

**EXHIBIT C**

**BYLAWS Of  
Grand Beach SeaScape Condominium Owners Association**

- Revision 1    Approved August 21, 1993
- Revision 2    Approved October 14, 2009
- Revision 3    Approved July 20, 2013
- Revision 4    Approved July 18, 2015

## **ARTICLE I CREATION AND APPLICATION**

Section 1.1 Creation: This corporation is organized under the Maine Nonprofit Corporation Act in connection with the submission of premises known as SeaScape at Grand Beach, A Condominium (the "Condominium") located at 221 East Grand Avenue, Old Orchard Beach, Maine 04064 to the Maine Condominium Act pursuant to the Declaration of Condominium of SeaScape at Grand Beach, A Condominium (the "Declaration") as recorded in the York County Registry of Deeds. The corporation is Grand Beach SeaScape Condominium Owners Association (the "Association").

The terms "Premises " and "Property" as used herein shall include the land, the building and all other improvements thereon (including the units, the common elements and all easements, rights and appurtenances belonging thereto and all other property, personal or mixed, intended for use in connection therewith) submitted to or governed by the Declaration.

Section 1.2 Application: All present and future unit owners, mortgagees, lessees, licensees and occupants of the units, their employees, agents and customers, and any other persons who may use the Property in any manner are subject to these Bylaws and to the Rules and Regulations, all as adopted, amended or altered from time to time by the Board of Directors of the Association (the "Board of Directors") or the members of the Association.

Section 1.3 Office: The principal office of the Association shall be located at SeaScape at Grand Beach, A Condominium, 221 East Grand Avenue, Old Orchard Beach, Maine 04064.

## **ARTICLE II PURPOSES AND POWERS OF THE ASSOCIATION**

Section 2.1 Purposes: The purposes of the Association are to establish an association of unit owners pursuant to the Maine Condominium Act for the government, operation and maintenance of the Condominium established under the Declaration.

Section 2.2 Powers: The Association shall have all the powers, authority and responsibilities granted to or imposed upon it by the laws of the State of Maine, specifically including those set forth or referred to in the Maine Condominium Act or the Maine Nonprofit Corporation Act. To the extent permitted by the Declaration or the Maine Condominium Law, and not in limitation of the generality of the foregoing, the Association shall have the specific power to:

- (a) Adopt and amend Bylaws and Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves, and to collect assessments for common expenses and service charges from unit owners;
- (c) Hire and terminate managers and other employees, agents, and contractors.
- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more unit owners on matters affecting the Condominium;

(e) Make contracts and incur liabilities;

(f) Regulate the use, maintenance, repair, replacement and modification of common elements; provided, however, that the use of the limited common elements may not be changed without the consent of those unit owners affected;

(g) Cause additional improvements to be made as a part of the common elements subject to the restrictions set forth herein;

(h) Acquire, hold, encumber and convey in its own name any right, title, or interest to real or personal property, provided that common elements may be conveyed or encumbered only as set forth herein;

(i) Grant easements, leases and licenses for public utilities and fire escapes servicing or benefiting the Property through or over the common elements, with the consent of a majority in interest of the members;

(j) Impose and receive payments, fees, or charges for the use, rental, or operation of facilities located on the common elements;

(k) Impose charges and interest for late payment of assessments and service charges and, after notice and an opportunity to be heard, impose reasonable penalties for violations of the Declaration, Bylaws, and Rules and regulations of the Association;

(l) Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid common charges and assessments or resale certificates furnished in accordance with the Maine Condominium Act;

(m) ) Provide for the indemnification of its officers and Directors and maintain Directors' and officers' liability insurance;

(n) Exercise any other powers conferred by the Declaration or Bylaws;

The Board of Directors of the Association shall manage the Condominium and exercise such powers on behalf of the Association, subject to the terms of these Bylaws, the Declaration and the Maine Condominium Act.

Section 2.3 Non-Profit Status: The Association is not organized for profit and no property or profit thereof shall inure to the benefit of any person except in furtherance of the nonprofit-making purposes of the Association or in the course of acquiring, constructing or providing management, maintenance and care of the Property, or by virtue of a rebate of excess membership dues, fees, assessments, or common charges.

### ARTICLE III ASSOCIATION OF OWNERS

Section 3.1 Membership: The members shall consist exclusively of all owners of units in the Condominium created in accordance with the Declaration, or following termination of the Condominium, of all former unit owners entitled to the distribution proceeds or their heirs, successors and assigns. Membership is transferable only as provided in the Declaration or these Bylaws. The membership of a unit owner shall terminate upon the conveyance, transfer or other disposition of his interest in the unit accomplished in accordance with the Declaration, whereupon his 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 non-transferable. A mortgage of a unit or the grant of a security interest therein as security for an obligation shall not operate to transfer membership until a foreclosure of the mortgage or security agreement.

Section 3.2 Annual Meeting: The annual meeting of the Association shall be held each year on the third Saturday of July, or in the event the day is a legal holiday, then on the first day thereafter which is not a holiday. The annual meeting and any special meetings shall be held at the Association's principal office or such other place as may be designated in the notice of meeting.

Section 3.3 Special Meetings: Special meetings of the members may be held at any time upon the call of the President or the Board of Directors, or upon the call of twenty percent (20%) or more in interest of the owners, which call shall state the purpose of the meeting. Upon receipt of such call, the Secretary shall promptly send out notices of the meeting to all members of the Association.

Section 3.4 Notice of Meetings: A written notice of each meeting of the Association, stating whether it is an annual meeting or special meeting, the authority for the call of the meeting, the place and time of the meeting, and the times on the agenda (including the general nature of any proposed Declaration or Bylaw amendment, any budget charges and any proposal to remove an Officer or Director) shall be sent by the President or Secretary or Assistant Secretary, if any, at least fourteen (14) days, but not more than sixty (60) days, before the date set for the meeting. Such notice shall be given to each member listed with the records of the Association as set forth below and to each Eligible Mortgage Holder if and as required by the Declaration:

- a) By hand delivering it to him, or
- b) If allowed under Maine law, electronic delivery to the members who have provided their email address to the Board of Directors, or"
- c) By mailing it, postage prepaid, addressed to the member at the address of the Unit or any other address designated in writing by that member with the records of the Association or to the Eligible Mortgage Holder at the address of such holder as shown in the records of the Association.

If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall not invalidate the meeting.

Section 3.5 Waiver of Notice: The presence of all the members at any meeting in person or by proxy shall conclusively establish the meeting's validity, unless any member shall object at the meeting to the noncompliance with this Article. Any meeting so held without objection shall be valid for all purposes, and at any annual meeting any general business may be transacted and any action may be taken.

Section 3.6 Order of Business: The order of business at all meetings of the members shall be generally as follow, if applicable:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of Officers.
- (e) Report of Board of Directors.
- (f) ) Report of Committees.
- (g) Election of the Board of Directors (if applicable).
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

Section 3.7 Parliamentary Procedure: At all meetings of the members or of the Board of Directors, Roberts' Rules of Order as then amended shall be followed, except that these Bylaws or the Declaration, as the case may be, shall prevail in the case of conflict.

Section 3.8 Quorum: The presence at the beginning of any meeting of the Association, in person or by proxy of unit owners whose aggregate voting interest constitutes twenty-five percent (25%) or more of the total interest therein shall constitute a quorum for the transaction of all business.

