

**BYLAWS  
OF  
CLIFF ISLAND SEPTIC SYSTEM ASSOCIATION**  
*A Maine Nonprofit Corporation*

**ARTICLE I**  
NAME; EXISTENCE

1.1 Name. The name of the corporation shall be Cliff Island Septic System Association (the “*Association*”).

1.2 Existence. The Association shall have perpetual existence.

**ARTICLE II**  
PURPOSE; NON-PROFIT STATUS

2.1 Purpose. The Association is organized for the purpose of (i) owning, improving and maintaining the wastewater disposal facilities and related property and infrastructure serving participating households on Cliff Island, in Portland, Maine and (ii) engaging in such other lawful activities as may be to the mutual benefit of the Members. The wastewater disposal facilities and related property and infrastructure will be described in a certain Plan under negotiation at the time hereof, and that shall be recorded in the Cumberland County Registry of Deeds upon execution (the “*Plan*”) and attached to a certain Wastewater Disposal System Maintenance Agreement to be entered into of near or even date therewith (the “*Agreement*”). All capitalized terms not specifically defined herein shall have the meaning given them in the Agreement.

2.2 Mutual Benefit Non-Profit Association. It shall be a limited non-profit private mutual benefit corporation pursuant to the laws of the State of Maine in Title 13-B (the “*Nonprofit Corporation Act*”).

**ARTICLE III**  
MEMBERSHIP

3.1 General. The Association shall have one class of members.

3.2 Initial Members. The members of the Association shall be limited initially to the Owners, and their heirs and assigns, of certain Lots located on Cliff Island and shall as of the date hereof, initially consist of:

(a) Stevan C. and Diane J. Little, Lot 1, whose deed is recorded in Book 11512 at Page 293 in said Registry, and is tax plot number 109B-A-4-5;

(b) Kathleen D. Swift (represented by Walter Swift), Lot 2, whose deed is recorded in Book 23010, Page 18 in said Registry and is tax plot number 109B-F-8; and

(c) Shedd Family Revocable Trust (represented by Tom Devins), Lot 3, whose deed is recorded in Book 28096, Page 95 in said Registry and is tax plot number 109B-D-3.

### 3.3 Qualifications of Members; Limitation on Membership.

3.3.1 Qualifications. Only Owners shall be qualified to be Members. A Member shall have no vested right, interest, or privilege of, in, or to the assets, functions, affairs, or facilities of the Association, or any right, interest, or privilege which may be transferable or inheritable, or which shall continue after Membership ceases.

3.3.2 Limitations. The holder or owner of a security interest only, such as a mortgagee, shall not be qualified to be a Member.

### 3.4 Meetings of Members.

3.4.1 Annual Meetings. An annual meeting of the Members shall occur in July or August of each year, at such place as may be designated on Cliff Island, Maine, or at such other place as may be designated in the notice of the meeting. If the annual meeting is not held within thirty (30) days of such date, it may be held at a time and place to be set by the Board, or by any person or persons entitled to call a Special Meeting of the Members.

3.4.2 Special Meetings. The Board, the President or at least four (4) Members may call a special meeting of the Members at any time. Notice of such meeting shall be provided at least twenty-one (21) days and not more than fifty (50) days before the date of the meeting. Notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except on those topics stated in the notice.

3.4.3 Voting. Voting at meetings of Members shall be on a one-Lot, one-vote basis; for the avoidance of doubt, all such Lots owned by tenant in common or joint tenants may cast only one (1) vote as a group for each Lot owned. A two-thirds (2/3) majority of the total votes cast at a meeting at which quorum is present shall be binding upon all Members for all purposes, except where a higher percentage is required by these Bylaws or by Maine law. Votes by Members may be cast in person or by written proxy (as described in Section 3.4.5 below) by any Member.

3.4.4 Quorum. The presence at the beginning of the Annual Meeting or any Special Meetings, of at least half of the Members, either in person or by proxy, shall be necessary to constitute a quorum for the transaction of business at any meeting of the Members.

3.4.5 Proxies. Proxy voting shall be permitted in the form of a writing, dated and bearing the signature of the absent Member or his or her attorney in fact, which shall be submitted to any member of the Board prior to the end of voting. A Member may designate any person, who need not be an Owner, to act as proxy. Unless otherwise stated in the proxy, the proxy shall not be valid more than 11 months after the date signed.

3.5 Action Without a Meeting. Any action required to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if written consents, setting forth the action so taken, shall be signed by all of the Members entitled to vote on such action. Such consents shall be filed with the Secretary as part of the corporate records.

#### ARTICLE IV BOARD OF DIRECTORS

4.1 Powers. The business, property and affairs of the Association shall be conducted and managed by its Board of Directors (the “*Board*”), which shall exercise all of the powers of the Association. In addition to the governance of the Association, the Board shall have the power to allocate responsibilities and votes equitably to the Initial Owners and to any new Lot Owners in accordance with the terms of the Agreement. All decisions of the Board as to the allocation of voting rights and Owner responsibilities on the basis of Lot ownership shall be binding upon all Owners. The Board of Directors may by general resolution delegate to committees and officers of the Association such powers as it sees fit.

