

BYLAWS

19 OCEAN AVENUE CONDOMINIUM ASSOCIATION

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BYLAWS OF THE 19 OCEAN AVENUE CONDOMINIUM ASSOCIATION

Article 1 Introduction and Definitions

The 19 Ocean Avenue Condominium Association is a Mutual Benefit Corporation organized under the provisions of the Maine Nonprofit Association Act, Title 13-B of the Maine Revised Statutes, in connection with the property known as 19 Ocean Avenue Condominium, a Maine Condominium formed under Title 33, Chapter 31. As a nonprofit association, it has no stock, issues no shares and pays no dividends. The Association shall distribute no part of its income or profit to its members, directors or officers.

The purpose of these Bylaws is for the governance of the Condominium

The Members of the Association shall consist exclusively of all owners of Units in the Condominium. Membership is transferable only as provided in the Declaration or these Bylaws. The membership of a Member shall terminate upon the conveyance, transfer or other disposition of his or her interest in the Unit. After that, his or her membership and any interest in the assets of the Association shall automatically transfer to and be vested in the successor in ownership. Membership is otherwise nontransferable. A mortgage of a Unit or the grant of a security interest therein as security for an obligation

These Bylaws incorporate most mandatory provisions of Title 13-B of the Maine Nonprofit Association Act and of the Maine Condominium Act that apply to the governance of the Association. When mandatory provisions of the Act are amended, these Bylaws should also be amended.

Terms defined in these Bylaws are:

Articles of incorporation. "Articles of incorporation" means the original or restated articles of incorporation and all amendments to it, filed in the office of the Maine Secretary of State.

Association. "Association" is another term for this non-profit association.

Board of directors. "Board of Directors" means the group of persons vested with the management of the affairs of the Association. "Director" means one member of the board of directors.

Bylaws. "Bylaws" means this document, adopted for the regulation or management of the affairs of the association

Declaration. "Declaration" means the Declaration of Covenants, Conditions and Restrictions of ***, dated *** and recorded in the York County Registry of Deeds at Book ***, page ***, as it may be amended from time to time. [or Declaration of condominium]

Electronic transmission. "Electronic transmission" means any process of communication that does not directly involve the physical transfer of paper and that is suitable for the retention, retrieval, and reproduction of information by the recipient.

Individual. "Individual" means a natural person. "**Person**" includes an individual and an entity.

Member. "Member" includes persons by whatever name designated, including incorporators, and means one having membership rights in 19 Ocean Avenue Condominium Association

by the provisions of its articles of incorporation or bylaws. "Member" and "Unit Owner" or "Owner" refer to the same thing.

Sign; Signature. "Sign" or "signature" includes any manual, facsimile, conformed or electronic signature.

Article 2 General Powers of the Association

Subject to the provisions of the declaration, the association may:

- (1) Adopt and amend bylaws and rules and regulations;
- (2) Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from unit owners;
- (3) Hire and terminate managing agents and other employees, agents and independent contractors;
- (4) Elect, appoint or hire and terminate managing agents and other employees, agents and independent contractors, and to define their duties and fix their compensation;
- (5) Institute, defend or intervene in litigation or administrative proceedings in its name on behalf of itself or 2 or more unit owners on matters affecting the condominium;
- (6) Make contracts and incur liabilities;
- (7) Regulate the use, maintenance, repair, replacement and modification of common elements;
- (8) Make additional improvements to the common elements;
- (9) Acquire, hold, encumber and convey in its name any right, title or interest to real or personal property, provided that common elements may be conveyed or subjected to a security interest only under section 1603-112;
- (10) Grant easements, leases, licenses and concessions through or over the common elements;
- (11) Impose and receive any payments, fees or charges for the use, rental or operation of the common elements other than limited common elements described in section 1602-102, paragraphs (2) and (4) and services provided to unit owners;
- (12) Impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the declaration, bylaws and rules and regulations of the association;
- (13) Impose reasonable charges for the preparation and recordation of amendments to the declaration, resale certificates required by section 1604-108 or statements of unpaid assessments;
- (14) Provide for the indemnification of its officers and executive board and maintain directors' and officers' liability insurance;
- (15) Assign its right to future income, including the right to receive assessments, but only with the approval of a majority of unit owners;
- (16) Exercise any other powers conferred by the declaration or bylaws;
- (17) Exercise all other powers that may be exercised in this State by legal entities of the same type as the association;
- (18) Exercise any other powers necessary and proper for the governance and operation of the association.
- (19) Suspend any right or privilege of a unit owner that fails to pay an assessment, but may not:
 - (A) Deny a unit owner or other occupant access to the unit owner's unit; or

- (B) Withhold services provided to a unit or a unit owner by the association if the effect of withholding the service would be to endanger the health, safety or property of any person.
- (20) Make and alter these Bylaws, not inconsistent with its Articles of Association, the Declaration or with the laws of this State, for the administration and regulation of the activities of the association;
- (21) Adopt and amend rules and regulations;

Article 3. Meetings of Unit Owners

The Board of Directors exercises general management authority for the Association. However, Unit Owners have exclusive authority over some areas.