Section 3.9 Voting:

(a) Any person, partnership, corporation, trust, or other legal entity or combination thereof, owning any unit (other than an interest held as security for an obligation) duly recorded in his or its name, which ownership shall be determined from the records of the York County Registry of Deeds, shall be a member of the Association, entitled to a single vote in the Association for each unit so owned.

(b) Multiple owners of a unit shall be deemed one owner. If only one of the multiple owners of a unit is present in person or by proxy at a meeting of the Association, he is entitled to cast the vote allocated to that unit. If more than one of the multiple owners are present, the vote allocated to that unit may be cast only in accordance with the agreement of a majority in interest of the owners present at the meeting in person or by proxy. There is presumed to be a majority agreement if any one of the multiple owners present casts the vote allocated to the unit unless any of the other owners of the unit promptly protest to the person presiding over the meeting.

(c) The vote allocated to a unit may be cast pursuant to a proxy duly executed by a unit owner. If a unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of votes by the other owners of the unit through a duly executed proxy. A unit owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy shall automatically terminate eleven (11) months after its date, unless it specifies a shorter term.

(d) An executor, administrator, personal representative, guardian or trustee may vote in person by proxy at any meeting of the Association with respect to any unit owner or held by him in such a capacity, whether or not the same shall have been transferred or record by a duly recorded conveyance. If the unit has not been so transferred, he shall satisfy the Secretary that he so holds the unit.

(e) At any meeting at which a quorum is present, the affirmative vote of a majority of those present shall determine any question except as otherwise provided in the Act, the Articles of Incorporation or these Bylaws. In the election of Directors, those receiving the greatest number of votes, though less than a majority, shall be elected. To the extent required by the Act, for the purposes of amending the Declaration or these Bylaws, the number of votes shall be measured against the total number of votes of those entitled to vote, regardless of whether or not such unit owners are present.

(f) An Eligible Mortgage Holder (as defined in the Declaration) with respect to a unit shall have the right but not the obligation to cast votes allocated to the unit in place of the unit owner, to the extent specified in the Declaration.

Section 3.10 Adjournment: Any meeting of the Association may be adjourned from time to time to such place and time within thirty (30) days of the scheduled meeting as may be determined by majority vote of the members present, whether a quorum be present or not, without further notice of the time and place of adjournment beyond that given at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted by a quorum at the meeting as originally called.

Section 3.11 Unanimous Action by Members Without a Meeting: Any action required or permitted to be taken at a meeting of the members (to the extent not otherwise precluded by law) may be taken without a meeting if written consents, setting forth the action so taken, are signed by all members entitled to vote on such action and are filed with the Secretary of the Association as part of the corporate records. Such written consents shall have the same effect as a unanimous vote of the members.

## ARTICLE IV. BOARD OF DIRECTORS

### Section 4.1 Number and Qualifications:

(a) The affairs of the Association shall be governed by a Board of Directors composed of five (5) Directors, subject to decrease to a minimum of three (3) Directors and increase to a maximum of nine (9) Directors. The number of Directors within these limits shall be set by the Members.

(b) At least a majority of Directors must be unit owners or spouses of unit owners or, in the case of a unit owner which is a corporation, partnership, trust or estate, a designated agent thereof. For a Director who no longer so qualifies, the Director's term of office shall cease upon written notice to such Director from the Secretary of the Association. For each unit owned by a unit owner or owners; only one (1) owner or family member of that owner can serve on the board at any time.

### Section 4.2 ( Deleted)

Section 4.3 Election and Term of Office: Directors elected by the owners shall generally have a term of office of two (2) years. At the expiration of the individual Director's term of office, his successor shall be elected to serve a term of two (2) years; provided, however, that a Director shall hold office until his successor has been elected.

Section 4.4 Powers and Duties: The Board of Directors shall generally act on behalf of the Association, shall have all powers and duties necessary or appropriate for the administration of the affairs of the Association, and shall have all powers referred to in the Declaration, the Bylaws or otherwise provided under the Maine Condominium Act or the Maine Nonprofit Corporation Act, as they may be amended from time to time, except those matters which by law, by the Declaration or by these Bylaws are specifically reserved to the members.

Section 4.5 Other Duties: In addition to other duties imposed by these Bylaws or by duly adopted resolutions of the members of the Association, the Board of Directors shall be responsible for the:

- (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 thereof;
- (c) Determination and collection of assessments and service charges from the owners and the regulation of the Association's fiscal affairs;
- (d) Appointment and dismissal of the personnel and agents for the maintenance and operation of the Condominium, including without limitation the common elements (and the Directors shall fix the terms of engagement of such personnel and their compensation and authority); and
- (e) Designation of executive and other committees.

Section 4.6 Manager or Management Agent, Employees, Generally: 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 including, but not limited to, the duties listed in Sections 4.5 (b), (c), (d); and 6.2 of these Bylaws. Any agreement for professional management shall be for a term of no more than one (1) year, and shall be cancelable by either party upon default by the other party for cause and without a termination fee after thirty (30) days' written notice and opportunity to cure.

Section 4.7 Appointment and Vacancies: Vacancies in the Board of Directors caused by any reason other than the expiration of a Director's term or the removal of a Director by a vote of the members shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association. A vacancy caused by the expiration of a Director's term or the removal of a Director by a vote of the members shall be filled by vote of the members. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4.8 Removal of Directors: At any annual association meeting or special meeting duly called, any one or more of the Directors may be removed with or without cause by the affirmative vote of a majority of members of the association and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting, but the members' decision shall be final.

Section 4.9 Compensation: No compensation shall be paid to Directors for their services as Directors or in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the members before or after the services are undertaken. A Director shall be reimbursed for out-of-pocket expenses incurred for the benefit of the Association upon presentation of receipts or other satisfactory evidence to the Treasurer.

Section 4.10 Initial Meetings: The first meeting of each new Board of Directors shall be held within eight (8) days following the annual meeting of the members of the Association at a date and time set by the Board of Directors. At this meeting, officers shall be chosen.

Section 4.11 Regular Meetings: Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by fifty percent (50%) or more of the Directors. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by delivery to his unit, or by telephone or by electronic communication specifically designated by the member, at least three (3) days prior to the day named for such meeting.

Section 4.12 Special Meetings: Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by delivery to his unit, or by telephone or by electronic communication specifically designated by the member, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice upon the written request of two (2) or more Directors.



Section 4.13 Waiver of Notice: 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 shall be a waiver of notice by him of the time and place thereof, except when such Director attends for the express purpose of objecting to the transaction of business because such meeting is not lawfully called. If all the Directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

Section 4.14 Board of Directors' Quorum: At all meetings of the Board of Directors, the presence of a majority of the Directors at the beginning of a meeting 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. 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.

Section 4.15 Action Without A Meeting: Unless otherwise expressly provided by law, any action which may be taken at a meeting of the Directors may be taken without a meeting if a majority of the Directors sign in either written form or electronic form, setting 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 and shall have the same effect as a vote at a meeting.

Section 4.16 Conflict of Interest: The provisions of Section 718 of the Maine Non-Profit Corporation Act as amended from time to time shall govern all conflicts of Interest of Directors.

## ARTICLE V. OFFICERS

Section 5.1 Designation: The principal officers of the Association shall be a President, a Secretary and a Treasurer, of whom only the President need be elected from among the Directors. The Directors may in their discretion appoint a Vice President, Assistant Treasurer, and an Assistant Secretary, and such other officers, none of whom need be Directors, as in their judgment may be necessary.

