the context so requires the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.