§3.1 Meetings of Members

1. Where held. Members may meet at such convenient place designated by the Board of Directors.
2. Annual meetings. Member's annual meetings shall be held annually, during the month of September, on a date determined by the Board of Directors. If not done within 30 days of September 30, or if 13 months have passed since the last annual meeting, any person or persons entitled to call a special meeting of the members may call an annual meeting. At annual meetings, the Board of Director's report on activities of the past year, elect members of the Board of Directors and conduct other business.
3. Special meetings. Special meetings of the members may be called by the president or by the board of directors, or upon petition of members, for purposes requiring a decision by Unit Owners.
4. Budget Ratification meetings. Budget Ratification meetings shall be called by the Board of Directors. Budget ratification meetings may be conducted as part of an annual meeting or Special meeting, provided all notice provisions for budget ratification are met.

§3.2 Notice of Meetings of Unit Owners

Notice of members meetings may be delivered by any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery and Electronic Transmission, such as email, to those who have consented to receive messages in that manner. Written notices of Owner meetings must contain:

- a. A statement about whether it is an annual meeting or special meeting
- b. The authority for the call of the meeting
- c. The place and time of the meeting, and
- d. The items on the agenda (including the general nature of any proposed Declaration or bylaw amendment(s), any budget proposal(s) or change(s) and any proposal(s) to remove an officer or Board Member)

The President or Secretary (or another person designated by the Board of Directors) shall send the notice at least Ten (10) days, but not more than Sixty (60) days, before the date set for the meeting. For meetings to consider the ratification of a budget or budget amendment, notice shall be accompanied by a mailing of the budget summary if so required by Section 1603 103(c) of the Condominium Act as it may be amended.

If the Association gives notice as required by this section, failure of any Unit Owner to receive actual notice of the meeting shall not invalidate the meeting.

An affidavit of the officer designated in this section, or of such other person who gave notice as required by this section, that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Whether a quorum is present or not, the President may adjourn any meeting to another place, date and time, not more than 30 days later, if announced at the meeting, and no further notice of the adjourned meeting need be given. Otherwise, a new notice must be sent to all members in the usual fashion.

The members, by a majority vote of those present, may change the time and place of the adjourned meeting.

When any meeting is adjourned, for whatever reason, for thirty (30) days or more, notice of the adjourned meeting must be given. At the adjourned meeting, the Association may transact any business that might have been transacted at the meeting at which the adjournment was taken.

§3.2A Computation of Time For Giving Notice

In computing, the period for the giving of any notice, the day on which the notice is given shall be excluded, and the day when the act for which notice is given to be done shall be included.

§3.3 Quorum at Member Meetings

The presence in person or by proxy of 50% of the total votes in the Association shall constitute a quorum at a meeting of members. A majority of the votes entitled to be cast shall be necessary for the adoption thereof.

The members present at a duly called or held meeting at which a quorum was once present may continue to do business at the meeting or any adjournment thereof, notwithstanding the withdrawal of enough members to leave less than a quorum.

§ 3.4 Order of Business.

The order of business at all meetings of the Members shall generally be as follows, if applicable:

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

§ 3.5 Parliamentary Procedure.

Robert's Rules of Order as then amended, shall apply at meetings of Owners, the Board of Directors and Committees, unless they conflict with applicable law, the Declaration or Bylaws or adopted rules, in which case the later documents shall prevail.

§3.6 Voting

The right of Unit Owners to vote may be limited, enlarged or denied to the extent specified in the Articles of Association or the Declaration. Voting power is determined for each Unit by Exhibit B of the Declaration and is exercised by the Owner or Owners of the Unit.

Votes of each unit may be cast by the individual owners of the units, or by authorized managers or members of an owner which is a limited liability company, by an authorized officer or director of a profit or nonprofit corporation holding title to a unit, by executors, administrators, personal representatives, guardians of unit owners, and by trustees of a trust owning a unit who are duly appointed, whether or not recorded in the country registry of deeds or elsewhere.

Those holding title solely as security for an obligation may not cast the vote of the Unit, except for eligible mortgage holders.

§3.6 3 Challenges to the Vote.

In the absence of fraud or misconduct, challenges to the vote, including the authority of any person to cast the vote of the Unit, must be made promptly after the results of the vote are announced by the presiding officer or the protest is waived. Where two or more individuals or entities claim to cast the vote of the Unit, the votes allocated to that Unit may be cast only by agreement of a majority in interest of the owners present. Otherwise, the protest shall be determined, after inquiry, by the presiding officer, subject to appeal and a decision on the matter by a majority vote of those present and voting.

§3.6 4 Attendance.

Participation for voting and quorum purposes at a meeting of Unit Owners is limited to Unit Owners physically attending in person, attending by a valid proxy or under a valid power of attorney or attending through a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. In the latter case, the Unit Owner wishing to participate by conference call shall be responsible for providing and setting up the equipment necessary for doing so.

§3.6 5 Units Owned by the Association.

The Association may not cast the vote of any Unit it owns. The voting interest of such a Unit shall not be deemed to be outstanding in determining the presence of a quorum or the percentage of approval needed to act.

§3.6 6 "Majority vote;" voting Percentages Required for Approval of other Matters.

A "majority" vote means the affirmative vote of more than fifty percent (50%) of the Units present and voting, a quorum being present. For those matters requiring a vote of

unit owners, and at which a quorum is present, a majority vote shall determine the question, except the election of Directors, unless a greater percentage vote is required by law, by the Declaration or by these Bylaws.