Section 5.2 Election of Officers: The principal officers of the Association shall be elected annually by the Board of Directors at the first meeting after the annual Association meeting and shall hold office at the pleasure of the board. Any vacancy in any office may be filled by the Board of Directors.

Section 5.3 Removal of Officers: Upon a majority vote of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting but the board's decision shall be final.

Section 5.4 President: The President shall be the chief executive officer of the Association. The President shall be chosen from among the Directors of the Association. He/She shall preside at all meetings of the Association and of the Board of Directors. He/She shall have all of the general powers and duties which are usually vested in the office of President of a nonprofit corporation, including but not limited to the power to appoint committees from among the owners or their spouses from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5.4(a) Vice President: The Vice President shall, in absence of the President, exercise the powers and perform the duties of the President.

Section 5.5 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 also, in absence of the President and Vice President, exercise the powers and perform the duties of the President. He/she shall be responsible, subject to the direction of the Board of Directors, for the preparation and dissemination to the members 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.

Section 5.6 Secretary: The Secretary shall keep and certify the minutes of all meetings of the Board of Directors or of the Association, 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 him by these Bylaws or assigned to him from time to time by the Directors. If the Secretary or any Assistant Secretary 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.

Section 5.7 Auditor: The members may at any meeting appoint some person, firm or corporation engaged in the business of auditing to act as auditor of the Association and to perform such audits and fiscal duties as may be requested by the Association.

Section 5.8 Amendments to Declaration: If it becomes necessary to amend the Declaration of the Condominium, the procedure of Article 5 of the Declaration shall be followed and thereafter the Secretary shall prepare such amendment and the President and one other officer shall execute the amendment for recording.

## **ARTICLE VI. FISCAL AFFAIRS AND ADMINISTRATION**

Section 6.1 Accounting: Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with customary accounting principles and practices. Any Eligible Mortgage Holder shall be allowed at its expense to have an audited financial statement prepared by the Association. Otherwise, the Association will prepare an audited financial statement only if so decided by the Board of Directors. At the time of the annual meeting, the Association will be provided with Income and Disbursements for that fiscal year to date and a projection for that year end.) However, the Treasurer shall, within ninety (90) days after the close of each fiscal year, furnish its Board of Directors with a final statement of the income and disbursements for such prior fiscal year and a balance sheet as of the close of that year. The Association shall have current copies of the Declaration, Bylaws and Rules and Regulations and all financial records available for examination by unit owners, holders, insurers and guarantors of first mortgages secured by units in the Condominium during normal business hours or under other reasonable circumstances.

### Section 6.2 Budget and Common Charges:

(a) The board shall cause a proposed annual budget to be prepared each year based on its estimate of annual income and expenses. This proposed budget shall be presented to the owners prior to the annual meeting. At this meeting this budget or a modified version must be ratified so that the new monthly condominium fees can be established for the beginning of the next fiscal year.

(b) The budget shall include the amount required by the Association to meet its expenses for the next fiscal year including but not limited to the following items:

1. Management and administration expenses;
2. The cost of operation, repairs, maintenance, replacement, and improvements of common elements and facilities benefiting the Property;
3. The cost of such insurance, services and utilities as may be furnished by the Association, other than such items for which a service charge is assessed;
4. Adequate working capital and reserves, including general operating reserves, reserves for contingencies, and reserves for maintenance and replacements of improvements to common areas and the limited common areas that the Association is required to maintain; and
5. Such other expenses of the Association as may be approved by the Board of Directors including operating deficiencies, if any, for prior periods.

a) A working capital fund shall be established for the Association at or before the sale of each unit and shall collect from and pay over to the Association to be kept in a segregated fund a contribution toward a working capital fund equal to two (2) months of estimated common charges for the unit. The contributions to the working capital fund shall not be in lieu of the regular monthly assessments.

b) In addition to the working capital assessment, as described in paragraph (A) above, each purchaser for value of a unit after the first purchaser shall pay over to the Association upon such purchase a contribution toward working capital equal to two

c) (2) months common charges for the unit. Such contribution shall be considered an assessment by the Association. A lien shall arise against each such purchaser's unit for the amount of such assessment in accordance with the terms of these Bylaws, the Declaration, and applicable law.

d) Until a new annual budget is adopted, the members shall continue to pay that monthly amount 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 send periodic statements to members showing the amount of assessments due, but each member shall pay his assessment promptly when due regardless of whether such a statement is sent.

e) Each member shall pay his share of assessments as determined by the Declaration. Each member shall become liable to the Association, and a lien shall arise against his unit for his entire fractional share of the assessments at the commencement of the pertinent fiscal period. Each member may pay his share of the common charges in monthly installments on or before the first day of each and every month during such period, provided, however, that if any such installment is not paid when due, then if not paid upon ten (10) days written notice of default, the entire remaining balance of the annual charges shall immediately become due and payable in full.

f) If any member shall fail or refuse to pay to the Association when due his share of the assessments or any other service charges, user fees and penalties, thereafter the amount thereof shall bear interest at the rate of eighteen percent (18%) per annum or such other lower rate as may be set by vote of the members of the Association prior to the date on which the payment came due. In addition, if any such monthly assessment, charge or fee is not paid on or before the date ten (10) days after the day it is due, the unit owner shall be assessed a late fee of twenty-five dollars (\$25.00). An additional late fee of twenty-five dollars (\$25.00) shall accrue on the same day of each month thereafter. Late fees shall be calculated separately with respect to each installment of assessment, charges and fees. Such assessments, service charges and late charges, interest and all costs of collection, including reasonable attorneys' fees, shall constitute a lien on the unit of such member. Notwithstanding the foregoing or any other provisions of these Bylaws, any first mortgagee of a unit obtaining title to the unit pursuant to foreclosure or the remedies provided in the mortgage shall not be liable for the unit's unpaid common element assessment or special assessments accrued before title is so acquired. Recording of the Declaration constitutes record notice and perfection of the lien for assessments, service charges, and user fees, including penalties, late charges, interest and costs of collection. The Association may 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

g) by an agent authorized by the Board of Directors but such recorded notice is not necessary to establish or perfect the lien.

h) If such payments are not received within thirty (30) days after they become due, the board shall exercise and enforce any and all rights and remedies provided in the Maine Condominium Act, the Declaration or these Bylaws or otherwise available at law or in equity for the collection of all unpaid amounts and, if available, all possessory remedies against the delinquent owner's unit under the Forcible Entry and Detainer Laws of Maine, as amended from time to time. The delinquent owner shall be required to pay to the Association a reasonable rental for such unit until sale or foreclosure. In any action to foreclose the lien for common charges, assessments, service charges, user fees, late charges, penalties, interest, and costs of collection including reasonable attorneys' fees against any owner of a unit, the Association may act through its manager or Board of Directors in the same manner as any mortgagee of real property. The manager or Board of Directors acting on behalf of the unit owners shall have the power to bid and acquire such unit at a foreclosure sale and to lease, mortgage, convey, or otherwise deal with the unit. Suit to recover a money judgment for unpaid common charges, assessments, service charges, user fees and penalties due to the Association, with interest and all costs and reasonable attorneys' fees, may be maintained without foreclosing upon or waiving the lien securing the same. The lien is extinguished unless action to enforce the lien is started within five (5) years after the full amount of the assessment becomes due (as provided in Section 6.2(d)).

