

BYLAWS

HIGHPINES VILLAGE CONDOMINIUM ASSOCIATION

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ARTICLE 1-INTRODUCTORY PROVISIONS.

Section 1.1. Creation.

Highpine Village Condominium Association (the "Association") is organized as a Mutual Benefit Corporation under the Maine Nonprofit Corporation Act, Title 13-B of the Maine Revised Statutes, in connection with the submission of property known as Highpines Village Condominium (the "Condominium") in the Town of Wells, York County, Maine to the Maine Condominium Act.

Capitalized terms not otherwise defined in these Bylaws shall have meanings specified in the Condominium Act or the Declaration.

The term "Property" as used herein shall include the lands, buildings, and all other improvements on them (including the Units, the Common Elements, and all easements, rights, and appurtenances belonging to it) and all other property, real, personal or mixed, intended for use in connection with it, to or governed by the Declaration.

Section 1.2. Purposes.

The Association has two purposes:

1. Establishing an association of Unit Owners for the administration, operation, and maintenance of the Condominium according to the Maine Condominium Act;
2. Maintaining and enforcing the Agreement for Workforce Housing Covenants applying to the Property. The Workforce Housing Covenants are generally administered by the Workforce Housing Consultant, who is referred to as the "Qualified Holder" in these Bylaws.

Section 1.3. Application.

All present and future Unit Owners (after this called "members" or "Unit Owners"), mortgagees, lessees, licensees and occupants of the Units, their employees, guests, invitees, agents and customers, and any other people who may enter upon the Property are subject to these Bylaws and the Rules.

Section 1.4. Powers.

The Association shall have the powers outlined in the Maine Condominium Act and the Maine Nonprofit Corporation Act. By reference, the specific powers in Section 7.2 of the Declaration are incorporated into these Bylaws. The Association acts through its Board of Directors, except as limited in Section 7.3 of the Declaration and these Bylaws.

Section 1.5. Office.

The Association's principal office shall be the location designated by the Directors.

Section 1.6. Interpretation; Inconsistency; Validity.

The Declaration shall govern if it conflicts with the Bylaws or Rules.

The Articles of Incorporation shall govern if it conflicts with these Bylaws.

The validity of any provision of these Bylaws shall be determined by referring to the law in effect when the same was adopted or referring to the Nonprofit Corporation Act's current requirements,

whichever supports its validity. Bylaw provisions valid under the law in existence when they were adopted shall remain in effect, notwithstanding a contrary provision of the Nonprofit Corporation Act, until repealed or amended by the voluntary act of the Association. However, any amendment of it shall be adopted by the procedures set out in the Nonprofit Corporation Act then in effect. The provision, as amended, shall conform to the Act's requirement then in effect.

The rest of these Bylaws shall not be affected if any provision of these Bylaws is found invalid. For this purpose, these Bylaws are declared to be severable.

ARTICLE 2 – MEETINGS OF UNIT OWNERS

Section 2.1. Membership

The members shall consist exclusively of all Unit Owners in the Condominium or, following termination of the Condominium, of all former Unit Owners or their successors entitled to the distribution proceeds. Membership is transferable only as provided in the Declaration or these Bylaws. A Unit Owner's membership ends when the Unit is sold or ownership is transferred. New Owners automatically become Association members. Membership is otherwise non-transferable. A mortgage or creation of a security interest on a Unit does not transfer membership until a foreclosure occurs.

Section 2.2. Annual Meeting.

Each year, the Board of Directors will set a date for the annual meeting of members. The date cannot be more than 13 months after the previous meeting. The annual meeting and any special meetings shall be held at a place designated by the Board in the notice of meeting.

Section 2.3. Special Meetings.

Special meetings of the members may be held upon the President's call, the Board of Directors, or the greater of five Owners or twenty percent (20%) or more of the total votes in the Condominium. Upon receipt of such call, the Secretary shall promptly send out notices of the meeting to all Association members.

Only matters described in the meeting notice may be considered at a special meeting.

Section 2.4. Notice of Meetings.

Written notices of meetings shall be sent at the direction of the President or Secretary at least ten days but at most sixty days before the meeting. However, notice for budget ratification meetings shall be as provided for in Section 1603-103 (c) of the Maine Condominium Act

The notice shall state:

- whether it is an annual meeting or special meeting,
- the authority for the call of the meeting,
- the place and time of the meeting,
- 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.

As required by the Declaration, the Association shall send the notice to every Unit Owner at the address in the Association's records and every Eligible Mortgage Holder:

- By hand delivering it to the Unit Owner or leaving it at the Unit, or
- By mailing it, postage prepaid, addressed to the Unit Owner at the address of the Unit or any other address designated in writing by that Unit Owner with the records of the Association; or
- by email or electronic communication if authorized by the Member.

Providing notice following this Section shall not invalidate the meeting if a Unit Owner does not receive the notice.

There shall be no inclusion of the day of notice in the calculation, but the day on which the act for which the notice is given must be performed shall be counted.

Section 2.5. Waiver of Notice.

The presence of all members, in person, by proxy, or by other legal means, at any meeting shall conclusively establish the meeting's validity unless any member objects at the meeting to noncompliance with this Article. Any meeting held without objection shall be valid for all purposes. The Association may transact any general business at any annual meeting, and members may take any otherwise action the membership has authority to take.

Section 2.5-A. Remote Attendance and Remote Participation.

In its sole discretion, the Board of Directors may adopt guidelines and procedures authorizing Unit Owners who are not physically present at a meeting of members to attend by remote communication. Unit Owners who participate by remote communication may:

- A. Participate in the meeting; and
- B. Be considered present for quorum purposes

Unit Owners who attend by remote communication may vote in matters considered at the meeting only if:

- (1) The Association has put reasonable measures into practice to verify that each person participating remotely is a member or proxy holder of a member;
- (2) The Association has put reasonable measures into practice to provide members or their proxy holders with a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to communicate with other members and to read or hear the proceedings of the meeting substantially simultaneously; and
- (3) If any member or proxy holder votes or takes other action at the meeting using remote communication, a record of such vote or other action is maintained by the Association.

