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RULES AND REGULATIONS

SHERIDAN CERMAN CONDOMINIUM OWNERS' ASSOCIATION

Sheridan CERMAN Condominium (the "Condominium") is a private condominium located at 98-100 Sheridan Street, Portland, Maine, consisting of two Lot Units each intended to contain a single-family dwelling, plus Common Elements including a shared driveway. The Condominium intends to allow each Unit Owner to create a high-quality living unit reflective of the Owner's own design aesthetic, maximizing autonomy within the Lot Unit, while maintaining a cooperative spirit with regard to the common facilities. Condominium owners will share in the use of common facilities and will share responsibility for ensuring that the concept of condominium ownership works well.

By virtue of the original Condominium Declaration and organizational Bylaws, the Sheridan CERMAN Condominium Owners' Association (the "Association") is a self-managing association with authority for governance vested in an elected Board of Directors (the "Board"). All owners are subject to common rules, regulations and standards of behavior when using the Common Elements.

As with any community, rules and regulations are necessary to insure the peaceful and orderly use and enjoyment of the common areas. The Rules and Regulations are the Condominium's means to that end. They are both general and specific and are based on condominium law, the Declaration and Bylaws, the preferences established by the original developer and, if amended, the subsequent owners of the Condominium.

In order to properly appreciate these rules, a Unit Owner must:

- Understand and support a condominium form of ownership, which in this Condominium is most apparent in the shared driveway and any other common elements. Decisions about maintenance, management and improvements of the common elements will need to be made jointly.

- Recognize that in a condominium community, with regard to the common elements, the group of owners will need to make decisions, and one owner's personal preferences will not control. Particularly in this two-unit condominium, decisions about common element areas will need to be made by consensus, as delineated in the Bylaws.

- Recognize that as a condominium unit owner, you have an obligation to participate in the activities of the community. This means caring about the common areas, serving on the Board, and meeting your financial obligations.

- Recognize that no condominium unit owner is exempt from the rules and regulations of the Condominium community.

As provided in the Bylaws and in order to assure the safe and peaceful use of the Condominium's facilities, the following Rules and Regulations have been adopted by the Board of Directors. To

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the extent that these Rules and Regulations do not make reference to a particular circumstance or action, it should be assumed by all that such circumstances and actions are not permitted anywhere upon a Common Element at the Condominium without the specific approval of the Board of Directors.

1. **Definitions; Interpretation:** The terms used herein have the meanings set forth in the Declaration and Bylaws, if any, with the Declaration controlling over the Bylaws if there is any inconsistency.

All Unit Owners, Tenants and all guests, invitees, customers and patrons of Unit Owners or Tenants shall comply with the following Rules and Regulations regarding the operation, use and occupancy of the Common Elements. Unit Owners are responsible for making their Tenants, guests, invitees, customers and patrons aware of these Rules and Regulations and assuring their compliance.

2. **Right To Peaceful Enjoyment By All Unit Owners:**

a. No Unit shall be used so as to create a nuisance or an unreasonable interference with the peaceful possession and occupation or proper use of any other Unit or the Common Elements.

b. No Unit Owner or Tenant shall carry on, or permit to be carried on, any practice which unreasonably interferes with the quiet enjoyment and proper use of another Unit or the Common Elements, or which creates or results in a hazard or nuisance on the Property.

c. Units are restricted to one single-family residential dwelling on each Lot Unit, as further delineated in the Declaration. No Unit shall be used for non-residential purposes, except for a home occupation in compliance with City of Portland ordinances, and no Lot Unit may be subdivided to create more than one dwelling unit.

3. **Leasing Restrictions:**

No Unit may be leased for a period of less than six (6) months. No portion of any Unit (other than the entire Unit) shall be leased for any period. If the Unit is leased, a written lease is required, and it should contain the following provisions:

a. requiring the tenant to comply with the Declaration, the Bylaws and Rules and Regulations;

b. providing that failure to comply constitutes a default under the lease; and

c. providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the Unit Owner after thirty (30) days prior written notice to the Unit Owner, in the event of a default by the lessee in the performance of the lease.

The Unit Owner must not suspend his or her own insurance policy during the period of rental. Regardless of the terms of rental, timely payments of the Unit's monthly fees and special assessments during the rental period remain the responsibility of the Unit Owner.