In the election of Directors, those receiving the greatest number of votes, though less than a majority, shall be elected.

The percentage in interest required to amend the Declaration or the Bylaws shall be measured against the total voting interest as outlined in the Declaration, regardless of whether or not such Unit owners are present.

§3.6 7. Proxies.

Votes may be cast by proxy. The proxy must meet the requirements of this section. The proxy holder must be present at the meeting. The proxy must be filed with the Secretary, the Secretary's designee, or other person designated by the Board of Directors.

Proxies may be submitted in person, by mail, or as an electronic or scanned copy of a duly signed written proxy transmitted by fax or by Electronic Transmission.

Text or fax messages purporting to be a proxy but not containing a signature are invalid.

A Unit owner may not revoke a proxy given under this section except by actual notice of revocation to the person presiding over a meeting of the Association.

A proxy is not valid if it is not dated or purports to be revocable without notice, as determined by the Secretary or other person designated by the Board of Directors of the Association. A proxy shall automatically terminate eleven (11) months after its date unless it specifies a shorter term.

The Association shall retain written proxies, ballots and other records about voting by Owners for one year after the election, action or vote to which they relate.

Article 4. The Board of Directors; Management of the Association.

§4.1 Management by the Board.

Except for those matters which by law, by the Declaration or by these Bylaws are specifically reserved to the members, the board of directors manages the activities of the Association and generally acts on its behalf. The Board has all powers and duties necessary or appropriate for the administration of the affairs of the Association. It shall have all powers referred to in the Declaration, the Bylaws or otherwise provided under the Maine Nonprofit Association Act, as they may be amended from time to time.

§4.2 Reserved

§4.3 Duties.

In addition to other duties imposed by these Bylaws or by duly adopted resolutions of the Unit Owners of the Association, the Board of Directors shall be responsible for the following:

- a. Election of the officers of the Association;

- b. Management and administration of the Association's property and the common property, including the roads, clubhouse, etc., maintenance, repair and replacement thereof;
- c. Subject to the Declaration, the determination and collection of assessments for Common Charges and Special Charges and the regulation of its fiscal affairs;
- d. Establishment of reserves for the maintenance, repair, and replacement of common property and contingencies.
- e. Appointment and dismissal of the personnel and agents for the maintenance and operation, including without limitation the common elements, and to fix the terms of their engagement and their compensation and authority; and
- f. Designation of executive and other committees and appointment of committee members to serve at the pleasure of the Board.
- g. The Board of Directors may employ on behalf of the Association a management agent or manager at a compensation established by the Board to perform such duties and services as the Board shall authorize.

§4.4 Number and Qualifications of Directors.

The Board shall consist of six (6) persons, one for each Unit or, in the case of a unit owner which is a corporation, partnership, trust or estate, a designated agent thereof. The board shall elect the officers. The board members and officers shall take office upon election.

§4.5 Compensation.

No director or officer of the Association shall receive compensation for their services unless authorized by a resolution of the board of directors, before or after the services are undertaken. Directors and officers shall be reimbursed for their out of pocket expenses reasonably incurred in connection with their services on the Board, as and if approved by a vote of the Board.

§4.5 Reserved.

§4.6 Reserved.

§4.7 Vacancies on the Board - General

Vacancies on the Board shall be filled by the Unit Owners of the Unit represented by the departing director, by notification to the Secretary in writing.

Article 4A Directors Meetings

§4A.1 Place and Notice of Directors Meetings.

Meetings of the board of directors, regular or special, may be held either within or without this State. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when 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 regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice.

Attendance by a Director at any meeting of the Board without objection shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required.

§4A.2 Quorum and Vote of Directors

A majority of the number of directors shall constitute a quorum for the transaction of business. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors unless the act of a greater number is required by the Nonprofit Association Act, the articles of Association or these bylaws.

Participation and voting by proxy or under a power of attorney are prohibited in meetings of the board of directors because the duties of directors are non-delegable.

§4A.3 Annual Meeting.

The annual meeting of the Board of Directors shall be held immediately following or within ten (10) days after the annual meeting of the Association; no further notice shall be necessary in order legally to constitute such meeting.

§4A.4 Regular Meetings.

Regular meetings of the Board of Directors (other than the annual meeting) may be held at such time and place as shall be determined, from time to time, by the Board.

Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by Delivery to his or her Unit or by telephone or by Electronic Transmission, including email, at least three (3) days before the day named for such meeting.

§4A.5 Special Meetings.

Special meetings of the Board of Directors may be called by the President or upon the written request of a majority of the Directors then in office, upon three (3) days notice or, in an emergency, with such notice as is reasonable under the circumstances, which notice shall state the time, place and purpose of the meeting.

§4A.6 Board of Directors' Quorum/Attendance by Telephone/Internet.

At all meetings of the Board of Directors, at the presence at the beginning of a meeting of at least a majority of directors then in office shall constitute a quorum for the transaction of business. The acts of the majority of the Directors present shall be the acts of the Board of Directors, except about those matters requiring the consent of members. If at any meeting of the Board of Directors, a quorum is not present, the majority of those present may adjourn

the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Directors may attend any meeting via a telephonic or another electronically transmitted form of speakerphone at which they may hear and be heard by other Directors, but directors wishing to attend in this manner shall be responsible for initiating the arrangement of such services reasonably in advance. The Association shall provide reasonable cooperation in arranging such services for Directors at its expense.