Section 2.5-B. Voting by electronic transmission.

The Board of Directors or members may determine that members' votes may be conducted by electronic transmission under procedures established by the Association. A vote conducted by electronic communication has the same effect as an in-person vote or a vote by proxy. If the Board allows electronic voting, it shall adopt procedures that protect the integrity of the vote.

Section 2.6. Order of Business.

The order of business at all meetings of the members shall generally be as follows, if

applicable:

- Roll call.
- Proof of notice of meeting or waiver of notice.
- Reading of minutes of preceding meeting.
- Reports of Officers.
- Report of Board of Directors.
- Report of committees.
- Election of the Board of Directors.
- Unfinished business.
- New business.
- Adjournment

Section 2.7. Quorum.

Quorum is defined as Unit Owners whose aggregate voting interest is three votes or thirty (30) percent of the total votes, whichever is greater, present in person or by proxy at the beginning of any meeting of the Association.

Section 2.8. Adjournment for Lack of Quorum or Other Reasons.

Even if a quorum is not present, members may adjourn a meeting for up to 30 days without further notice if the date, place, and time for the reconvened meeting are announced at the initial meeting. Owners and others entitled to notice of the original meeting must be notified again of any adjournment for more than 30 days. Any business that might have been taken by a quorum at the initial meeting may be transacted at any adjourned meeting where a quorum is present.

Section 2.9. Voting – Meetings of Unit Owners.

Each Unit has the number of votes in the Association as specified in Exhibit B of the Declaration, as it may be amended. The Owner or Owners of each Unit may exercise that voting power under these Bylaws.

Votes cast by a Unit co-owner shall be considered the Unit's vote unless another co-Owner submits a prompt objection. If co-Owners of a Unit disagree, the Unit's vote is determined by a majority of the ownership interests present and voting.

Votes for Units owned by a corporation, limited liability company, trustee, estate, or other entity, cast by a person representing themselves as authorized to act for the entity, shall be counted as cast by the Unit Owner unless a prompt objection is made to their authority.

The affirmative vote of a majority of the voting interests of those present at a quorum meeting shall determine all questions except:

- a. In the election of Directors, the candidates receiving the most votes, even if fewer than a majority, is elected,
- b. For those questions where a greater vote is required by the Declaration, Bylaws, Rules or the Maine Condominium Act, or Maine Nonprofit Corporation Act. In voting on amendments to the Declaration or these Bylaws, the percentage in interest shall be measured against the total voting interest regardless of whether such Unit Owners are present.

c. No votes by the membership concerning matters within the exclusive authority of the Board shall be binding on the Board.

The Declarant may exercise the voting rights of any Unit to which it keeps the title.

No vote connected with a Unit owned by the Association may be cast. Such a Unit's voting interest shall not be considered outstanding in determining a quorum or the percentage of approval needed to act.

There shall be no cumulative voting or splitting of votes.

Section 2.10. Proxies; Balloting by Proxy.

Proxies must be in writing, dated not more than 11 months before the meeting, and must include the Owner's original, facsimile, or electronic signature. A proxy cannot purport to be revocable without notice. An email or electronic message is invalid without electronic verification or a copy of the person's signature giving the proxy.

Section 2.11. Unanimous Action Without Meeting.

If written consents, signed by all members entitled to vote on such action, are filed with the Secretary of the Association, stating the action taken (to the extent not otherwise prohibited by law), any action required or permitted at a meeting of members may be taken without a meeting. Such written consent shall have the same effect as a unanimous vote of the members.

Section 2.12. Rules of Order.

The Unit Owners may adopt and amend Rules of Order not conflicting with these Bylaws or the Declaration to govern its meetings. However, until the Unit Owners adopt their own Rules of Order, the most current edition of Robert's Rules of Order shall govern the Owners' meetings.

ARTICLE 3-BOARD OF DIRECTORS-GENERAL

Section 3.1. Choice by Declarant; Election by Owners.

a. Initial Directors Appointed by Declarant. The Association's affairs shall be governed by a Board of Directors first composed of three (3) Directors appointed by the Declarant, as set out in the Declaration.

b. Initial Election of Directors by Unit Owners after Declarant Control Period Expires. By the end of the Declarant Control Period as defined in the Declaration, the Declarant shall call a meeting of Unit Owners to select five (5) Directors, who shall serve until the next annual meeting of Unit Owners, at which time their terms shall end.

c. Election to Staggered Terms at Next Annual Meeting. At the next annual meeting of Unit Owners following the initial selection of Directors, the terms of all five Directors shall end, and five new members of the Board of Directors shall be elected by Unit Owners. Two of these Directors shall be elected for a term of one (1) year, two shall be elected for a term of two (2) years, and one shall be elected for a term of three (3) years. After the end of the terms, the Directors' terms shall then be three (3) years.

d. Who Can be a Director? A Director may be an occupant of a Unit, or the Owner or the

spouse of a Unit Owner, or if a Unit Owner is a corporation, limited liability company, partnership, trust, or estate, then an officer, director, member, manager, partner, trustee, beneficiary or appointed agent of it. Other people may be Directors, but a majority of Directors are required to be Owners, spouses of Owners, or such agents, under Section 1603-103 (e) of the Maine Condominium Act.

e. How Long to Hold office. The Board of Directors shall hold office from the end of the meeting at which they are elected until the earlier to occur of the election and qualification of their respective successors or their death, adjudication of incompetency, removal, or resignation. Directors may serve an unlimited number of terms and may succeed themselves. No oath of office is required.

f. Nomination of Directors. Directors can be nominated in these ways:

1. Nomination by Nominating Committee. Nomination for election to the Board of Directors, beginning with the first meeting at which Owners are entitled to elect members of the Board, may be made by a Nominating Committee appointed by the Board of Directors. The Nominating Committee shall consist of not more than one Member of the current Board of Directors (who shall not be the President of the Association,) and two other people. The Nominating Committee may recruit and evaluate suitable candidates and make recommendations for membership on the Board.