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

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4. **Animals/Pets:**

The following use restrictions apply to animals and pets: There shall be no restrictions upon the keeping of pets within a Lot Unit. However, all animals, birds or reptiles which are brought upon the Common Elements shall be under the orderly control of the Unit Owner, no pet shall be upon the Common Elements unattended, pet owners are responsible for personal injuries and/or property damage caused by their pet, and pet owners shall clean up behind the pet upon any Common Element.

The Association shall have the power to further regulate pets and animals upon Common Elements under the Bylaws or Rules and Regulations of the Association as promulgated or amended from time to time, including without limitation the express power to establish additional behavior requirements.

5. **Alterations, Improvements and Structural Changes to Common Element:**

No Unit Owner or Tenant may alter any Common Element or Limited Common Element, construct upon or remove anything from a Common Element, or paint or otherwise change the exterior appearance of a Common Element without the prior written approval of the Board of Directors. Unit Owners who take such actions without Board approval may be required, at their expense, to remove all unapproved changes and restore the Common Element or Limited Common Element to its original condition.

6. **Construction of/Changes to Structures:**

a. The Owner of each Lot Unit shall be responsible, at its sole cost and expense, for the Lot Building Exterior Maintenance of any buildings located on a Lot Unit and for the Lot Landscape Maintenance of such Lot Unit.

b. The Owner of each Lot Unit shall be responsible, at the Owner's sole cost and expense, for the demolition of any buildings or structures, or portion thereof, within the Lot Unit, and for the construction of any new dwelling unit, or portion thereof, and accessory structures within the Lot Unit. All demolition and construction shall be consistent with the ordinances of the City of Portland and any other applicable governmental regulations.

c. No Unit Owner is allowed to build an additional structure of any kind, regardless of whether it is independent of or connected to a residential unit, which encroaches beyond the boundaries of the Lot Unit or occupies a Common Element, without the prior written consent of the Board..

7. **Outside Contractors:**

a. All contractors and tradesmen employed or engaged by a Unit Owner to perform work in and around the Condominium, including within a Lot Unit, are required to provide proof of adequate liability insurance and Workers Compensation Insurance as required by Maine State law. Insurance certificates shall be provided to the Unit Owner and, upon request, to the Board prior to commencement of work. Insurance certificates provided by contractors shall specifically name the Unit Owner and the Condominium Association as additional insureds.

b. Any electrical, plumbing, and heating work done in a unit must be performed by experienced, reputable tradesmen licensed and certified to perform such work in the State of Maine.

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c. The Association may require any outside contractor engaged by a Unit Owner to execute and deliver to the Association a mechanics lien waiver in connection with any work performed by such contractor hereunder.

8. **Parking and Storage:**

a. Each Lot Unit Owner has a perpetual right, subject to the Rules and Regulations, of ingress to and egress from each Lot Unit through the Common Element shared driveway to access the public street adjoining the Property. Access may be had by foot and by vehicle.

b. No personal property, including but not limited to vehicles, boats, trailers, cut wood, and construction materials, shall be stored upon or obstruct any of the Common Elements, including the shared driveway.

c. If, despite these Rules, personal property is stored upon any portion of the Common Elements, it shall be at the sole risk of the Unit Owner, and the Association shall in no event be liable for the loss, destruction, theft or damages to such property; the Board of Directors and the Association shall not be considered a bailee of any personal property of Unit Owner stored upon any common element or limited common element.

d. If the Owners of both Lot Units build a paved extension of the shared driveway which extends onto their Lot Unit, they mutually grant the other a revocable license to drive a vehicle upon the first twelve feet of the extension of the shared driveway of the other Owner for purposes of maneuvering a vehicle to gain access to or egress from their own non-Common Element parking area. [RON: what if it is occupied? Do they need to keep it clear?]

9. **Snow Removal:**

The Board of Directors is responsible for making arrangements for snow removal from the Common Element shared driveway and the sidewalk crossing that driveway, if any. Despite these efforts, there may be times that these areas may be temporarily impassable. Unit Owners shall cooperate with each other and with any snow removal contractor to facilitate snow and ice removal. If the actions of one Unit Owner interfere with efficient snow and/or ice removal and that result in additional snow removal charges, that Unit Owner shall be responsible for paying those additional costs.

10. **Trash and Garbage:**

a. Unless otherwise determined by the Board of Directors, garbage, household trash and material to be recycled will be removed by the City of Portland Public Works Department. Garbage, household trash and recycled material shall be properly bagged or placed in appropriate containers and properly placed curbside for collection in accordance with the regulations of the Public Works Department.

b. Owners/tenants are responsible for insuring that accumulated trash and recyclables do not create a nuisance in regards to odor, cleanliness, bug and other vermin infestation, or neatness.