§4A 6 Unanimous Action by Directors Without A Meeting

Any action required by law to be taken at a meeting of the directors or of a committee of the directors may be taken without a meeting if all of the directors, or all of the members of the committee, as the case may be, sign written consents. The consents shall set forth the action taken or to be taken, at any time before or after the intended effective date of such action. Such consents shall be filed with the minutes of directors' meetings or committee meetings, as the case may be, and shall have the same effect as a unanimous vote.

§4A 7 Informal or Irregular Action By Directors

1. Action taken without a meeting. Action taken without a meeting by agreement of a majority of directors, or by agreement of such larger percentage as the articles of Association or the bylaws may require, shall be deemed action of the board of directors:

- A. If all members know of the action taken and no member makes a prompt objection to such action; or
- B. If the directors take informal action pursuant to a custom of that association generally known to its members and all directors, know of the action taken, and no director makes a prompt objection to it.

2. Meeting ratified by a director. If a meeting of the board of directors or any committee, otherwise valid, is held without call or notice where such is required, any action taken at such meeting shall be deemed ratified by a director or committee member who did not attend, unless, after learning of the action taken and of the impropriety of the meeting, he makes prompt objection thereto.

3. Objections in writing to Secretary of association. Objection by a member, director or committee member shall be effective only if written objection to the holding of the meeting or any specific action so taken is filed with the clerk or the secretary of the association.

§4A 8 Reserved.

§4A 9 Filing Annual Reports

The Association must file an Annual Report to the Maine Secretary of State before June 1st of each year, providing the name, physical address and mail address of all officers and directors and name a Resident Agent.

§4A.10 Committees

The board of directors may designate such committees as the board deems necessary, which committees may consist of either members of the board or other persons as designated in the bylaw or resolution authorizing that committee.

The designation of any such committee and the delegation to it of authority shall not relieve the board of directors, or any member thereof, of any responsibility imposed by law. [Committees shall be advisory only, except as specifically stated in these bylaws or the Covenants.

So far as applicable, the provision of these bylaws relating to the conduct of meetings of the board of directors shall govern meetings of committees.

Article 5. Officers

The officers of the Association shall consist of a president, a secretary or clerk, a treasurer and such other officers and assistant officers as may be deemed necessary, each of whom shall be elected or appointed as provided herein. The same person may hold any 2 or more offices.

Unless they have reason to believe otherwise, persons dealing with the Association are entitled to assume that its president has authority to make, on its behalf, all contracts which are within the ordinary course of those activities in which the association is already engaged.

§5.1 Election of Officers

The Board of Directors elects officers at the annual meeting of the Board. The officers hold office until the first meeting of the Board of Directors following the annual meeting of Unit Owners and until their successors are chosen and qualified; provided, however, that all officers and committee members shall hold office at the pleasure of the Board.

§5.2. Removal of Officers

Removal. Any officer may be removed by the persons authorized to elect or appoint such officer whenever in their judgment the best interests of the association will be served thereby. Any vacancy, however occurring, in any office may be filled by the directors, unless the articles of Association shall have specifically reserved such power to the members.

§5.3 Duties and Authority of Officers

Each officer is authorized to and shall perform the duties outlined in these Bylaws. Also, each officer, to the extent consistent with the Bylaws, has the authority and shall perform the duties prescribed in a resolution of the board of directors of the Association. The Board may authorize an officer, under a resolution of the board and to the extent consistent with the bylaws, to prescribe the duties and authority of other officers.

President.

The President shall be the chief executive officer of the Association and shall be a Director. He or she shall preside at all meetings of the Association and of the Board of Directors. In his or her absence, a chairman pro tempore may be chosen by the Unit Owners or directors, as the case may be, to preside at a meeting. The President shall have all

of the powers and duties which are incidental to the office of President of a Maine business association.

Treasurer.

The Treasurer shall be responsible for keeping financial records and accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible, subject to the direction of the Board of Directors, for the preparation and dissemination to the Unit Owners of all financial reports, budgets and notices required, and for the preparation and signing, if necessary, of all financial reports or tax returns required to be filed by the Association. The Treasurer shall have all of the powers and duties which are incidental to the office of treasurer of a Maine business association.

Secretary.

The Secretary shall have responsibility for the minutes of all meetings of the Board of Directors and of the Association (but may delegate the act of keeping minutes). The Secretary shall give all notices as provided by these Bylaws. The Secretary shall also have other powers and duties as may be incidental to the offices of Secretary, given him or her by these Bylaws or assigned to him or her from time to time by the Directors. If the Secretary or any assistant secretary or their designee shall not be present at any meeting, the presiding officer shall appoint a secretary pro tempore who shall keep the minutes of such meeting and record them in the books provided for that purpose. The Secretary shall be responsible for the filing of all reports and documents required to be filed by the Association with any governmental agency.

§5.4 Amendments to the Declaration.

The Secretary shall arrange for the preparation of amendments to the Declaration, and the President and Secretary shall execute the certificate for recording on behalf of the Association

Article 6 Fiscal Affairs and Administration

§6.1 Accounting and Records.

A. Books and accounts of the Association and income tax returns shall be kept under the direction of the Treasurer and by customary accounting principles and practices. Within ninety (90) days after the close of each fiscal year, the Association shall furnish its Members with a statement of the income and disbursements for such prior fiscal year and a balance sheet as of the close of that year for each Class.