2. Nomination from the floor at the meeting. Candidates for membership on the Board of Directors may also be made by motion at a Unit Owners' meeting.

g. Conduct of Election. Election to the Board of Directors shall be by written ballot or by electronic voting if authorized by the Directors (including the mail-in ballots) unless the number of nominated candidates for the position does not exceed the number of places to be filled. In such a case, the Directors may be elected as a slate by voice vote or show of hands.

The Board of Directors shall take reasonable steps to verify and assure the fairness of the vote.

Section 3.1-A. Duty to Cooperate with Qualified Holder.

The Board has an affirmative duty to help the Qualified Holder enforce the Agreement for Workforce Housing Covenants.

Section 3.2. Powers and Duties of Directors.

The Board of Directors shall generally act on behalf of the Association. It shall have all powers and duties necessary or appropriate for administering the Association's affairs. Board members also have all the powers outlined in the Declaration, the Bylaws, or otherwise provided for by the Maine Condominium Act or the Maine Nonprofit Corporation Act, as amended, except for those matters explicitly reserved by law, the Declaration, or these Bylaws to the Unit Owners.

However, the Board of Directors shall have no authority over matters within the jurisdiction of the Qualified Holder or other matters subject to the Agreement for Workforce Housing Covenants.

Besides 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:

- A. Election of the officers of the Association;
- B. Management and administration of the Condominium, the Association's property, and the Common Elements, including the maintenance, repair, and replacement of it;
- C. Subject to the Declaration, the determination and collection of assessments for Common Charges and Special Charges and regulating its fiscal affairs;

D. Establishment of reserves for the maintenance, repair, and replacement of Common Elements and contingencies.

E. Appointment and dismissal of the staff and agents for the maintenance and operation of the Condominium, 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 Board's pleasure.

Section 3.2-A. Powers and Duties of Directors-Workforce Housing Covenants.

The Board of Directors, together with others who may be granted similar authority, shall enforce the Agreement for Workforce Housing Covenants. The Board has the affirmative duty to notify Qualified Holders of any violation of the Covenants that come to its attention.

After providing an Opportunity to be Heard to the Unit Owner, the Directors may levy fines for violating the Agreement for Workforce Housing Covenants. In addition, they may pursue other remedies required by the Workforce Housing Covenants and grant waivers and extensions allowed under them. Penalties may include forfeiture of profits made by Owners resulting from the breach of the Covenants. Any fines assessed shall be enforceable as a lien on the Unit like nonpayment of assessments under the Maine Condominium Act.

Section 3.3. General Standards for Directors;

A Director shall discharge the Director's duties:

- a. In good faith;
- b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- c. In a way the Director reasonably believes to be in the best interests of the Association and not for their own personal interest.

In discharging the Director's duties, a Director may rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by one or more officers or employees of the Association or its management company whom the Director reasonably believes to be reliable and competent in the matters presented. A Director may rely on legal counsel or a public accountant or a manager or other person as to issues the Director reasonably believes are within the person's professional or expert competence. A Director may also rely on a committee of the Board of Directors of which the Director is not a member, as to the matters within its jurisdiction, if the Director reasonably believes the committee merits confidence.

Each Director has an affirmative duty to promptly tell the Qualified Holder about any known violation of the Agreement for Workforce Housing Covenants.

Section 3.3A. Conflicts of Interest.

A conflict of interest transaction is a transaction in which a corporation's Director or officer 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.

A conflict of interest transaction is not voidable or grounds for imposing liability on a director or officer of a corporation if the transaction was fair when it was entered into, or it receives the affirmative vote of a majority of the Directors on the Board of directors of the Association or on a committee of the Board who have no direct or indirect interest in the transaction. However, 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 act under this Section.

Section 3.4. Committees.

The Board of Directors may create committees to help it in its work and name Unit Owners and others to each committee. Unless the Board or the Declaration specifically delegates power to a committee, the committee shall only act in an advisory role.

Section 3.4-A. Delegation of Powers; Managing Agent.

The Board of Directors may use a managing agent for the Condominium at a compensation established by the Board of Directors. The managing agent shall perform such duties and services as the Board of Directors shall allow, including, but not limited to, the responsibilities in the Act, the Declaration, and these Bylaws. Where a managing agent does not have the power to act under the Act, the Declaration, or these Bylaws, the managing agent may act as an advisor to the Board of Directors. The Board of Directors may delegate to the managing agent the powers granted to the Board of Directors by the Act, the Declaration, and these Bylaws other than these powers:

- a. to adopt an annual budget and any amendment to it or to assess Common Charges ;
- b. to adopt, repeal or amend Rules;
- c. to designate signatories on Association bank accounts;
- d. to borrow money on behalf of the Association;
- e. to acquire mortgages on Units;
- f. to assign Common Elements as Limited Common Elements; and
- g. to nominate candidates for Director

Section 3.5. Appointment and Vacancies.

Until the end of the Declarant Control Period, the Declarant shall appoint replacement Directors in the event of vacancies in the Board of Directors.

After that, a vacancy caused by the end of a Director's term or the end of the Declarant Control Period shall be filled by vote of the Unit Owners.

Otherwise, vacancies in the Board of Directors before the end of a Director's term shall be filled by vote of the other Directors, even though a quorum is lacking. A Director elected to fill a vacancy shall be elected for the predecessor's unexpired term in office.

Section 3.6. Removal of Directors.

At a special meeting called expressly for that purpose, all Directors or any individual Director may be removed, with or without cause, by a vote of Unit Owners. Such removal may be done by the affirmative vote of a majority in Unit Owners' voting interest. If any Directors are removed at such meeting of the Unit Owners, new Directors may be elected at the same meeting without express notice being given of such election.