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c. Each Owner is responsible for the removal of any hazardous waste, large items, construction materials or debris, or unusual quantities which exceed the curbside pickup service of the City of Portland.

11. **General Hazards and Liability of Unit Owners:**

a. Nothing shall be done or kept in any Unit or in any part of the Common or Limited Common Elements which will increase the rate of insurance for the Property or any part thereof.

b. No Unit Owner or Tenant shall permit anything to be done or kept in the Unit or in the limited common or Common Elements which will result in the cancellation of insurance on the property or any part thereof or which would be in violation of any law, regulation, or administrative ruling.

c. No Unit Owner or Tenant shall sweep or throw, or permit to be swept or thrown from such Unit on to a Common Element any dirt, debris or other substance.

d. Unit Owners shall be liable for the expense of maintenance, repair or replacement of any damage to the Common or Limited Common Elements caused by such Unit Owner's act, neglect, or carelessness or that of their Tenants, guests, contractors, agents, lessees, or pets. Such liability shall include any increase in insurance premiums or assessments occasioned by any act, neglect, carelessness or the misuse of a unit.

12. **Hazardous Materials:**

a. No Unit Owner or Tenant may use or store upon any Common Element or transport to any Common Element hazardous, toxic, dangerous, radioactive, noxious or unhealthful materials, substances, objects, gases and/or wastes, or any chemical or substance which is prohibited, limited or regulated by any federal, state, county, regional, local or other governmental authority or which may pose a hazard to or be injurious to the health or safety of the occupants of individual Units, or the neighborhood in which the Property is located. Any Unit Owner or Tenant who uses or brings upon the premises hazardous materials despite the foregoing shall be solely responsible for all costs incurred or expended by the Association and/or any other Unit Owners or Tenants for the removal of all hazardous materials from the premises and for the remediation of the common areas or of any other Units, and shall be solely responsible for any and all liabilities, claims, penalties, expenditures and losses that are or may become due from the Association in connection with or arising directly or indirectly out of the Unit Owner's or Tenant's or their guests', invitees' or agents' use or possession of any such hazardous materials.

b. If despite the foregoing hazardous materials (including those listed above) are brought upon a Common Element of the Property, they must be disposed of by legal means at a legal disposal site and, if necessary, by trained personnel.

c. Spills of hazardous and/or polluting substances on any common or limited common area (paved or otherwise) shall be reported immediately to the Board of Directors or its designee. All removal, remediation and restoration costs associated with a hazardous material spill caused by a Unit Owner, Tenant, guest, employee, hired contractor or other representative shall be the responsibility of the Unit Owner.

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13. **Yard and Lawns:**

a. All lawns and vegetated areas at the Condominium are common areas and are under the control of the Association unless they are within the boundaries of a Lot Unit.

b. No temporary, semi-permanent or permanent structures are allowed on any common area, except in such areas as may be designated by the Board.

c. Lawn maintenance on any common area by anyone other than the Association's landscapers is prohibited, unless otherwise approved by the Board of Directors.

14. **Expenses:** The Association shall be responsible for the payment of all Common Expenses and the members shall be individually responsible for the payment of all Unit Expenses for the unit owned by each respective member as such expenses are defined in the Declaration or Bylaws.

a. The Association shall be responsible for the payment of all Common Expenses which shall include, without limitation, any expenses for the maintenance, repair, replacement, insurance, administration and operation of the Common Elements, including but not limited to the shared driveway and any Limited Common Elements.

b. As set forth in the Declaration and Bylaws, each Unit Owner shall pay to the Association his proportionate share of those expenses, except that (1) any common expense associated with the maintenance, repair or replacement of a Limited Common Element, if any, shall be assessed against the Unit(s) to which that Limited Common Element is assigned equally, (2) any Common Expense which, in the judgment of the Board of Directors of the Association, benefits fewer than all of the Units shall be assessed exclusively against the benefited Unit(s), and (3) notwithstanding anything to the contrary, if any Common Expense is caused by the misconduct of any Unit Owner, the Board of Directors may assess that Expense exclusively against that Unit Owner.

All Common Expenses shall be assessed against Unit Owners pursuant to the Declaration and Bylaws.