Section 6.3 Services Charges: Service Charges (other than common expenses) may be assessed separately to each unit or group of units benefited thereby and shall be paid by the unit owner within fifteen (15) days of deposit in the U. S. Mail or hand delivery of the notice of such charges, and shall constitute a lien on the unit of the same status as a lien for common charges set forth in Section 6.2.

Section 6.4 Revised and Special Assessments: If at any time the Board shall determine the amount of the common charges to be inadequate, for any reason, the Board may adopt a revised budget and deliver a summary thereof to each member and shall set a date for a meeting of the members to ratify the budget all in accord with the provisions of Section 6.2 herein.

The Board may, upon determining that circumstances exist which require immediate assessment of the members, make special assessments not to exceed an amount equal to one current monthly assessment for each unit, without such assessment being approved by the members as provided in Section 6.2 herein. Such special assessment shall be due and payable when notice of the assessment is delivered to the members by personal delivery, delivery to the unit, by telephone or by electronic delivery to members who have provided their email address to the Board of Directors.

Section 6.5 Fiscal Year: The fiscal year of the Association shall be from August 1st through July 31st or established by the Board of Directors.

Section 6.6 Capital Improvements: The approval of the members shall be required to make a capital improvement to the common elements in an amount in excess of twenty-five (25%) percent of the aggregate assessments against all the members over the prior fiscal year, exclusive of service charges and user fees, and in such event the cost thereof shall be assessed to all unit owners as an assessment.

Section 6.7 Use of Units: All units shall be utilized in accordance with the provisions of the Bylaws, Declaration, and Rules and Regulations.

Section 6.8 Enforcement of Declaration and Bylaws: The Association and any aggrieved unit owners have a right of action against unit owners who do not comply with the Declaration, Articles of Incorporation, Bylaws, Rules and Regulations, or legal votes of the Association. Every unit owner shall pay to the Association promptly and on demand all costs and expenses, including reasonable attorneys' fees and expenses incurred by or on behalf of the Association in collecting any delinquent assessments, service charges or fees due from such unit, foreclosing its lien for assessments, collecting any penalties imposed hereunder, or enforcing any provisions of the Declaration, these Bylaws, or the Rules and Regulations against such owner or any occupant of such unit. Unit owners shall also have a right of action against the Association if the Association does not comply with the Declaration, Articles of Incorporation, Bylaws, or Rules and Regulations.

From and after August 1<sup>st</sup>, 2015; If a unit owner or members of the unit owner's family or the unit owner's guests, tenants, contractors, vendors or pets fails to comply with any non-monetary provision of the Declaration, Articles of Incorporation, By-Laws, Rules and Regulations or legal votes of the Association, the Board of Directors shall have the right, in its discretion, to impose a violation fee on the unit owner if the unit owner fails to fully cure such non-monetary default within 15 days after receipt from the Board of Directors of written notice of such non-monetary default. Such written notice shall inform the unit owner by mail, hand delivery to the unit, or electronic communication, that if the unit owner believes no non-monetary default has occurred, the unit owner has the right to address the Board of Directors, in writing or in person, within such 15 day cure period to explain why no such default exists. The Board of Directors shall consider the information and make a final decision on whether a non-monetary default has occurred. For a first uncured non-monetary default, such violation fee shall be \$50 and the violation fee amount shall increase an additional \$50 for each additional uncured non-monetary default by such unit owner (for example, the second uncured default violation fee shall be \$100 and the third uncured default violation fee shall be \$150), but in no event shall such violation fees against a unit owner in any twelve month period exceed \$1,000 in the aggregate. Such violation fees shall be in addition to all costs and expenses, including reasonable attorney's fees and costs, referred to in the first subsection of this Section 6.8.

If a violation fee is imposed against a unit owner under this subsection but the unit owner continues to fail to cure the non-monetary default for an additional 30 days after the imposition of the prior violation fee, the Board of Directors shall have the right, without providing prior notice to the unit owner, to impose against the unit owner additional violation fees for every additional 30 days that the non-monetary default continues. The Board of Directors shall notify the unit owner of such additional violation fees by telephone, regular mail hand delivery to the unit or by electronic communication. If a non-monetary default is not curable by the passage of time, the Board of Directors shall have the right, in its discretion, to immediately impose a violation fee by giving written notice thereof to the unit owner but subject to the right of the unit owner to address the Board of Directors, in writing by mail or electronic communication or in person at a meeting of the Board of Directors, within 15 days of such notice to explain why there is no non-monetary default and the Board of Directors shall consider such information and make a final decision on whether a non-monetary default has occurred.

All violation fees shall be paid to the Association within ten days after the violation fee notice is issued to the unit owner. All such violation fees shall constitute a lien on the unit of the same status as a lien for common charges set forth in Section 6.2 of the By-Laws.

If the Board of Directors imposes another fee or charge against a unit owner under any other provision of the Declaration, Articles of Incorporation, By-Laws, Rules and Regulations, legal votes of the Association or under state law for the same non-monetary default, the violation fee(s) ) referred to in this Section 6.8 shall not also be charged for that same non-monetary default.

Section 6.9 Rules and Regulations: In order to assist the peaceful and orderly use and enjoyment of the buildings and common elements of the Condominium, the Board of Directors may from time to time adopt, modify, and revoke, in whole or in part, such further reasonable Rules and Regulations governing the Condominium as it may deem necessary, including, but not limited to, methods and procedures for enforcing compliance with the Declaration and Bylaws. Such Rules and Regulations upon adoption, and every amendment, modification, and revocation thereof, shall be sent promptly to each unit and shall be binding upon all members of the Association and all persons present on the Condominium. Such Rules and Regulations may be amended by and be modified or rejected, in whole or in part, at any time by a vote of sixty-seven percent (67%) in interest of the members present in person or by proxy at any meeting duly called for the purpose, which vote shall be binding upon the Board of Directors. Material amendments to the Rules and Regulations shall also require approval of fifty-one percent (51%) of the Eligible Mortgage Holders (as defined in the Declaration). Materiality of an amendment shall be determined in accordance with the standards described in Section 10.2 of the Declaration.

Section 6.10 Restrictions: As an amendment to these Bylaws, the members may from time to time adopt, modify and amend such further restrictions on and requirements respecting the use and maintenance of units and the use of common elements designed to prevent unreasonable interference with the use and enjoyment of the Condominium. The following restrictions shall apply initially in addition to those expressed elsewhere in these Bylaws or in the Declaration:

Trash, garbage and other waste shall be kept only in sanitary containers and shall be disposed of in such manner as may be prescribed from time to time in accordance with Rules and Regulations established by the Association. No articles of personal property of any kind belonging to any unit owner shall be placed, displayed or stored in any portion of the common elements or facilities except for the following exceptions: **(i)** a door mat in front of the entry door, **(ii)** a modestly appropriate sized tasteful painting, plaque or wreath on the wall next to the entry door or placed on the entry door, **(iii)** the storage of a kayak, float board, surfboard or bicycle in the designated storage area on the south side of the building **(iv)** the use of the west side balcony on an owner's floor in the warm weather months to grow plant items and to set out a chair to enjoy the western views and sunsets with the understanding that the owners on each floor will have to informally agree among themselves how to share the balcony and **(v)** the nonpermanent items specified in Section 9.5.1 of the Declaration."