4.2 Duties. Every Director in exercising his or her powers and discharging his or her duties shall (a) act honestly and in good faith with a view to the best interests of the Association and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

4.3 Number, Tenure and Qualifications. The number of Directors constituting the Board shall be not less than three (3) nor more than seven (7). The exact number of Directors shall be fixed from time to time by vote of the Board. The initial Board of Directors shall be composed of those Directors appointed by the Incorporator and each such Director shall serve an initial term of one (1) year. Thereafter, Directors shall be elected at the annual meeting of the Members or as soon thereafter as conveniently possible. Each Director so elected shall hold office for a term of four (4) years and until his or her successor has been duly elected and qualified or until his or her earlier death, resignation or removal. Directors must be Members.

4.4 Resignation; Removal; Vacancies. Any Director may resign at any time by giving written notice to the President or the Board and may be removed at any time in accordance with applicable law. Any vacancy in the Board occurring during the year, including any vacancy created by an increase of the number of Directors, may be filled for the unexpired portion of the term by the Directors then serving, although less than a quorum, by an affirmative vote of the majority thereof, and any Director so elected shall hold office until the election and qualification of a successor.

4.5 Regular Meetings. Regular meetings of the Board shall be held at such places, within or without the State of Maine, and on such dates and at such times as shall be fixed from time to time by the Board. The Board may authorize the Chair to fix the exact date, time and place of each regular meeting.

4.6 Special Meetings. Special meetings of the Board may be called by the Chair, by the President or by the Secretary and must be called by either of them on the written request of any two (2) members of the Board. Special meetings may be held at such place, either within or outside the State of Maine and at such time as shall be specified in the notice of meeting.

4.7 Notice of Meetings. Notice of all Board meetings, except as herein otherwise provided, shall be given by mailing the same at least ten (10) days before the meeting, or by sending notice at least seven (7) days by e-mail or facsimile transmission to the appropriate email or fax on record (with confirmation of receipt) to the usual business or residence address of the Director. Any Director may waive notice of any meeting. The attendance of any Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or these Bylaws.

4.8 Quorum; Voting. At all meetings of the Board a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board. If at any meeting there is less than a quorum present, a majority of those present may adjourn the meeting from time to time without further notice to any absent Director. Each Director shall be entitled to one (1) vote. A Director may not vote or act by proxy at any meeting of the Board.

4.9 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board or committee. For purposes of this Section 4.9, "written" includes a communication that is transmitted and/or received by electronic means, including but not limited to by electronic mail, and "signed" includes an electronic signature, as defined in 10 M.R.S.A. §9402.

4.10 Telephone Meetings. Members of the Board or a committee of the Board may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

4.11 Compensation. Directors shall not receive compensation for their services as such, although the reasonable expenses of Directors for attendance at Board meetings may be paid or reimbursed by the Association. Directors shall not be disqualified from receiving

reasonable compensation for services rendered to or for the benefit of the Association in any other capacity.

ARTICLE V  
OFFICERS

5.1 Executive Officers. The officers of the Association shall be a President, Secretary and Treasurer and such other officers and assistant officers with such powers and duties not inconsistent with these Bylaws as may be appointed and determined by the Board. A Director may be elected an officer. They shall take office immediately after election. The names of the officers who are to serve until the first election under these Bylaws shall be:

|                       |           |
|-----------------------|-----------|
| Stevan C. Little, Sr. | President |
| Walter Swift          | Secretary |
| Thomas B. Devins      | Treasurer |

5.2 Election and Term of Office. The initial officers shall serve until the annual meeting of Members in July or August of 2014. Thereafter, officers shall be elected by the Members at the annual meetings commencing in 2014 and every four years thereafter. The term of office of all officers shall commence upon their election or appointment and shall continue until the subsequent election and thereafter until their respective successors are chosen or until their earlier resignation or removal. No consecutive terms limits are placed on any officer position other the treasurer who shall not serve two consecutive terms in that office.

5.3 The President. The President shall be the chief executive officer of the Association and Chairman of the Board, and shall perform such other duties as from time to time may be assigned to him by the Members and the Board. The President shall be ex officio a member of any and all committees. The President shall preside at all meetings of the Members and at all meetings of the Board.

5.4 The Secretary and Treasurer. The Secretary shall keep the minutes of all the Members' and Board meetings. The Secretary shall attend to the giving and serving of all notices of the Association. The Treasurer shall have the custody of all the receipts, disbursements, funds, and securities of the Association, subject to such regulations as may be imposed by the Board. The Secretary and Treasurer shall perform all duties incident to the office of Secretary and Treasurer and shall perform such other duties as may from time to time be assigned by the Board or the President.

5.5 Registered Agent. The Members shall appoint a Registered Agent for the Association who shall serve until replaced and who need not be a Member, but who must be a Maine resident, and whose duties shall be limited to those provided by Maine law.