15. **Unit Expenses**: Common expenses shall not include Unit Expenses. Each Unit Owner shall be individually responsible for the payment of all Unit Expenses for the unit owned by each respective Unit Owner, which shall include, without limitation, any expenses in connection with the maintenance, repair, renovation, alteration, improvement or replacement of the following:

a. **Systems & Utilities**. Pipes, lines, cables and wires serving only one individual Unit and located within the boundary lines of such Unit, or located upon a Common Element, including water lines, sewer lines, electrical wiring; heating equipment serving the Unit; television cable including incoming service terminal; telephone lines; smoke detectors; and any security alarms;

b. **Structure & Fixtures**. All structures located within the Lot Unit, including all dwelling units and accessory structures, including all portions of the interior and the exterior thereof, including but not limited to roofs, chimneys, interior and exterior walls, foundation, doors, windows, and any other component thereof.

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c. **Landscaping:** The Unit Owner is individually responsible for the care, replacement and maintenance of all areas within the Lot Unit boundaries, including but not limited to fences, lawns, gardens, walkways, steps and stairs, and all non-shared driveway parking areas.

16. **Miscellaneous:**

a. Without the prior written approval of the Board, no Unit Owner shall cause or permit anything to be hung, installed, or displayed on a Common Element. This prohibition includes, without limitation, works of art, clothing, signs, awnings, canopies, shutters, radio or television antenna, or any other items. Under no circumstances shall any television or radio antennas or other items be installed by the Unit Owner beyond the boundaries of his or her unit except with the prior written permission of the Board of Directors.

17. **Insurance**:

a. Each Unit Owner is responsible for obtaining insurance coverage for all structures, personal property, and liability with respect to the Lot Unit. The Condominium Association will NOT maintain a master policy to cover losses sustained by structures within the Lot Unit nor coverage for liability incurred while upon a Lot Unit.

b. Each Unit Owner should have insurance coverage for items of real property which pertain directly to the Unit (including all structures included within the boundaries or definition of the Lot Unit; items of personal property owned by the insured; and personal liability to cover claims brought against the insured for damages because of bodily injury or property damage occurring upon the Unit. Unit Owners should consult with their insurance agent to design a policy to meet their needs.

c. The Condominium Association shall maintain a policy to cover damage to and losses sustained in Common Element areas,, as further delineated in the Declaration and/or Bylaws.

18. **Dispute between Declarant, Association and/or Unit Owners, Binding Arbitration:** The Declaration, Bylaws and these Rules and Regulations include fairly standard provisions concerning notice, penalty and hearing procedures in the event of a violation. However, as this is a two-Unit condominium, it may not always be possible to resolve disputes through standard methods, so binding arbitration has been added as an additional dispute resolution mechanism in the event that the Board or the members are unable to resolve one or more issues of serious concern to one or more Unit Owners.

a. In any dispute between one or more Unit Owners and the Declarant regarding the Common Elements, the Board of Directors shall act for the Unit Owners, and any agreement with respect thereto by the Board shall be conclusive and binding upon the Unit Owners.

b. In the event of a dispute between the Declarant and the Association and/or Unit Owners or between Unit Owners, which cannot be resolved by action of the Board of Directors, the parties are encouraged to engage in voluntary mediation first.

c. If the parties are not willing to engage in voluntary mediation or are unable to resolve an issue through voluntary mediation, then the following shall apply: All claims, disputes and other matters in question between: (1) the Declarant, on the one hand, and the Association or any Unit Owner(s) on the other hand, or (2) between any Unit Owner on the one hand and any other

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Unit Owner on the other hand, arising out of or relating to a Unit, the Common Elements, the Limited Common Elements, this Declaration, the Bylaws, the Rules and Regulations, or the deed to any Unit or the breach thereof, or the course of dealing between any Unit Owner(s), the Association and/or the Declarant, except for claims which have been waived by the acceptance of a deed, shall be decided by binding arbitration, before a single arbitrator, in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise in writing. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award rendered by the arbitrators shall be final and binding, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. In a dispute between Unit Owners, the arbitrator shall have the power, among other available remedies but not by way of limitation, to direct the Board of Directors and/or the Unit Owners to take any action that the Board of Directors and/or the members have the power to take pursuant to the Declaration, the Bylaws, or the Rules and Regulations, and such direction by the arbitrator shall be conclusive and binding upon the Board of Directors and the Unit Owners, with the same effect as if the Board of Directors or membership had approved such action by unanimous affirmative vote.