No member shall overload the electrical wiring in the building or operate any machinery, appliances, accessories or equipment in such a manner as to cause, in the judgment of the Board of Directors, any unreasonable disturbance or make any alterations to or connections with the heating, plumbing, or sewage disposal systems without the prior written consent of the Board of Directors

Section 6.11 Right of Entry: Upon such prior notice as is possible under the circumstances, the manager and any person authorized by the Board of Directors shall have the right to enter any unit in case of any emergency originating in or threatening such unit or adjoining common elements whether or not the owner or occupant is present at the time, and upon prior notice to enter any unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the common elements thereon or accessible there from.

Section 6.12 Title: Every unit owner shall promptly record in the York County Registry of Deeds the deed, assignment, or other conveyance to him of his unit or other evidence of his title thereto and file such evidence of his title with the Association, and the Secretary shall maintain such information in the records of the Association.

Section 6.13 Insurance:

(a) Power of Attorney: The Association is hereby irrevocably appointed as attorney-in-fact for each Unit Owner and for each lien holder of any lien upon a unit and for each owner of any other interest in the Property for the purpose of purchasing and maintaining insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

(b) Insurance Trustee: The Board of Directors shall, on behalf of the Association, act as Insurance Trustee. The duty as Insurance Trustee shall be to receive, hold or otherwise properly dispose of, in accordance with Section 1603-113 (3) of the Act, proceeds of insurance described herein in trust for unit owners and lien holders as their interests may appear.

(c) Types and Amounts: Commencing no later than the time of the first conveyance of a unit to a person other than the Declarant, the Association shall, to the extent reasonably available, obtain and maintain the types and amounts of insurance set forth below. Except as otherwise provided, the premiums for all such insurance policies shall be a common expense.

If the insurance described below is not reasonably available, the Association shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all unit owners. The Association may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.

The policies carried pursuant to Paragraphs (c) 1., (c) 2. and (c) 3. must provide that: (i) each unit owner is an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the common elements; (ii) the insurer waives its right to subrogation under the policy against any unit owner; (iii) no act or omission by any unit owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and (iv) if at the time of a loss under the policy there is other insurance in the name of a unit owner covering the same risk covered by the policy, the Association's policy provides primary coverage.



1. Hazard Insurance:

(A) Hazard insurance, with an endorsement for extended coverage, or such other fire and casualty insurance as the Board of Directors may determine provides equal or greater protection for the unit owners and their mortgagees, insuring against all risks of direct physical loss and extended coverage perils. Such hazard insurance shall provide coverage of the common elements (including the limited common elements), including fixtures and building service equipment and common personal property and supplies belonging to the Association, and the units. Such insurance shall also cover fixtures, equipment and other personal property inside a unit if such fixtures, equipment or personal property are financed by a mortgage purchased by the Federal National Mortgage Association, regardless of whether the property is a part of the common elements of the Condominium. If such insurance is so provided, the Association shall require such unit owner to pay the additional cost incurred by the Association in so insuring such unit owner's fixtures, equipment or other personal property. Such hazard insurance shall insure against all risks of direct physical loss customarily insured against for similar types of projects. If such hazard insurance no longer becomes available in the future, the Association shall obtain such comparable insurance as is then available. The amount of any such hazard insurance obtained pursuant to this Section shall be equal to the full insurable replacement value of the insured property, without deduction for depreciation (i.e., one hundred percent (100%) of "current replacement cost" exclusive of land, foundation, excavation and other items normally excluded from coverage, but including the units and all building service equipment), with an "agreed amount endorsement" or its equivalent, if available, and an "inflation guard endorsement," if available, construction code endorsement, if applicable, and to the extent required by the Federal National Mortgage Association, and a steam boiler and machinery coverage endorsement if the property contains central heating or cooling that provides that the insurer's minimum liability per accident equals at least the lesser of \$2 million or the insurable value of the building housing the boiler or machinery. Notwithstanding the foregoing, in no event shall the aggregate amount of the insurance obtained be less than the amount of the initial principal sum of all mortgages held by Eligible Mortgage Holders (as defined in the Declaration) in effect from time to time.

Notwithstanding any language contained in these Bylaws to the contrary, the Associations Hazard Insurance will not cover:

(1) Appliances, such as those for space heating, cooking, refrigeration, water heating, dish washing and laundering;

(2) Any improvements and alterations, to cabinets, counter tops, floor coverings, plumbing or electrical fixtures or any other modifications to a unit which are in excess of those which were intended by the builder at the time the unit was originally constructed;

(3) Any personal property owned by, used by, or in the care, custody or control of a unit owner whether located in a unit or within the common elements.

All of the above items must be covered by the unit owner's individual Hazard Insurance policy and not by the insurance of the Association.

(B) Such hazard insurance shall afford protection against at least the following:

(1) Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;

(2) All other perils that are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available;

(3) Such other risks as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation may require by reason of their being Eligible Mortgage Holders.

(C) Such hazard insurance policy may contain a "deductible" provision in an amount to be determined by the Board of Directors but not to exceed the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount unless a higher maximum deduction is required by Maine Law. Funds to cover any such deductible amount shall be included by the Association in its operating reserve account.

## 2. Comprehensive Liability Insurance:

(A) Comprehensive liability insurance policies, including medical payments insurance, insuring the Association; the unit owners, in their capacity as unit owners and Association members, their tenants and invitees, and any managing agent, for death, bodily injury and property damage relating in any way to the ownership, operation, maintenance and/or use of the project, including common elements, public ways, and any part thereof, any other areas under the Association's supervision, and any commercial spaces owned by the Association.

(B) Limits of liability shall be at least one million dollars (\$1,000,000.00) covering all claims for death, personal injury and/or property damage arising out of a single occurrence.

(C) Coverage under this policy shall include legal liability arising out of lawsuits related to employment contracts of the Association.

(D) The policy shall include "severability of interest" in its terms, or a separate endorsement precluding denial of a unit owners' claim because of negligent acts of the Association or unit owners.

### 3. Fidelity Bonds:

(A) The Association must obtain blanket fidelity bonds for anyone (including by way of illustration and not limitation, Association members, officers, Directors, trustees, managers, agents, employees and volunteers) handling or responsible for funds belonging to or administered by the Association, whether or not such person receives compensation for his services. In the event the Association has delegated some or all of the responsibility for the handling of funds to a managing agent, such managing agent shall maintain its own fidelity bond, and such bonds or insurance coverage shall include officers, employees and agents of such managing agent, or such managing agent shall provide equivalent coverage to the Association. The Association may require that such managing agent bear the cost of obtaining coverage for the managing agent and its officers, employees and agents.

(B) Each such fidelity bond or insurance shall name the Association as the named insured and shall be written in an amount sufficient to cover the maximum funds that will be in the custody of the Association or its managing agent at any time while the bond is in force, which is in no event less than one and one-half (1 1/2) times the Association's estimated annual operating expenses, including reserves. In addition, each fidelity bond must at least equal the sum of three month's assessments, on all units, plus the Association's reserve funds.

(C) In connection with such coverage, an appropriate endorsement to such policy or bond in order to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(D) Such fidelity bond(s) or insurance shall also:

(1) Name the Association as an obligee;

(2) Contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions;

(3) Provide that same may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association, all Eligible Mortgage Holders and each servicer that services a mortgage owned by the Federal National Mortgage Association.