5.6 Resignation, Removal; Vacancies. Any officer may resign at any time by giving written notice to the President or to the Board, and may be removed from office by the vote of the Directors at any time, in accordance with applicable law, whenever in the Board's judgment

the best interests of the Association will be served thereby. In case any office of the Association becomes vacant by death, resignation, retirement, disqualification or any other cause, the Members by majority action may select an officer to fill such vacancy for the unexpired term of the Officer whose place is vacant and until his successor is elected at the next Annual Meeting.

5.7 Compensation. Officers shall not receive compensation for their services as such. Officers shall not be disqualified from receiving reasonable compensation for services rendered to or for the benefit of the Association in any other capacity.

## ARTICLE VI MAINTENANCE FEES

6.1 Annual Maintenance Fees. The Association shall have the right and power to subject the property of its Members to an annual maintenance fee and charge as set forth in the Agreement.

6.2 Payment of Maintenance Fees. Commencing January 1, 2014, and on the same day of each year thereafter, each owner of a Lot with a qualifying Lot as described in the Agreement shall pay in advance the maintenance fee and charges and such payments shall be used by the Association to create and continue a Maintenance Fund to be used by the Association as hereinafter stated. The Association may vote to assess the maintenance fee and charges in installments and to set the due date for such installments. The charges will be delinquent when not paid within sixty (60) days after they become due. The association may charge a late fee of \$50 as well as annual interest at the rate of the 'prime rate' plus 3% (as published in the New York Times as of the date of billing) for all delinquent payments.

6.3 Adjustment of Annual Maintenance Fees. The annual maintenance charge may be adjusted from year to year by the Members as the wastewater disposal facilities and related property and infrastructure needs in their judgment may require and shall be asserted equally and for the same amount for each Lot (as that term is defined in the Agreement).

6.4 Use of Maintenance Fees. The maintenance charge shall be used for improving and maintaining the wastewater disposal facilities and related property and infrastructure. It shall also be used for providing liability insurance coverage for the Association, its Directors, Members and Officers and the costs of consultants.

6.5 Enforcement. The Association shall have the power and authority to enforce and collect said maintenance fees by any action including actions at law and equity, and including lien and attachment of Members' property as provided in the Agreement. Members who are in default of their fees shall also be liable to the Association and for the Association's reasonable costs of collection, including but not limited to attorney's fees and costs. The maintenance fees shall constitute a lien upon the land of the Members and shall run with the land.

ARTICLE VII  
INSURANCE

7.1 The Association shall maintain in full force and effect a general liability insurance policy for the benefit and protection of the Association, its officers and Members in such amounts and with such carriers as the Board may determine within its discretion. It shall cover all land, common areas, facilities, equipment, and activities owned, operated and/or maintained by the Association as well as personal property and all acts performed for the Association. It shall have a face amount which shall be determined from time to time by the Membership. Costs of insurance shall be considered a part of the maintenance fee.

ARTICLE VIII  
INDEMNIFICATION OF OFFICERS, DIRECTORS AND MEMBERS

8.1 Each officer, director, member and/or employee of the Association shall be indemnified by the Association to the extent allowed under applicable law against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by such person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigate (other than an action by or in the right of the Association), by the reason of the fact that such person is or was an officer, member or employee of the Association, if such person acted in good faith and in a manner reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not of itself, create a presumption that the person did not act in good faith and in a manner which is reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Expenses incurred in defending a civil or criminal action, suit or proceeding, may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Members in the manner provided by the applicable statutes of the State of Maine concerning indemnification by nonprofit corporations currently contained in 13-B M.R.S.A. § 714, sub-§ 3 (or the corresponding provision of future Maine law), upon the receipt of an undertaking by or on behalf of the officer, member or employee to repay such amount, unless it shall be ultimately determined that such person is entitled to be indemnified as provided herein.

In the event that such action or proceeding be by or in the right of the Association, the Association shall have the same power to indemnify and insure any such director, officer or employee, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such duty, unless the court wherein the action or proceeding is tried shall specifically find that despite the adjudication of liability, but in view of all the circumstances of the case, such a person is fairly and reasonably entitled to indemnity.

The indemnification provided by these bylaws shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute or regulation of the State of Maine.

As used in this provision, the terms “officer,” “member,” “employee” include the respective heirs, executors and administrators of persons holding such offices in the Association.

## ARTICLE IX

9.1 Amendments. The bylaws of the Association may be amended, altered or rescinded only by vote of two-thirds (2/3) of the Members present or by proxy and voting at an annual meeting. No amendment to Article III shall become effective until recorded in the Cumberland County Registry of Deeds. Amendments may be proposed by any Member.

[Consent and Agreement to these Bylaws on the following page]



Consent and Agreement

We, for ourselves and our heirs, successors and assigns, consent and agree to be bound and our land described herein to be subject to the terms and conditions of these Bylaws, and as amended hereafter, which shall run with the land.

Dated: \_\_\_\_\_, 2013 \_\_\_\_\_  
Name: Stevan C. Little, Sr.

Dated: \_\_\_\_\_, 2013 \_\_\_\_\_  
Name: Walter Swift

Dated: \_\_\_\_\_, 2013 \_\_\_\_\_  
Name: Thomas B. Devins