19. **Notice of Violation, Penalty and Hearing Procedures:** All Units shall be utilized in accordance with the provisions of the Declaration, Bylaws and these Rules and Regulations**.**

a. Upon any violation of the Declaration, Bylaws, or the Rules and Regulations, the offending party (including any Owner, tenant, lessee, licensee, guest or invitee) and the Owner of any Unit in which the violation is occurring or has occurred shall be given ten (10) days written notice by the Board of Directors by delivery in hand or by mail of the violation committed and necessary corrective action that is required, and, if such violation continues beyond the ten (10) day period, the offending party and the Unit Owner shall each pay a penalty in the amount of ten percent (10%) of the then monthly assessment of the Unit per day to the Association until the violation is corrected. The delivery in hand or mailing of the notice shall constitute the commencement of the ten (10) day period. This penalty shall not be the sole remedy for breach.

b. Any person against whom a penalty is asserted under the preceding paragraph of this section shall be entitled to a hearing before the Board of Directors upon such reasonable notice and in accordance with such reasonable procedures as the Board of Directors may determine, but a request for such a hearing shall not interrupt or stay the time for correcting the violation or the continued penalty assessment.

c. Every Unit Owner shall pay to the Association promptly on demand all costs and expenses including reasonable attorneys' fees incurred by or on behalf of the Association in collecting any delinquent assessments or fees against such Unit, foreclosing its lien therefor, collecting any penalties imposed hereunder, or enforcing any provisions of the Declaration, these Bylaws or the Rules and Regulations against such Owner or any occupant of such Unit.

20. **Sanctions for Violations**: Upon a determination pursuant to Section 18 and/or 19 that a Unit Owner or Tenant or guest or invitee for whom such Unit Owner or Tenant is responsible is in violation of these Rules and Regulations or the Condominium Declaration or Bylaws, the Board of Directors shall have the right to take any one or more of the following actions:

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a. Impose fines in an amount of 10% of the then monthly assessment of the Unit for each violation (each day during which a violation is found to exist or continue shall be considered a separate violation);

b. Assess the expense of maintenance, repair or replacement of any damage to the Common Elements or, Limited Common Elements caused by any violation;

c. Authorize officers of the Association to commence appropriate legal proceedings, at law or in equity, or through arbitration seek or accept an award necessary to enjoin, abate or remedy the continuance of any violations or to compel compliance with these Rules and Regulations and the Condominium Documents, and/or to recover damages for any violation;

d. Assess all costs incurred by the Association, including court costs, arbitration fees, and attorneys' fees, in the process of rectifying any violation.

e. These remedies, and such other remedies as are allowable by the prevailing arbitration law and applicable rules, shall be available to an arbitrator in crafting an award should a Unit Owner seek binding arbitration, with the arbitrator to direct action with the same effect as if the Board of Directors or membership had approved such action by unanimous affirmative vote.

21. **Amendment, Conflict:**

The Board of Directors may from time to time, by affirmative vote of at least Seventy-Five (75%) per cent of the members of the Board of Directors at a meeting duly called for that purpose, adopt, modify, and revoke in whole or in part, at any meeting duly called for the purpose, these Rules and Regulations as it may deem necessary, PROVIDED, HOWEVER, that these Rules and Regulations may not be amended in such a way that they would be in conflict with the Declaration and/or the Bylaws. To the extent such a proposed amendment would be in conflict with the Declaration and/or the Bylaws, such an amendment is not effective unless the Declaration and/or Bylaws are also amended in accordance with the amendment procedures contained therein. In the event of any conflict between these Rules and Regulations and the provisions of the Bylaws, the Declaration or the Maine Condominium Act, the latter shall govern and apply. These Rules and Regulations, and every amendment, modification, and revocation thereof, shall, upon adoption, be delivered promptly to each Unit Owner and shall be binding upon all members of the Association and occupants of the property.

22. **Effect of Rules and Regulations:**

The invalidity of any term or provision of these Rules and Regulations shall not impair or affect in any manner the validity, enforceability or effect of any other terms or provisions hereof. Each remedy set forth in these Rules and Regulations shall be in addition to all other remedies whether available at law or in equity, and all such remedies, whether or not set forth in these Rules and Regulations shall be cumulative and not exclusive.

In bringing issues to the Board, Unit Owners are reminded that the Condominium is a community and its Board is made up of neighbors whose objective is the Condominium's best interest. Differences of opinion are inevitable in any community. Resolution of conflict begins with mutual respect and understanding. The Board of Directors has promulgated the preceding Rules and Regulations for the safety, well-being and convenience of all Unit Owners.

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Adopted by the Board of Directors this _____ day of _____, 2014.

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