This Section shall not apply to Directors appointed by the Declarant or a Successor Declarant.

Section 3.7. Compensation; Loans

No compensation shall be paid to Directors for their services as Directors or in any other capacity unless a resolution authorizing such payment shall have been adopted by the members before or after the services are undertaken. The Association shall make no loans to its Directors or officers. Any director or officer who assents to or participates in making any such loan shall be liable to the corporation for such loan until the repayment of it.

Section 3.8. Communication by Owners with Directors and Association Employees and Vendors.

The Board may place reasonable limits on communication from Owners to Directors by Rule, where the Board finds that one or more Owners send frequent rude, excessive, obnoxious, insulting, or repetitive communications to one or more Directors by electronic means. The Board may require that communications to Board members from such individuals be sent by U.S. Mail to a central mailbox, not by electronic means. Such messages sent by electronic means in violation may be automatically deleted without being read and without liability accruing to the Director or the Association.

ARTICLE 3-A. DIRECTORS MEETINGS

Section 3-A.1. Meetings.

After the period of Declarant Control ends, meetings of the Board of Directors shall be conducted in the following manner.

- a. The annual meeting of the Board of Directors shall be held right after the annual meeting of the Association, no further notice shall be necessary in order legally to constitute such meeting.
- b. Regular meetings of the Board of Directors (other than the annual meeting) may be held at such time and place as determined by the Directors.
- c. Special meetings of the Board of Directors may be called by the President or by the Secretary upon written request of a Director, upon three days' notice, except in an emergency, when reasonable notice under the circumstances shall be given.

Section 3-A.2. Notice.

Unless the meeting has been included in a schedule given to the Unit Owners or the meeting has been called in response to an emergency, the Secretary or other person designated by the Board will provide reasonable electronic notice to each Unit Owner who has consented to electronic communication. Notice by other means need not be given to Unit Owners who are not on any electronic notice distribution list. The

notice must be given at least ten days before the meeting and must state the meeting's time, place, and agenda. Any materials distributed to the Board before a meeting must be made reasonably available to Unit Owners at the same time, except that the Board need not provide copies of minutes not approved or materials to be considered in executive session.

Directors may waive notice of Board meetings in writing before or after meetings, and such waiver shall be considered equivalent to giving notice. Directors who go to meetings waive their right to notice of their time and place by attending. No notice shall be required if all the Directors are present at any Board meeting, and any business may be transacted at such meeting.

Section 3-A.3. Quorum.

The presence at the beginning of a meeting of a majority of Directors shall be a quorum for business transactions. The acts of the majority present shall be the acts of the Board. If a quorum is not present at any meeting, the majority of those present may adjourn the meeting. Any business that might have been transacted at the meeting as originally called may be transacted at an adjourned meeting without further notice if a quorum is present at the beginning of the adjourned meeting.

No proxy voting is allowed in meetings of the Board of Directors because Directors' duties are nondelegable.

Section 3-A.4. Rules of Order.

The Board of Directors may adopt and amend Rules of Order not conflicting with these Bylaws or the Declaration to govern its meetings. However, until the Directors adopt their own Rules of Order, the "small board rules" found in the most current edition of Robert's Rules of Order shall govern the Directors' meetings.

Section 3-A.5. Conduct of Meeting; Consents.

The President (or in their absence, a chair pro-tem) shall preside over meetings of the Board of Directors. The Secretary (or designee) shall keep a Minute Book of the Board of Directors meetings, recording all resolutions and other actions taken by the Board. They need not include a summary of discussions made at the meeting.

This Article's requirements, including notice and quorum requirements, may be waived in the circumstances reasonably considered an emergency by those Directors immediately available to decide and act.

A gathering of Board members at which the Board members do not conduct Association business is not a meeting of the Board. The Board and its members may not use incidental or social gatherings of Board members or any other method to evade this Section's open meeting requirements.

Section 3-A.6. Owner Attendance at Board Meetings.

After the date that the Declarant relinquishes the right to name the Board of Directors' members, all meetings of the Board of Directors shall be open for Unit Owners to attend, except for meetings held in executive session. Owners have no right to speak at meetings of the Board except by permission of the presiding officer. The Board may include in its agenda time for Owners to address the Board on matters of concern to them, subject to time and other limits which the Board may establish by Rule.

If the Board of Directors believes all or some of the Unit Owners are, or are likely to disrupt, disorderly, or abusive, or unlikely to keep their remarks reasonably brief, then it may move all or parts of a future meeting, or a meeting already in progress, to a private area to exclude all Unit Owners.

Section 3-A.7. Executive Sessions.

Executive Sessions may be held only during a regular or special meeting, and no vote or action may be taken during an executive session. In addition, an executive session may be held only to:

1. consult with the Association's attorney about legal matters;
 2. discuss existing or potential litigation, mediation, arbitration, or administrative proceedings;
 3. discuss labor or staff matters;
 4. discuss matters relating to contract negotiations, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or
 5. prevent public knowledge of the matter to be discussed if the Board or committee determines that public knowledge would violate any person's privacy.
 6. let an Opportunity be Heard before the Board's assessing fines and penalties against a Unit Owner or others unless the Unit Owner requests that the meeting be open to other Unit Owners.
 7. consider candidates to be nominated for Director by the Nominating Committee.
- The Board must come out of executive session to conduct votes.

Section 3-A 8. Board of Directors Quorum/Attendance by Telephone/Internet.

In all meetings of the Board of Directors, a quorum shall consist of at least a majority of Directors then in office at the beginning of the meeting. The acts of the majority of the Directors present shall be the acts of the Board of Directors. If a quorum is not present at any meeting of the Board of Directors, the majority of those present may adjourn the meeting. Any business that might have been transacted at the meeting as originally called may be transacted without further notice at any such adjourned meeting.