4. Other Insurance: The Association may carry any other insurance it deems appropriate to protect the Association or the unit owners; the premium of which shall be assessed as common expense.

(d) Required Provisions: Insurance obtained by the Association shall be in accordance with the following provisions:

1. All policies shall be written with a company licensed to do business in the State of Maine and, for the hazard insurance policy, such company must hold a rating by Best's Insurance Reports as follows:

(A) A “B” general policyholders' rating and a “III” financial size category; or

(B) An “A” general policyholders' rating.

Policies of an insurer that does not meet the requirements stated above will be acceptable if the insurer is covered by reinsurance with a company that meets such requirements. Policies issued by Lloyds of London are acceptable in any event.

2. Exclusive authority to adjust losses under policies hereafter in force on the property shall be vested in the Association and any insurance trust agreement will be recognized. Such policies shall provide that:

(A) The enforceability of such policies is not affected by any waiver of subrogation as to any and all claims against the Association, any managing agent, the unit owners and guests, such subrogation being hereby waived;

(B) Such policies cannot be cancelled, invalidated or suspended by means of the conduct of any one or more unit owners, all defenses based upon co-insurance or acts of the insured being waived by the insurer, and in no event may cancellation, material modification, invalidation or suspension for any reason be effected without at least twenty (20) days' prior written notice to the Association, any insurance trustee, each unit owner and all Eligible Mortgage Holders (including servicers servicing mortgages owned by the Federal National Mortgage Association) whose names and addresses are on file with the insurer;

(C) such policies cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Association or of any managing agent without a prior demand in writing that the Association or any managing agent, as the case may be, cure the defect within a reasonable period of time;

(D) Any "no other insurance" clause in such policies shall not prohibit unit owners from obtaining insurance on their individual unit provided such insurance policy conforms with the requirements of this Article.

(E) The name of the insured under each policy required pursuant to this Article shall be stated in form and substance substantially as follows: "Grand Beach SeaScape Condominium Owners Association for the use and benefit of the individual owners of the units contained in SeaScape at Grand Beach, A Condominium." The policies may alternatively be issued in the name of an authorized representative of the Association, including any insurance trustee or any successor to such Trustee, for the use and benefit of the individual owners.

(F) Loss payable under each policy required pursuant to this Section 6.13 shall be in favor of the Association or the Board of Directors as insurance trustee, as a trustee for each unit owner and each such trustee, as a trustee for each unit owner and each such owner's Eligible Mortgage Holders as their interest may appear. Policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution) or shall otherwise be endorsed

to fully protect all Eligible Mortgage Holders' interests. If the Federal National Mortgage Association is an Eligible Mortgage Holder, the policies must name as mortgagee either the Federal National Mortgage Association or the servicers for the Mortgages it holds; such servicer's name shall be followed by the phrase "its successors and assigns."

(G) Coverage may not be prejudiced by:

(1) Any act or negligence of the Association or one or more owners of units when such act or neglect is not within the control of the Association; or

(2) Any failure of the Association to comply with any warranty or condition regarding any portion of the property over which the Association has no control.

(H) All policies of property insurance shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such options shall not be exercisable without the prior written approval of the Board of Directors.

(I) Insurance coverage obtained and maintained by the Association pursuant to the requirements of this Section shall be primary even if a unit owner has other insurance that covers the same loss. The insurance policy of the Association may not be brought into contribution with insurance purchased by unit owners or their mortgagees.

(J) Insurance coverage obtained and maintained by the Association pursuant to the requirements of this Section shall provide that no assessment may be made against Eligible Mortgage Holders or may become a lien on the mortgaged premises superior to the lien of any Eligible Mortgage Holder.

(e) Unit Owner's Insurance:

1. Each unit owner must obtain additional insurance at his own expense; provided, however, that: (i) such policies shall not be invalidated by the waivers of subrogation contained in the condominium documents; and (ii) no unit owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association may realize under any insurance policy which the Association may have in force on the Property at any particular time.

2. Any unit owner who obtains individual insurance policies covering any portion of the Property, other than: (i) personal property belonging to such owner; or (ii) the individual unit of such owner, shall be required to file a copy of such individual policy or policies with the Association within thirty (30) days after purchase of such insurance. The Association recommends that each unit owner obtain liability insurance sufficient in amount and coverage to protect the unit owner against death, bodily injury or property damage not covered by the Association's comprehensive liability insurance policy.

3. The Board of Directors shall have the power to require all unit owners to carry such types of insurance on their units as the Board of Directors may reasonable require, including, without limitation, insurance on all portions of the units.

(f) Miscellaneous Insurance Provisions:

The following additional provisions shall apply to the insurance requirements associated with the Condominium and are intended to be in addition to the provisions set forth above:

1. The Association, by and through the Board of Directors, shall have the right to assess the deductible under the Association's master insurance policy to Unit Owners, as the Board of Directors, in its sole discretion, may determine. In the event property damage is caused through the willful or negligent actions of a unit owner to his unit, other units, or the common or limited common areas of the building, the Board of Directors shall assess the deductible amount to that unit owner. Unit owners who do not cause damage through their negligence or willful acts shall not be assessed the deductible.

(A) Unit Owners may obtain Certificates of Insurance associated with the master policy from the insurance agent for the Association. Prior to acquiring such a certificate, a Unit Owner will need to provide the insurance agent with information, including the Unit Owner's name or the buyer's name of the unit, if applicable, the Unit number, the mortgage holder's name and address and the loan number of the mortgage, if applicable.

Each Unit Owner shall be solely responsible to obtain insurance coverage in adequate amounts to cover the Unit Owner's personal belongings and contents, along with any Unit improvements and additions together with the applicable deductible amounts as well as acquiring insurance for liability associated with the Unit as well as acquiring such other coverage's that a unit owner requires or deems necessary to adequately cover them in the event of a property damage or a personal injury loss. In particular, a Unit Owner may wish to acquire certain endorsements to their own insurance policies, including "all risk" coverage, loss assessment coverage, and "coverage A" (dwelling). Furthermore, Unit Owners who rent or lease their Units may wish to obtain loss of rent insurance as well as verifying that their tenants have obtained and are maintaining appropriate and adequate insurance coverage.

If the insurance company or insurance agent fails to promptly deliver the Certificate of Insurance to the Association, the unit owner must promptly send directly to the Association either the Certificate Of Insurance or a copy of the page(s) naming the unit owner and the insurance carrier and the coverage sheet of its policy."

(B) Each Unit Owner shall also insure that a Certificate of Insurance associated with their homeowners policy shall be forwarded from their insurance company or insurance agent to the SeaScape Condo Owner's Association, at 221 E. Grand Ave., Old Orchard Beach, ME 04064 each time their policy is renewed.

(C) If a Unit sustains property damage covered by the master insurance policy but in an amount less than the Association's insurance deductible, and the damage was not the result of a negligent or willful act of the unit owner, then the Board of Directors may, in its sole discretion, repair the damages incurred to that unit. Provided, however, that the Board of Directors has no obligation to pay for any property damage to a Unit in an amount less than the Association's insurance deductible and no Unit Owner may file a claim against the Association's master policy for any such claim.