B. In accordance with the Maine Condominium Act, the Association must retain the following records:

- (1) Records of receipts and expenditures affecting the operation and administration of the Association and other appropriate accounting records for the past six (6) years;
- (2) Minutes of all meetings of its Unit Owners and Board of Directors other than executive sessions, a record of all actions taken by the Unit Owners or Board of

Directors without a meeting and a record of all actions taken by a committee in place of the Board of Directors on behalf of the Association;

- (3) The names of current Unit Owners in a form that permits preparation of a list of the names of all Unit Owners and the U.S. Postal Service addresses at which the Association communicates with them. The names shall be in alphabetical order showing the number of votes each Unit Owner is entitled to cast, but email addresses may be furnished only if the Unit Owner has specifically consented to the disclosure of such records;
- (4) Copies of its original or restated organizational documents and bylaws and all amendments to them and all rules currently in effect;
- (5) All financial statements and tax returns of the Association for a minimum of the past three (3) years;
- (6) A list of the names and U.S. Postal Service addresses of persons serving on the current Board of Directors and its current officers;
- (7) The Association's most recent annual report Delivered to the Secretary of State;
- (8) Financial and other records sufficiently detailed to enable the Association to comply with section 1604-108 of the Maine Condominium Act;
- (9) Copies of current contracts to which the Association is a party;
- (10) Records of Board of Directors or committee actions to approve or deny any requests for design or architectural approval from Unit Owners; and
- (11) Ballots, proxies and other records related to voting by Unit Owners for one (1) year after the election, action or vote to which they relate.

C. Subject to the limitations set forth below and to the extent required by the Maine Condominium Act, all records retained by the Association must be available for examination and copying by a Unit Owner or the Unit Owner's duly authorized agent during reasonable business hours or at a mutually convenient time and location. The records shall be available upon 10 days' notice in writing, reasonably identifying the specific records of the Association requested.

Provided however that records retained by the Association may be withheld from inspection and copying to the extent that they concern:

- A. Personnel, salary and medical records relating to specific individuals;
- B. Contracts, leases and other commercial transactions to purchase or provide goods or services currently being negotiated;
- C. Existing or potential litigation or mediation, arbitration or administrative proceedings;
- D. Existing or potential matters involving federal, state or local administrative or other formal proceedings before a governmental tribunal for enforcement of the declaration, Bylaws or Rules and Regulations;
- E. Communications with the Association's attorney that are otherwise protected by the attorney-client privilege or the attorney work-product doctrine;

- F. Information the disclosure of which would violate any governmental law or regulation, other than the Maine Condominium Act;
- G. Records of an executive session of the Board of Directors; or
- H. Individual unit files other than those of the requesting Unit Owner.

The Association may charge a reasonable fee for locating and providing copies of records under this Section and for supervising the Unit Owner's inspection. The Association is not obligated to compile or synthesize information.

The right to copy records under this Section includes the right to receive copies by photocopying or other means, including copies through an electronic transmission if available upon request by the Unit Owner, but the Association may require the advance payment of the reasonable fee as set forth above.

Information and records provided under this Section may only be used in connection with the management of the Association and the duties, rights or responsibilities of Unit Owners, officers or Board members under this Act or the Association's governing documents. They may not be used for commercial purposes or any other purpose not reasonably related to authorized uses. The recipient may be required to confirm in advance that the records and information received will be used in compliance with these restrictions.

§6.2 Budget and Assessments.

A. The Directors shall cause a proposed annual budget for that Class's Common Charges and Special Charges to be prepared based on its estimate of annual income and expenses. Directors shall also cause a proposed combined budget to be prepared. The budgets shall be reviewed and adopted by the respective Classes of members, in accordance with the Declaration. Within thirty (30) days of the Board's adoption of the proposed budget, the Board shall send a summary of such budget to each Unit Owner.

As set forth in the Declaration and the Act, certain special assessments payable over a period extending beyond one fiscal year require the approval by a majority in interest vote of all the Unit Owners, and in the event of an emergency the Board of Directors may make special assessments in an amount not to exceed two months common charges without need for approval by the Unit Owners.

B. The budget shall include the amount required by each Class of the Association to meet its expenses for each fiscal year or such other fiscal period as it deems appropriate, including but not limited to the following items:

- i. Management and administration expenses;
- ii. The cost of operation, repairs, maintenance, replacement, and improvements of the Common Elements and such Limited Common Elements and such parts of the Units which the Association is responsible for the maintenance, repair, and replacement of;
- iii. The cost of such insurance, bonds, services and utilities as may be furnished by the Association, other than such items for which a Special Charge is assessed;

- iv. The establishment and maintenance of adequate working capital and reserves for each Class and for the combined Class, including general operating reserves, reserves for contingencies, for losses not covered due to insurance deductibles for which the Association is responsible, and reserves for periodic maintenance, repair and replacement of the Common Elements and Limited Common Elements the Association is obligated to maintain. These reserves shall all to be held in a segregated fund in a financial institution with an office in the State of Maine or obligations of the United States of America, or in other investment vehicles if approved by the Unit Owners; and
- v. Such other expenses of the Association as may be approved by the Board of Directors including operating deficiencies, if any, for prior periods.