Directors may attend a Board meeting via a telephonic or another electronically sent communication if they hear and can be heard by other Directors. However, Directors wishing to participate in this manner shall notify the Secretary reasonably in advance of the meeting. The Association shall reasonably cooperate in arranging such services for Directors at Association expense.

Section 3-A. 9. Unanimous Action.

Unless otherwise provided by law, any action taken at a meeting of the Directors may be taken without a meeting if all of the Directors sign written consents setting forth the action taken or to be taken before or after the intended effective date. Such consent shall be filed with the minutes of Directors' meetings and shall have the same effect as a unanimous vote.

ARTICLE 4 – OFFICERS

Section 4.1. Designation.

The principal officers of the Association shall be a President, a Secretary, and a Treasurer.

Section 4.2. Election of Officers.

The principal officers of the Association shall be elected yearly by the Board of Directors at the annual meeting of Directors. They shall hold office at the pleasure of the Board. They shall serve until their successors are elected. Any person may hold two offices simultaneously, except that the President shall hold no other office.

Section 4.3. Duties.

The duties of the officers shall be:

The President shall be the chief executive officer of the Association and shall be a Director. He shall preside at all meetings of the Association and of the Executive Board. Meetings may be presided over by a chairperson pro tempore if the chairperson is absent. In addition, the President shall have the powers and duties incidental to the office of President of a Maine business corporation.

The Secretary shall have responsibility for the minutes of all meetings of the Board of Directors and the Association (but may delegate the act of keeping minutes). The Secretary shall give all notices as provided by these Bylaws and shall have other powers and duties as may be incidental to the offices of Secretary, given them by these Bylaws or assigned to them by the Directors. Whenever the Secretary, assistant Secretary, or their designee is not present at a meeting, the presiding officer shall appoint a Secretary pro tempore to keep and record the meeting minutes. The Secretary shall file all reports and documents required to be filed by the Association with any governmental agency.

The Treasurer shall keep 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 of all financial statements or tax returns required to be filed by the Association. The Treasurer shall have the powers and duties incidental to the Treasurer's office of a Maine business corporation.

Section 4.4. Auditor.

The Board of Directors shall appoint some person, firm, or corporation engaged in the auditing business to act as the Association's auditor and perform such audits and fiscal duties as requested by the Association at reasonable compensation set by the Board.

Section 4.5. General standards for officers.

An officer with discretionary authority shall discharge that officer's duties under that authority:

- a. In good faith;
- b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- c. In a way the officer reasonably believes to be in the best interests of the Association and its members and not for the officer's own personal interest.

Section 4.6. Resignation and Removal.

Any Officer may be removed, either with or without cause, by a majority vote of the Board of Directors at any regular or special meeting of the Board of Directors. In addition, any officer may resign their office by a resignation in writing delivered to the Association at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt, and acceptance shall not be necessary to make it effective unless it so states.

Section 4.7. Certification of Amendments to the Declaration and Bylaws.

On behalf of the Association, the President shall certify amendments required under the Maine Condominium Act or the Declaration or Bylaws to be recorded in the York County Registry of Deeds.

Section 4.8. Compensation of Secretary and Treasurer.

The Secretary and the Treasurer of the Association may be compensated for their duties in an amount determined by the Board of Directors. Any current Secretary or Treasurer who is a member of the Board of Directors shall be subject to the conflict of interest provisions of these bylaws in voting for compensation for themselves.

ARTICLE 5 – FINANCIAL, BUDGETARY; RECORDS

Section 5.1 Accounting.

Members shall receive a statement of income, disbursements, and a balance sheet as of the close of each fiscal year within ninety (90) days after the close of the fiscal year. The Association may send this statement to those Unit Owners whose email address is on the email distribution list. It shall send the statement to others by U.S. mail, postage prepaid.

Section 5.2. Budget Preparation by the Board of Directors.

The Board of Directors shall determine the fiscal year of the Association.

The Association shall adopt an annual budget for the fiscal year. The budget shall provide for the establishment and maintenance of adequate working capital and reserves, including without limitation general operating and working capital reserves, reserves for contingencies, 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 must maintain, and all estimated expenses it incurs in connection with the Agreement for Workforce Housing Covenants, all to be held in a segregated fund in an account insured by the United States government or an agency of it. In addition, each budget shall include an estimate of Special Charges.

The budget shall provide for periodic funding that:

- a. assures a stable income stream over the past two years with decreases of no more than 15 percent;
- b. covers the cost of insurance coverage and deductibles;
- c. provides for a reserve fund, maintained in a separate account from the Association's operating account, funded with 10 percent of the aggregate of 12 months of Unit assessments, unless a lower amount is considered sufficient, based on a reserve study conducted in compliance with secondary mortgage market requirements.

d. covers the estimated cost of services rendered under the Agreement for Workforce Housing Covenants.

Section 5.2-A. Reserve Studies.

The Board shall periodically conduct a Reserve Study complying with requirements of secondary mortgage market organizations providing loans to a substantial number of Owners. The Reserve Study must be prepared by an independent third party that has demonstrated knowledge of and experience in completing reserve studies.

Section 5.2-B. Budget Ratification by Unit Owners.

Within 30 days after adopting an annual or any other proposed budget or budget revision for the Condominium, the Board of Directors shall provide notice of a meeting to members to consider ratification of the budget not less than ten or more than 30 days after the mailing of the summary.

Unless a majority of all the voting interests in the Association reject a budget, the budget is ratified, regardless of whether a quorum is present. Unit Owners may express their views on the budget at the meeting but cannot change it, it must either be ratified or rejected. If any proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until the Unit Owners ratify a subsequent budget proposed by the Board of Directors.

Section 5.3. Powers of the Board Regarding Expenditures.

The Board of Directors shall have the power to spend funds and incur expenses out of the reserves even if not outlined in the budget.

At the end of a fiscal year, any surplus funds of the Association remaining after payment of or provision for all Common Charges and any prepayment of reserves for future Common Charges shall be applied to the reserve fund.