(D) The following steps must be followed when damage occurs in a Unit in excess of the Association's Master Policy deductible and a claim is filed against the Master Policy:

(1) Damage to the Unit must be reported to the Board of Directors of the Association or the building manager within seventy-two (72) hours of the Unit Owner's knowledge of the loss. If a report is not made promptly it may result in the claim being denied by the insurance carrier. The Board of Directors will not honor claims that are denied by the carrier because of the failure to report the loss in a timely manner. The Unit Owner shall also notify their personal insurance agent at the same time

(2) The Board of Directors will notify the Association's insurance agent of the loss. Should immediate repairs need to be made in order to insure either the safety of its occupants or to minimize further damage to the Unit, other Units or to the common elements, the managing agent will obtain the necessary authorization for such repairs from the insurance carrier. Except for any such immediate repairs, the Board of Directors must provide final authorization to commencement of repairs associated with any covered loss.

(3) The Board of Directors or an agent designated by the Board will inspect the damaged Unit with an insurance adjuster and the Unit Owner to determine the scope of work required for repairs. During the damage inspection and bidding process, the Unit Owner must work closely with the Board of Directors and the insurance adjuster, including, but not limited to, making the Unit available upon reasonable notice for inspection, securing additional bids for required work if the insurance adjuster requests such bids and promptly responding to any and all requests made by the insurance adjuster and the Board of Directors. The Board of Directors, its agent or the Unit Owner will secure timely bids to repair the damage.

(4) The Board of Directors is not responsible for the timeliness by which insurance is paid.

(5) Any organization (company) or person with whom the Association or any individual Unit Owner deals with (such as service providers or contractors) will be required, at the discretion of the Board of Directors, to furnish a Certificate of Insurance prior to commencing any repair work associated with damage to a Unit or the common elements. The Certificate of Insurance must include the minimum requirement set forth below:

(i) General commercial liability with coverage in the amount of at least \$1 million per occurrence and \$1 million on which Grand Beach SeaScape Condominium Owners Association product/completed operations in the aggregate shall be named an additional insured.

(ii) Worker's Compensation coverage which provides the statutorily required benefits.

(iii) Automobile liability coverage for owned and non-owned and hired automobiles and other vehicles for at least \$1 million combined for bodily injury and property damage.

(6) If all parties agree to the scope of work, the amount of the claims and the allocation of funds, then final approval shall be documented in a form approved by the Board and signed by all parties.

(7) In the event of a dispute, the insurance company(s) and the Unit Owner(s) with the input from the Board of Directors shall resolve any disputes through mediation. If the mediation is not successful, then binding arbitration must be utilized in accordance with American Arbitration Association Rules and Regulations. Final approval of all settlement costs will be determined by agreement through the mediation process or will be determined by the arbitrator, as the case may be, and all parties shall be bound by all such arbitration decisions.

(8) When the final claim payment has been made by the Association's Insurance Company in accordance with the agreement of all parties, the Association Treasurer shall allocate these proceeds, and, if applicable, the deductible amount to the effected unit owner (s) who shall be responsible to insure that the repair work is done properly.

(9) The Board of Directors shall have no obligation or responsibility to perform or cause to perform repairs that are the responsibility of the Unit Owner.

To the extent these miscellaneous provisions conflict with subparts (a) through (e), subpart (f) shall control.”

#### Section 6.14 Repair or Reconstruction After Condemnation or Destruction:

Each unit owner appoints the Association its attorney-in-fact to act for him in the event of a partial or total condemnation or destruction of the Property or the common elements and facilities. With respect to any proceeds payable to a unit owner or to the Association as a result of partial or total condemnation or destruction by fire or other casualty of the common elements and facilities, each unit owner and the Association appoint the Association trustee to receive such proceeds for the benefit of the unit owners and their mortgage holders. The trustee shall use such funds for the repair and restoration of the Property or shall distribute the funds to the appropriate unit owners or their mortgagees as their interests may appear in accordance with the provisions below and section 1603-113 of the Condominium Act.



Subject to the prior rights of mortgagees of Declarant under the terms of mortgages held by them on one or more units and subject to the provisions of the Declaration, in the event of condemnation or destruction as a result of fire or other casualty of substantially all the Property and, thereafter, unit owners owning an aggregate of eighty percent (80%) of the total common interest in the Condominium promptly vote not to proceed with repair or restoration, the property retaining shall be deemed to be owned in common by the unit owners, as provided in the Condominium Act.

(a) Subject to the prior rights of mortgagees of Declarant under the terms of mortgages held by them on one or more units and subject to the provisions of the Declaration, in the event of condemnation or destruction as a result of fire or other casualty of the Property, or, if the vote against proceeding with repair or restoration, as provided in Section 6.14(a), is not sufficient, then in either event the Board of Directors as agents for the trustee shall arrange for the prompt repair and restoration of the units, as well as any other buildings, and the Board of Directors as agents for the trustee shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Directors may assess all the unit owners for such deficit as part of the common charges.

(b) Repair or restoration must be either substantially in accordance with the architectural and engineering plans and specifications for the original buildings, including such improvements and fixtures as may have been installed by any particular unit owner, or according to plans and specifications approved by the Board of Directors, by a majority in interest of unit owners with sixty-seven percent (67%) of the votes in the Association and by Eligible Mortgage Holders encumbering fifty-one percent (51%) of the undivided interest in the common areas subject to such mortgages, and if the damaged property contains any units, by all of the owners of the units therein, and by all mortgagees of Declarant on one or more units; which approval shall not be withheld unreasonably.

Section 6.15 Alienation of Common Elements: The Association, on behalf of the unit owners, may contract to sell real estate interests in the Condominium or subject such real estate to a security interest if members entitled to cast at least 80% of the votes allocated to units not owned by the Declarant approve such action. Portions of the common elements may be conveyed or encumbered in accordance with this action, provided that the consent of all owners of units to which any limited common element is allocated must consent to the conveyance or encumbrance of that limited common element. All actions to convey or encumber real estate in the Condominium approved under this Section shall be effected in accordance with Section S1603-112 of the Main Condominium Act.

## **ARTICLE VII. SALE, LEASE, RENTAL OR OTHER TRANSFER OF A UNIT**

Section 7.1 Binding Effect: All subsequent sales, leases or other transfers of a unit by a unit owner shall be subject in all respects to the Declaration, Bylaws, and Rules and Regulations of the Condominium.

Section 7.2 Leasing Restrictions: (a) No portion of any unit (other than the entire unit) shall be leased for any period. No unit owner shall rent or lease a unit other than in accordance with a form of lease: (i) with a term not less than 30 days; (ii) requiring the tenant to comply with the Declaration, these Bylaws, and Rules and Regulations; (iii) providing that failure to comply constitutes a default under the lease; (iv) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the unit owner after thirty (30) days' prior written notice to the unit owner, in the event of a default by the lessee in the performance of the lease. Every lease shall be in writing on the form provided by the Association. Each unit owner of a condominium unit shall, promptly following the execution of any written lease of a condominium unit, forward a true copy thereof to the Board of Directors.

In the event a guest or tenant of a unit fails to comply with the provisions on this Declaration, the Bylaws, Rules and Regulations or the lease, then in addition to all other remedies which it may have, the Association may notify the owner of such violation(s) and demand that the same be remedied through the owner's efforts within a reasonable time after such notice in the judgment of the Directors. If such violation(s) is not remedied within said period, the owner shall be assessed five-hundred dollars (\$500.00) for each violation, then the owner shall thereafter, at his own cost and expense, immediately institute and diligently evict his tenant or guest on account of such violation(s). In the event the owner fails to so act promptly, then the board shall have the right, but not the duty, to institute and prosecute such election as attorney-in-fact for the owner and at the owner's sole cost and expense, including all legal fees incurred. Said costs and expenses shall be due and payable upon demand by the Association and shall be deemed to constitute a lien on the particular unit involved, and collection thereof may be enforced by the Board of Directors in the same manner as the board is entitled to enforce collection of service charges.