C. Until an annual budget is adopted by the Board, the Unit Owners shall continue to pay that monthly amount of Common Charges and Special Charges which had been previously established; any delay or failure to estimate, to Deliver or to adopt such budget shall not waive or release such obligation. The Association may at its option send periodic statements to Unit Owners showing the amount of Common Charges, special assessments and Special Charges due, but each Unit Owner shall pay his or her Common Charges and Special Charges promptly when due regardless of whether such a statement is sent.

§6.3 Service Charges, Revised, Emergency and Special Assessments.

Service Charges, Revised, Emergency and Special Assessments are governed by Article 6 of the Declaration.

§6.4 Fiscal Year.

The fiscal year of the Association shall be such fiscal period as may from time to time be established by the Board of Directors.

§6.5 Capital Improvements/Pledge.

The approval of a majority in interest of the Unit Owners present in person or by proxy and voting at a duly called meeting of the Association shall be required to approve

- (i) any new capital improvements to the Common Elements which cost an amount in excess of Thirty-five percent (35%) of the aggregate Common Charge assessments against the members during the prior fiscal year, exclusive of Special Charges;
- (ii) (ii) the Board of Directors' exercise of its power to pledge, assign and grant a security interest covering all revenues including Common Charges and Special Charges to raise funds for repairs, renovations, improvements and associated costs and expenses concerning the Common Elements.

Maintenance, replacement, and repairs of existing improvements shall not be considered improvements.

§6.6 Sale or Other Transfer of a Unit; Resale Certificates.

Since unpaid amounts due to the Association are a lien on the Unit, any subsequent owner of the Unit will be liable for payment of such amounts accrued before the transfer, without prejudice to that subsequent owner's right to recover those amounts from the prior owner. Persons proposing to obtain title to a Unit may protect themselves against outstanding assessments by obtaining a Resale Certificate from the Association issued under Section 1604-108 of the Maine Condominium Act. A subsequent owner is not liable for any unpaid assessment, Special Charge or fee greater than the amount outlined in the Resale Certificate, nor shall the Unit conveyed be subject to a lien for any assessments, and Special Charges arising before the statement date more than the amount therein set forth.

Article 7 – Collection; Enforcement

§7.1. Payment of Assessments, Special Charges, Etc.

Each Unit owner shall pay on a due date established by the Board, without setoff, all Common Expenses and Special Charges, Special Assessments, Interest on unpaid Assessments, Fines, Late Charges, costs of collection, including attorney's fees and revised Common Expenses due on account for that Unit, without setoff or deduction. The Common Expenses that are not otherwise assessed as Special Charges shall be assessed in proportion to the relative Common Expense Liabilities. For budgeting and working capital purposes, the Board of Directors or directors of a Class may charge Unit Owners monthly in advance for such Special Charges based on its reasonable estimate thereof, subject, however, to such periodic reconciliation as the Board in its discretion may deem appropriate based on the measuring system adopted by the Board.

If unpaid for fifteen (15) days after the due date, such sums shall bear interest at eighteen percent (18%) per annum from the due date until paid. In the sole discretion of the Board of Directors, an additional charge of \$25.00 per assessment not paid when due may be charged.

Each member may pay his share of the Common Expenses and Special Charges in periodic installments on or before the first day of the period. If any such installment is not paid when due, then if not paid upon twenty (20) days written notice of default, the entire remaining balance thereof shall immediately become due and payable in full.

Multiple owners of a Unit shall each be jointly and severally liable for all sums due under this Section, meaning that the Association may collect the entire amounts due from any owner.

No Unit owner may exempt themselves from liability for Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or by the abandonment of the Unit or otherwise.

Payments made by Unit owners to the Association shall first be applied to late charges, interest, attorneys, fees, and the amounts due, in that order.

§7.2 Lien for Nonpayment.

Outstanding Common Expenses and Special Charges, fines, interest, late fees and costs of collection, including reasonable attorneys' fees, (whether or not collection efforts result in a judgment) shall be an automatic lien on the Unit without the necessity of recording any notice of lien in the Registry of Deeds. The Association may, however, record a notice from time to time stating the amount and nature of the lien, signed by an Officer or Director of the Association or by an agent authorized by the Board of Directors.

The lien is extinguished unless proceedings to enforce the lien are instituted within five years after the full amount of the assessments becomes due.

§7.3 Specific Remedies for Nonpayment of Assessments or Violations of Rules.

a. Denial of Use of Amenities. The Board may deny use of amenities and access to that portion of the Common Elements (not necessary for access to the Unit) by the owner or occupant of a Unit during the time that payment for Common Expenses and Special Charges and fines are past due or when the Unit owner or occupant has been found to have violated the Declaration, Bylaws or Rules.

b. Fines. The Association may fine a Unit owner who violates the Declaration, Bylaws or Rules. The Board may establish a schedule of fines by Rule.

c. Court Action; Foreclosure. The Association may pursue its remedies through a lawsuit to recover amounts due to the association. The Association may also foreclose the lien established by this Article and given to the Association under the Maine Condominium Act.

d. Summary Action. The Association, through its employees and agents, may summarily remove vehicles parked in non-designated areas, including parking of vehicles in the Limited Common Area parking space assigned for Residential or Commercial Units, and remedy conditions posing a threat to health and safety.

e. Inspection. The Board and its managers and employees have the right of reasonable inspection of Units to ensure compliance with the Declaration, Bylaws, and Rules.