For budgeting and working capital purposes, the Board of Directors may charge Unit Owners regularly in advance for Special Charges based on its reasonable estimate of it, subject, however, to such periodic reconciliation as the Board considers appropriate. At the Board of Directors' election, the expense of capital improvements, major repairs, or renovations may be assessed as a Common or a Special Charge.

Section 5.4. Revised, Emergency, and Special Assessments.

a. Revised Assessments. If at any time the Board shall determine the budget to be inadequate, the Board may adopt and deliver to the Unit Owners a revised estimated annual budget for the balance of such fiscal year, which can be paid only for by revised assessments for the rest of the fiscal year. Unit Owners must ratify the revised budget in the same manner as the annual budget.

b. Emergency Assessments. The Board may, upon determining circumstances that require an immediate assessment of the Owners due to an emergency, make special assessments not to exceed an amount equal to two (2) months of the current monthly Common Charges.

c. Special Assessments. With the approval of a majority in interest (over 50%) of Unit Owners, the Board may adopt a Special Assessment. The Board may specify details of payment of the Special Assessment, including options for lump-sum payment, interest rates, and further information as the Board considers necessary.

The Special Assessment shall be binding and shall be automatically included as a part of all future annual budgets of the Association while remaining outstanding. Each Unit Owner and any successor in

interest to the current Unit Owner(s) shall be personally responsible for the balance due of the Special Assessments. The Special Assessment shall be a lien on the Unit until paid in full by that Unit. A Special Assessment may be prepaid in full at any time with no penalty.

Upon the sale of a Unit, the Special Assessment's unpaid balance shall become due in full unless the Board of Directors otherwise approves at its discretion.

If the Association has obtained a loan secured by a Special Assessment, then any principal and interest received under the Special Assessment shall be applied to the balance due on such loan, and the payments due on such loan shall be funded first from the Special Assessment and not from general Common Charges against the Unit Owners.

If any installment of the Special Assessment is not paid when due, the Board of Directors, upon thirty (30) days written notice of default and Opportunity to cure, may declare the entire balance of the Special Assessment due in full. When this happens, the entire balance shall, after that, bear interest at a rate equal to 18% per year. Payment may be enforced following the Maine Condominium Act, these Bylaws, and the Declaration.

Section 5.5. Borrowing and Pledge.

The Board of Directors shall have the power to borrow and to pledge, assign and grant a security interest covering all Association revenues and assets, including assessments for Common Charges and Special Charges, including Common Charges and Special Charges to raise funds to repair, renovate, improve, and incur associated costs and expenses related to the Common Elements. Exercising such power is subject to approving a majority in percentage interest vote required by the Condominium Act.

Section 5.6. Accounts; Compilations.

a. Funds; Accounts. Sums collected by the Board of Directors shall be kept in separate operating and reserve accounts according to generally accepted practices and following FHA requirements.

b. Accepted accounting practices are required. All books and records of the Association shall be kept following good and generally accepted accounting practices.

c. Annual verification is required. Association accounts shall be verified at least once yearly by an independent accountant retained by the Board of Directors.

d. Financial statements furnished to mortgagees. The Association shall make a financial statement for the preceding fiscal year available to any holder, insurer, or guarantor of a first Mortgage secured by any Unit who submits a written request for it to the Association.

e. The Association management company cannot draw checks on or transfer funds from the reserve account of the Condominium Association without approving the Association.

Section 5.7. Statement of Common Charges; Resale Certificates; Transfer Certificates.

When requested in writing, the Board of Directors shall promptly provide any Unit Owner, contract purchaser, or proposed Mortgagee with a written statement of all unpaid assessments for Common Charges and Special Charges due from such Unit Owner. The Board of Directors may impose a reasonable charge for preparing such a statement as a Special Charge to cover its preparation cost.

A prospective grantee of a Unit may obtain a Resale Certificate from the Association setting forth the then outstanding unpaid Common Charges and Special Charges against the Unit and other items required by the Condominium Act, upon payment of such fee as established by the Board of Directors. The Association does not have to update the information in such a statement subsequently. The grantee shall not be liable for, and the Unit conveyed shall not be subject to a lien for any unpaid amounts due from the grantor before the statement date more than the amount outlined in the statement as of its effective date except interest, late fees, and costs of collection accruing after that.

The Resale Certificate shall have, in addition to information required by the Maine Condominium Act, a statement of any known violation of the Agreement for Workforce Housing Covenants and any outstanding sums due for their violation.

The Resale Certificate shall also have the following language in prominent type:

NO UNIT MAY BE TRANSFERRED WITHOUT OBTAINING A DULY AUTHORIZED TRANSFER CERTIFICATE. THE TRANSFER CERTIFICATE MUST BE RECORDED IN THE YORK COUNTY REGISTRY OF DEEDS CONTEMPORANEOUSLY WITH THE DEED. PURPORTED TRANSFERS OF UNITS WITHOUT A TRANSFER CERTIFICATE ARE VOID.

Section 5.8. Surplus.

Unless otherwise decided by the Board of Directors, any amounts accumulated from assessments for Common Charges that are greater than what is needed to pay Common Charges and reserve shall be held by the Association and applied to reduce the amounts to be raised from assessments the following year.

Section 5.9. Signatures on Checks or Other Documents; Two Signatures Required.

All checks, drafts, notes, vouchers, bonds, acceptances, contracts, deeds, certificates, and all other instruments, except meeting notices and correspondence, shall require two signatures. One signature shall be the President, Secretary, or Treasurer. The different signature may be another officer, Director, agent, manager, or employee, all as the Board of Directors may designate, unless the Board establishes a different requirement by unanimous vote. The Board may exempt this requirement for checks in a dollar amount below a threshold set by the Board.

Section 5.10. Recordkeeping Requirements; Inspection by Unit Owners.

The Maine Condominium Act requires the recordkeeping requirements listed below.