Section 7.3 Liability for Assessments, Etc.: In the transfer of a unit, the grantee of the unit shall be deemed to have agreed to pay and shall be jointly and severally liable with the grantor for all unpaid assessments and service charges, 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 such grantee or proposed purchaser under a purchase and sale contract, upon written request and upon payment of such fee as may be set by the Directors, may obtain a statement from the Board of Directors setting forth the amount of unpaid assessments and service charges against the unit. The grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for any assessments and service charges arising before the statement date in excess of the amount therein set forth.

Section 7.4 Common Elements: No unit owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his unit without including therein the interests in common elements appurtenant thereto, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein.

Section 7.5 Rent Payment: Every unit owner irrevocably and unconditionally agrees that any unit owner who leases its unit (referred to as a "Unit Landlord") hereby assigns to the Association all of its right, title and interest in the lease and the rents and other income there from {collectively referred to as the "Rent") as security for the Unit Landlord's obligation to pay its annual assessments, special assessments and any other charges or fees, interest or penalties (collectively referred to as the "Obligations") such Unit Landlord may owe the Association from time to time. Upon expiration of any grace period the Association may from time to time provide to unit owners for the payment of any Obligations and without the Unit Landlord having fully paid all Obligations prior to the end of such grace period, the Association may send a written demand to the tenant of such Unit Landlord instructing the tenant to thereafter pay ail Rent (whether past due, currently due or due in the future) under the lease directly to the Association. The Association shall apply any Rent received to the Obligations in such order as the Association may determine. Once all Obligations have been paid in full, the Association shall provide written notice to the tenant that the tenant no longer must pay the Rent to the Association, A Unit Landlord hereby irrevocably and unconditionally agrees that its tenant shall pay its Rent directly to the Association upon the tenant's receipt of the Association's written demand to tenant, and the Unit Landlord shall have no claim against its tenant by reason of the tenant paying its Rent directly to the Association. The assignment of the leases to the Association and collection of the Rents by the Association do not impose any liability on the Association for the performance of any duties of the landlord under a lease and the Unit Landlord shall remain solely liable to the tenant for all obligations of the landlord under a lease.

This assignment of the leases and their Rents to the Association shall be subordinate in priority to a first mortgage recorded against the Unit Landlord's unit, but until the holder of the first mortgage exercises its right to collect the Rent pursuant to its first mortgage, the Association may exercise its right to collect the Rent.

## **ARTICLE VIII. EXECUTION OF INSTRUMENTS**

Section 8.1 Instruments Generally: All checks, drafts, notes, vouchers, bonds, acceptances, contracts, deeds, lien notices, certificates, and all other instruments shall be signed or approved by the President or the Secretary or Treasurer, and in addition by any one or more officer(s), agent(s) or employee(s), all as the Board of Directors may designate, unless otherwise unanimously voted by the Board of Directors.

## **ARTICLE IX. GENERAL ADMINISTRATION**

Section 9.1 Easements, Etc.: The Association is authorized and empowered to grant such easements, rights-of-way, leases and licenses for sewer lines and sewage disposal facilities, water lines, electrical cables, telephone cables, television cables and antennas, gas lines, storm drains, underground conduits, fire escapes and alarms, roads, and such other purposes related

to the proper operation of the Condominium as may be considered desirable, necessary or appropriate by the Board of Directors for the orderly maintenance, improvement and preservation and enjoyment of the common elements or for the preservation of the health, safety, convenience and welfare of the owners of the individuals units upon at least thirty (30) days' notice to the members unless a special meeting of the members is called within such period and the members vote to reject such grant. No such rights may be created through any unit without the written consent of the owners thereof and no such easement shall materially impair the use and enjoyment of the Condominium.

Section 9.2 Utility Services: The Association shall not be liable for the failure of electricity, telephone, water supply, sewage disposal systems, or other services to be obtained by the Association or paid for out of the common expense or service charge funds, or for injury or damages to persons or property caused by the elements or by the owner of any unit or by any other person, or resulting from electricity, water, snow or ice which may leak, fall or flow from or settle on any portion of the common elements or limited common elements or from any roof, wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the owner of any unit for loss or damage, by theft, or otherwise, of property which may be stored upon or in any individual unit or in any of the common elements or facilities. No set-off, diminution or abatement of assessments for common expenses or service charges, shall be claimed or allowed for the expense, damage or discomfort arising from the making of repairs or improvements to the common elements for facilities or to any unit, or from any action taken by the Association to comply with any law, ordinance, or order of any other governmental authority.

## **ARTICLE X. LIABILITY OF DIRECTORS AND OFFICERS**

Section 10.1 Exculpation: No Director or officer of the Association shall be liable for acts or defaults of himself or any other officer or member, or for any loss sustained by the Association or any member thereof, unless the same has resulted from his own willful misconduct or gross negligence.

Section 10.2 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, by reason of the fact he is or was an officer, Director, 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 to have acted with willful misconduct or gross negligence towards the Association or absent a final adjudication thereof, excepting such matters in which the Board of Directors (excluding any interested Director, officer, agent or employee) 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 will also maintain insurance on behalf of any person who is or was a Director, officer, 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 as such whether or not the Association would otherwise have the power or duty to indemnify him.

## ARTICLE XI. BYLAWS

Section 11.1 Amendment: These Bylaws may be amended, modified, or revoked in any respect from time to time by vote of (i) sixty-seven percent (67%) or more of the votes of the members of the Association at a meeting duly called for the purpose and (ii) fifty-one percent (51%) of the Eligible Mortgage Holders (as defined in the Declaration), in the case of a material amendment to the Bylaws. Materiality of an amendment shall be determined in accordance with the standard described in Section 10.2 of the Declaration. These Bylaws shall always contain those particulars which are required by the Maine Condominium Act, as amended from time to time to the extent applicable by law to this Condominium.

Section 11.2 Conflict: In the event of any conflict between these Bylaws and the provisions of the Declaration or the Maine Condominium Act, the latter shall govern and apply.

Section 11.3 Technical Amendments: In the event of any conflict between these Bylaws and the provisions of the Declaration or the Maine Condominium Act, the latter shall govern and apply. If any amendment to the By-Laws is necessary, in the judgment of the Board of Directors, to either (i) cure any ambiguity or to correct any provision of the By-Laws that is defective, missing or inconsistent with any other provision of the By-Laws, or(ii) conform with any requirements of any agency or public or private entity that has established national or regional standards with respect to loans secured by mortgages on condominium units ( including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, or any successor to such entities) including, without limitation, any limitations of the number of units which may be rented in the condominium project for such agency or entity to make mortgage loans secured by a mortgage on units in the condominium project, then , at any time and from time to time, the Board of Directors may, at its discretion, effect an appropriate corrective amendment to the By-Laws without the approval of the unit owners or the holders of any liens on all or any portion of the condominium, upon receipt by the Board of Directors of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this subsection.

Prior to the Board of Directors effecting such appropriate correction amendment, The Board of Directors shall notify the Unit Owners of the proposed amendment the Board of Directors intends to approve.

END