The exercise of any one remedy shall not preclude the exercise of other remedies provided by law, the Condominium Act, the Declaration or in the Bylaws.

§7.4 Due Process in Enforcement, Opportunity to be Heard; Collection of Assessments and Fines.

Before exercising any remedy (except summary action or inspection) or imposing any fine, the Board of Directors, shall allow a Unit owner an Opportunity to be Heard in accordance with this section.

a. The Board shall send notice to the alleged violator, by certified mail, return receipt requested containing a description, in reasonable detail, of the alleged violation, and the place, date and time of a Board meeting at which the matter will be considered.

b. The Board shall meet in Executive Session unless the alleged violator requests an open meeting. The meeting shall be conducted by the Board or a committee appointed by the Board. The alleged violator and his representatives may attend and explain their position. The Board may invite other interested parties to attend the meeting. The alleged violator or their representative may speak and present information, but formal rules of evidence do not apply.

c. After hearing from the alleged violator, the Board shall dismiss the alleged violator, consider the circumstances in private, and then come out of executive session to vote. The Board shall notify the alleged violator, in writing, of its conclusions and the reasoning for them, and actions taken.

If the alleged violator does not attend the meeting at which the alleged violation is discussed, the Board may still act because it has given the alleged violator the opportunity to be heard.

§7.5 Discretion in Enforcement.

The Board may determine whether to exercise the Association's power to impose fines and sanctions and pursue legal action for violations of the Declaration, Bylaws, and Rules, including whether to compromise any claim for unpaid assessments or other claim made by or against it. The Board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:

a. the Association's legal position does not justify taking any or further enforcement action;

b. the covenant, restriction, or rule being enforced is or is likely to be construed as inconsistent with current law;

c. although a violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

d. it is not in the Association's best interests to pursue an enforcement action.

The Board's decision not to pursue enforcement under one set of circumstances does not prevent the Board from taking enforcement action under another set of circumstances, except the Board may not be arbitrary or capricious in taking enforcement action.

§7.6 Liability for Assessments, Etc.

The grantee of the Unit shall be jointly and severally liable with the grantor for all unpaid Common Charges and Service Charges, penalties, fees, interest and costs of collection outstanding at the time of the grantor's transfer, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. Any proposed grantee may obtain a written statement from the Board of Directors setting forth the amount of

unpaid, Common Charges and Special Charges against the Unit. The Board may charge a reasonable fee for providing this information. The grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for any Common Charges and Special Charges arising before the statement date, more than the amount therein set forth.

Article 8. Indemnification Of Officers, Directors, Employees, And Agents; Insurance

§8.1 Exculpation.

No Board Member or officer of the Association shall be personally liable for acts or defaults of himself or herself or any other officer or member, or for any loss sustained by the Association or any member thereof unless the same has resulted from his or her willful misconduct or recklessness.

§8.2 Indemnification.

The Association shall indemnify any person who was or is threatened to be made a party against any actual, threatened, or completed action, suit or proceeding, because of the fact he or she is or was an officer, Board Member, agent or employee of the Association against all expenses. These expenses include reasonable counsel fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her. However, indemnification does not apply where the person is finally adjudged by a court of competent jurisdiction to have acted with willful misconduct or recklessness towards the Association. If a court makes no such finding, the Board (excluding any interested Directors) may make the determination. The right to indemnification shall be in addition to any other power of the Association to indemnify as permitted by law. The Association may also obtain appropriate insurance covering these risks, whether or not the Association would otherwise have the power or duty to indemnify him or her.

§8.3 Claims.

Claims against the Association, the Board of Directors or the officers, employees or agents thereof in their respective capacities as such or the Condominium as a whole shall be directed to the Board of Directors of the Association. When filed, the Board shall promptly give written notice thereof to the Unit Owners and the Eligible Mortgage Holders and the Mortgagees of Units. The complaints shall be defended by the Association. The Unit Owners shall have no right to participate in such defense other than through the Association.

Article 9 Rules

§9.1 Rules and Regulations.

a. Authority to Adopt Rules. The Board of Directors has the authority to adopt and amend Rules concerning behavior in and use of the Common Elements and limited authority to adopt and amend Rules concerning behavior and uses within Units, as set out elsewhere in the Declaration and these Bylaws, which complement, amplify or clarify such behavior or use restrictions. Rules must not be inconsistent with the Maine Condominium Act, the Declaration of Condominium, the Bylaws, the Maine Nonprofit Corporation Act or other state or federal law.

No rule shall be effective against owners in a Class unless approved by a majority of the Directors of that Class.

b. Adoption of Guidelines. The Board may adopt guidelines, carrying no penalties for violation, instead of Rules, in appropriate cases.

c. Procedure for Adopting Rules. Before adopting, amending, or repealing any rule, the Board of Directors must give unit owners Notice of:

1. its intention to adopt, amend, or repeal a rule and provide the text of the rule or the proposed change; and

2. a date on which the Board will act on the proposed rule or amendment after considering comments on those changes from Unit owners.

3. Following adoption, amendment, or repeal of a rule, the Association shall notify the Unit owners of its action and provide a copy of any new or revised rule.

d. Schedule of Fines. The Board may adopt Rules specifying a schedule of fines for particular violations of the Rules, the Declaration or the Bylaws.

e. Limitations on Rules.