A. Books and accounts of the Association and income tax returns shall be kept under the Treasurer's direction and following customary accounting principles and practices. Unit Owners may receive a statement of income and disbursements for the prior fiscal year as well as a balance sheet within ninety (90) days after the close of each fiscal year

B. Under the Maine Condominium Act, the Association must retain these 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) All meetings of the Unit Owners and the Board of Directors, except executive sessions, as well as all actions taken by the Unit Owners or Board of Directors without a meeting, and all actions taken by a committee on behalf of the Association in lieu of the Board of Directors;

- (3) The names of current Unit Owners in a form that permits the 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, 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 expressly 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. To the extent required by the Maine Condominium Act, all records retained by the Association must be accessible 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 place; and upon ten days' written notice 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 supervising the Unit Owner's inspection. However, the Association is not obligated to compile or synthesize information.

The right to copy records under this Section includes receiving copies by photocopying or other means, including copies through electronic transmission if available upon request by the Unit Owner. However, the Association may require the advance payment of a reasonable fee.

Information and records provided under this Section may be used only in connection with the Association's management 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 have to confirm in advance that the records and information received will be used in compliance with these restrictions.

ARTICLE 6 – COLLECTION; ENFORCEMENT

This Article applies to collecting assessments and remedies for violating the Declaration, Workforce Covenants, Bylaws, and Rules.

Section 6.1. The duty to Pay Assessments and Fines

Each Unit Owner shall pay on a due date set by the Board all Common Charges and Special Charges, Special Assessments, Interest on unpaid Assessments, Fines (including fines assessed for violation of the Agreement for Workforce Housing Covenants.), Late Charges, and collection costs, including attorney's fees and revised Common Charges due on account for that Unit.

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. At the Directors' sole discretion, an additional assessment may be charged for any payment not received when due. The initial late charge shall be \$25.00 per assessment. The Board of Directors may increase this amount at its discretion.

Multiple Unit Owners shall be jointly and severally liable for all sums due under this Section. This means the Association may collect the entire amount owing from any Owner.

No Unit Owner may exempt themselves from liability for sums due to the Association by waiving the enjoyment of the right to use any Common Elements or by the Unit's abandonment.

Unit Owners' payments to the Association shall first be applied to late charges, interest, attorneys, fees, and the amounts due, in that order.

All amounts levied against each Unit shall be each Owner's liability so assessed.

Section 6.1-A. Violation of Workforce Housing Covenants.

Violation of the Agreement for Workforce Housing Covenants is also a violation of the Declaration, subjecting Owners to the same penalties as failure to pay assessments and fines.

Provided, however, that the lien and other remedies available to the Association under the Declaration and these Bylaws shall be extinguished automatically and permanently on a Unit when a Permitted Mortgagee (as defined in the Agreement for Workforce Housing Covenants) exercises its rights to foreclose, accept a deed in lieu of foreclosure, or other remedies found in Article 9 of the Agreement for Workforce Housing Covenants.

Section 6.2. No Setoff or Deduction.

Owners cannot withhold payment of Common Charges or Special Charges because of claims the Owners may have against the Association.

Section 6.3. Automatic Lien

Sums due from a Unit Owner to the Association create an automatic lien against the Unit for six years or any extended period authorized by the Maine Condominium Act. The lien is not affected by the transfer of title to the Unit to others, except that it is automatically extinguished upon a Permitted Mortgagees action under Article 9 of the Agreement for Workforce Housing Covenants. The Board may approve a notice of the lien to be recorded in the York County Registry of Deeds. The lien may be foreclosed like a mortgage, resulting in the Unit's sale.

Section 6.4. Attorneys' Fees

Any attorney's fees incurred by the Association in connection with the collection of amounts due to the Association for unpaid assessments and fines, including advice regarding collections, preparation, and filing of lien notices, services relating to hearings before the Board relating to the Opportunity to be Heard, and other enforcement actions for violation of the Declaration, Bylaws or Rules, or the Workforce Housing Covenants shall be the duty of the Unit Owner to pay. The amounts due are a lien on the Unit, whether or not formal legal action is started. Any attorney's fees incurred by the Association in connection with alleged violations by Unit Owners, including advice regarding collection options, the Opportunity to be Heard, hearings before the Board, fines, and enforcement, shall also be the duty of the Unit Owner to pay.

Section 6.5. Remedies Available to the Board

For nonpayment of any sums due to the Association or violation of the Declaration, Bylaws, Rules, or the Agreement for Workforce Housing Covenants, the Board has these remedies.

a. Fines for violation of the Declaration, Bylaws, or Rules. The Board may determine that each day is a separate violation. The Board may provide for increased penalties for repeat violations. It may establish a schedule of fines by Rule. Before pursuing this remedy, the Board must give the Owner Notice and an Opportunity to be Heard under Section 6.6 of these Bylaws.

b. Suspension of rights or privileges for violation of Declaration, Bylaws, or Rules or nonpayment of sums due to the Association. Privileges that may be suspended may include, without limitation, parking in the Common Elements (other than any Limited Common Elements assigned to the Unit), the use of amenities and use of the Common Elements, the right to vote, and the right to hold office in the Association. However, the Association may not deny a means of access to the Unit or withhold services provided to a Unit or a Unit Owner by the Association if the effect of withholding the service would endanger the health, safety, or property of any person. Before pursuing this remedy, the Board must give the Owner Notice and an Opportunity to be Heard under Section 6.6 of these Bylaws.

c. The right to sue to recover a money judgment for unpaid assessments, interest, fines, penalties, and collection costs. This may be maintained against the Unit Owner without foreclosing or waiving the lien securing such assessments. Foreclosure may be maintained, notwithstanding the pendency of any suit to recover a money judgment.

d. The right to foreclose in like manner as a mortgage on real estate as provided in the Condominium Act. In any action brought by the Association to foreclose a lien on a Unit because of

unpaid Common Charges, the Owner shall pay a reasonable rental for his Unit, and the plaintiff may appoint a receiver to collect the rent.

e. If otherwise allowed under Maine law, the right of possession under Forcible Entry and Detainer laws, including the right to appoint a receiver to rent the Unit, collect proceeds, and remit proceeds to the Association in payment of current and past due assessments;

f. To summarily remove vehicles parked in non-designated areas, including parking of unauthorized vehicles, and remedy conditions that threaten health and safety.

g. The right of reasonable inspection of Units to ensure compliance with the Declaration, Bylaws, and Rules.

h. Any other means presently or hereafter provided by law or in equity.