1. A rule regulating the display of the flag of the United States must be consistent with federal law.

2. The Association may adopt rules that affect the use of or behavior in Units that may be used for residential purposes, only to:

a) implement a provision of the Declaration;

b) regulate any behavior in or occupancy of a Unit which violates the Declaration or adversely affects the use and enjoyment of other Units or the Common Elements by other Unit owners; or

c) restrict the leasing of residential units to the extent set out in the Declaration.

3. Otherwise, the association may not regulate any use of or behavior in Units.

4. The Association's internal business operating procedures need not be adopted as rules.

5. Every Rule must be reasonable.

Article 10 Standards of Conduct

§10.1 Standard of Care.

Officers and Directors shall discharge their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and in a manner the Director reasonably believes to be in the best interests of the Association.

In discharging their duties, an officer or director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

- A. One or more officers or employees of the association whom the officer or director reasonably believes to be reliable and competent in the matters presented; or
- B. Legal counsel or a public accountant or another person as to matters the officer or director reasonably believes are within the person's professional or expert competence.

An officer or directors is not acting in good faith if the officer or director relies on information, opinions, reports or statements that the officer or director knows or has reason to believe are unwarranted.

An officer or director of the Association is not liable to the Association, any member or another person for any action taken or not taken as an officer or director if the officer or director acted in compliance with this section and, if a conflict-of-interest transaction is involved, the transaction was fair to the association.

§10.2 Director or Officer Conflict of Interest

1. Conflict-of-interest transaction. A conflict-of-interest transaction is a transaction in which a director or officer of an association has a direct or indirect financial interest. For this section, a director or officer has an indirect interest in a transaction if:

- A. Another entity in which the director or officer has a material interest or in which the director or officer is a general partner is a party to the transaction; or
- B. Another entity of which the director or officer is a director, officer or trustee is a party to the transaction.

2. Transaction not voidable or grounds for liability. A conflict-of-interest transaction is not voidable or grounds for imposing liability on a director or officer of an association if the transaction was fair at the time it was entered into or is approved as provided below:

A. A conflict-of-interest transaction is approved if it receives the affirmative vote of a majority of the directors on the board of directors of the Association who have no direct or indirect interest in the transaction, but a transaction may not be approved under this subsection by a single director. If a majority of the directors on the board who have no direct or indirect interest in the transaction vote to approve the transaction, a quorum is present to take action under this section.

§10.3 Compensation; Loans to Directors And Officers

No loans shall be made by the Association to its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the association for the amount of such loan until the repayment thereof.

The Association may pay compensation in a reasonable amount to its members, directors, or officers for services rendered

Article 11 Amendment of Bylaws And Articles Of Association

§11.1 Articles of Association.

The Articles of Association may be amended and Restated and shall have the same effect as provided for in the Maine Nonprofit Association Act, Section 801 et seq.

§11.2 Amendment of Bylaws

These Bylaws may be amended by vote of Sixty-Seven percent (67%) or more in voting interest of the Association. However, the Bylaws shall always contain those particulars which are required by the Maine Nonprofit Association Act as amended from time to time. No modification of or amendment to the Bylaws shall be valid until a certificate of the amendment is signed and certified a duly authorized officer by the Secretary and President of the Association. Such certificate shall be recorded in the Registry of Deeds.

Article 12 General

§12.1 Recording in The Registry of Deeds

These Bylaws and any amendments to it must be recorded in the Cumberland County Registry of Deeds and are effective only when recorded.

§12.2 Execution and Verification of Documents (to be double checked)

Documents requiring signature by the Association may be signed by:

- (1) By the clerk or secretary;
- (2) By the chair of the board of directors, by its president or by another of its officers

2. Signature is verification. The signature of any person on a document required or permitted to be filed under any provisions of this Act constitutes that person's representation that:

- A. He has read and understood the meaning and purport of the statements contained in the document;
- B. Such statements are true, either by personal knowledge or according to his information and belief; and
- C. If he signed in a representative capacity or as a corporate officer, that he had the authority so to sign.

§12.3 Validity; Effect of Invalidity

The validity of any provision of these Bylaws shall be determined concerning the law which was in effect at the time when the same was adopted or concerning current provisions of the Nonprofit Association Act, whichever supports the validity of such provision. A provision of these Bylaws which was valid under the law in existence at the time the same was adopted shall remain in effect, notwithstanding a contrary provision of the Nonprofit Association Act, until repealed or amended by voluntary act of the Association; but any amendment thereof shall be adopted by the procedures set out in the Nonprofit Association Act then in effect and the provision, as amended, shall conform to the requirement of the Act then in effect.

If any provision of these Bylaws or any application of any provision to any person or circumstances is held unconstitutional or otherwise invalid, such invalidity shall not nullify or otherwise impair the remainder of these Bylaws or any other provision or application thereof, but the effect shall be confined to the specific provision or application thereof held invalid, and for this purpose the provisions of these Bylaws are declared to be severable.

§12.4. Inconsistencies with Articles of Association

Unless the articles of Association provide that a change in the number of directors shall be made only by amendment to the articles of Association, a change in the number of directors made by amendment to the bylaws shall be controlling. In all other cases, whenever a provision of the articles of Association is inconsistent with a bylaw, the provision of the articles of Association shall be controlling.