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

Section 6.6. Due Process in Enforcement, Opportunity to be Heard; Collection of Assessments and Fines.

The Opportunity to be Heard may be conducted as set out below.

a. The Board shall send notice to the alleged violator by certified mail, return receipt requested, containing a description, in reasonable detail, of the suspected violation and the place, date, and time of a meeting at which the Board will consider the matter. A notice of ten (10) days shall be considered reasonable. The Board shall allow the meeting to be postponed to another date upon a reasonable request before the scheduled meeting.

b. The meeting shall be held 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 in person or by conference call. In addition, the Board may invite other interested parties to participate in the meeting. The Opportunity to be Heard is not a court proceeding, and the legal rules of evidence do not apply.

c. After hearing from the alleged violator, the Board may dismiss all parties except members of the Board and consider the matter. It shall come from the executive session before deciding what action to take. In writing, it shall notify the alleged violator of its conclusions and reasoning.

The Board may still act if the alleged violator does not attend the meeting at which the alleged violation is discussed since it has allowed the alleged violator to be heard.

Section 6.7. 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, or Workforce Housing Covenants, including whether to compromise any claim for unpaid assessments or other claims 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 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 spending 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 other circumstances, except the Board may not be arbitrary or capricious in taking enforcement action.

Section 6.7-A Dispute Resolution.

Except for disputes about unpaid Common Charges and Special Charges, disputes between Unit Owners and between Unit Owners and the Association shall first be mediated to reach a fair and acceptable resolution at the earliest possible stage of the process.

1. Unless considered destined to be unsuccessful, the Board may require a period of direct negotiation between the parties, either in person or in writing, to see if they can agree.

2. If direct negotiation fails, the parties shall mediate the dispute using a mediator, the cost of which is evenly divided.

3. If mediation fails, the parties shall arbitrate their dispute before one or more neutral third parties, including lawyers or retired judges, or trained arbitrators. The arbitration shall occur where both parties state their position without witnesses, documentary evidence, or legal representation. If this is impossible, the Rules of the Maine Arbitration Act shall apply.

This Section 6.7-A shall not apply to disputes about determinations made by the Qualified Holder under the Agreement for Workforce Housing Covenants.

ARTICLE 6-A – RULES

a. Authority to adopt rules. Directors have the authority to adopt and amend Rules about behavior in and use of the Common Elements and limited authority to adopt and amend Rules about behavior and use within Units, as set out elsewhere in the Declaration and these Bylaws, which complement, amplify, or clarify such behavior or use restrictions.

The Board may not enact Rules which contravene the Maine Condominium Act, the Declaration of Condominium, the Bylaws, the Agreement for Workforce Housing Covenants, the Maine Nonprofit Corporation Act, or other state or federal law.

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 reasonable notice by U.S. mail or electronic transmission 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 the adoption, amendment, or repeal of a Rule, the Association shall notify the Unit Owners by Email notice 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 United States flag must follow federal law.
- 1-B. A Rule regulating the display of political signs must follow state and local law.
2. The Association may adopt rules that affect the use of or behavior in Units, 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 Units to the extent set out in the Declaration.
3. Otherwise, the Association may regulate no use of or behavior in Units.
4. The Association's internal business operating procedures need not be adopted as Rules.
5. The Association may enact no Rule limiting the authority of the Qualified Holder.
5. Every Rule must be reasonable.

f. Repeal by Unit Owners. Any Rule adopted by the Board of Directors may be repealed by a majority vote of all Unit Owners (not just those who vote) at a meeting of Unit Owners, at which the question of repeal is on the agenda.

ARTICLE 7 – INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 7.1 Exculpation.

No Director or Officer of the Association shall be liable for acts or defaults of himself or any other officer or member or any loss sustained by the Association or any member thereof unless the same has resulted from his willful misconduct or gross negligence.

Section 7.2 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, whether civil, criminal, administrative, or investigative, because of he being or was an officer, Director, member of a committee appointed by the Board, agent or employee of the Association against all expenses including reasonable counsel fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection therewith, excepting, however, such matters in which such person is finally adjudged by a court of competent jurisdiction to have acted with willful misconduct or gross negligence towards the Association or (absent a final adjudication of it) excepting such matters in which the Board of Directors (excluding any interested Director) determines any such person acted with willful misconduct or gross negligence. This right to indemnification shall be in addition to any other power of the Association to indemnify as permitted by law. The Association may also maintain insurance on behalf of any person who is or was a Director, Officer, committee member, agent, or employee of the Association against any liability asserted against him and incurred by him in such capacity or arising out of his status whether or not the Association would otherwise have the power or duty to indemnify him.

Section 7.3 Claims.

The Board of directors of the Association shall promptly notify the Unit Owners, the Eligible Mortgage Holders, and the Mortgagees of Units of any claims filed against the Association, the Board of

Directors, its officers, employees, or agents in their respective capacities or the Condominium. The Association shall defend against such complaints. The Unit Owners shall have no right to participate in such defense other than through the Association.

ARTICLE 8 – AMENDMENTS OF THE BYLAWS.

Amendments to the Bylaws are governed by Section 9.4 of the Declaration, whose provisions are incorporated by reference.

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

ARTICLE 9–GENERAL PROVISIONS; DISPUTE RESOLUTION; NOTICE

Article 10 of the Declaration is incorporated into these Bylaws by reference.