

EXHIBIT "B" TO
PUBLIC OFFERING STATEMENT
SUGARLOAF MOUNTAIN CENTER,
A CONDOMINIUM

AMENDED AND RESTATED BYLAWS
SUGARLOAF MOUNTAIN CENTER CONDOMINIUM ASSOCIATION

Carrabassett Valley, Maine

ARTICLE 1
INTRODUCTORY PROVISIONS

Section 1.1. Applicability. These Bylaws ("Bylaws") shall relate solely to the property called Sugarloaf Mountain Center, a Condominium, located at Carrabassett Valley, Maine, (the "Property"), more fully described in the Declaration of Condominium for Sugarloaf Mountain Center, a Condominium, dated September 29, 1986 and the Plats and Plans attached thereto (collectively the "Declaration") recorded in the Franklin County Registry of Deeds in Farmington, Maine, as amended by a certain Supplemental Quartershare Declaration dated December 19, 1988, filed by Apex, Inc., said Supplemental Declaration recorded in the Franklin County Registry of Deeds in Farmington, Maine, in Book 1077, Page 125, as the same may be amended from time to time. Said Declaration and Supplemental Quartershare Declaration are hereby hereinafter collectively referred to as the "Declaration" in these Bylaws except where specific and individual reference is made to facilitate interpretation or understanding.

Section 1.2. Definitions. The capitalized terms used herein without definition shall have the same definitions as such terms have in the Declaration and the Maine Condominium Act, Section 1601-103 et seq. (the "Act"). Unless otherwise provided in the Act, in the event of inconsistencies in definitions between the Act and the Declaration, the Declaration shall control.

Section 1.3. Compliance. Pursuant to the provisions of the Act, every Unit owner and all persons entitled to occupy a Unit shall comply with these Bylaws.

Section 1.4. Office. The office of the Condominium, the Association and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

Section 1.5. Incorporation of Statutory Law. Except as expressly provided herein, in the Declaration, or in the Act, the Association shall be governed by the provisions of any applicable statute of the State of Maine.

Section 1.6. Quartershare Plan. Reference is made to the recorded Supplemental Declaration noted above in Section 1.1. As of the date of this amended and restated set of Bylaws, the Sugarloaf Mountain Center Condominium consists of six (6)

Commercial Units; one (1) Residential Unit; and one hundred nine (109) Residential Units which have been subjected to the Quartershare Plan referenced in the aforementioned Supplemental Declaration. Said Supplemental Declaration, in essence, creates a fractional interest plan, whereby a Condominium Unit is divided into four Quarter Periods with separate and distinct rights of ownership and occupancy. Said four Quarter Units, as defined in the Supplemental Declaration, may have four separate and distinct Quarter Owners. In addition, these Residential Units will be furnished and utilized pursuant to a common plan by the Quarter Owners, all as set forth in the Supplemental Declaration. As a part of the overall expense applicable to this Quartershare Plan, not only the Common Expenses (as defined in the Declaration and hereinafter in these Bylaws), of the Condominium Units, but also the interior expenses (Quartershare budgeted items) will be part of the overall budget and will generally be known as “Common Expenses” as defined and referred to hereafter in Article V of these Bylaws, whether relating to Units, Limited Common Elements or Common Elements. The agent selected by the Association pursuant to these Bylaws will be charged with the responsibility of not only administering the Condominium Common Elements but also the interior of the Units and the Limited Common Elements, which, in essence, constitute the Plan of Quartershare Ownership. Accordingly, for purposes of these Bylaws, it is understood that while there remains a technical distinction between the references to “Common Elements” as that term is defined under the Maine Condominium Act (the “Act”) and “Common Expenses”, as that term is defined in these Bylaws (which term includes interior expenses pursuant to the aforementioned Supplemental Declaration), it is intended that the Association, through its Agent, administer all matters of Common Expenses. The Agent as named in the Supplemental Declaration and in these Bylaws may be one and the same and the Association named in the Supplemental Declaration and these Bylaws shall be one and the same and shall have the power and authority prescribed under these Bylaws and in the Supplemental Declaration. The intent is to have one integrated Association consisting of all of the Owners of the Commercial Units as defined in the original Declaration, all of the Owners of the Residential Units which are not subject to the Supplemental Declaration, and all of the Owners of the Unit Quarters (defined as Quartershare Owners) as set forth in the Supplemental Declaration.

Section 1.7. Interpretation/Construction. Reference is made in these Bylaws to the term “Units” which is a defined term under the terms of the Declaration Section 2.2. (z). As defined therein, Unit means the entire Condominium as that term is utilized under the Maine Condominium Act. Nevertheless, for purposes of these Bylaws, Unit shall refer to either a Whole Time Unit, i.e. a Residential Unit not subjected to the Supplemental Declaration, a Commercial Unit or a Unit Quarter as that term is defined in the Supplemental Declaration (Article 3.2.13). Accordingly, where applicable, “Unit” and “Unit Owner” shall not refer to a Commercial Unit Owner or a Whole Time Residential Unit Owner but also a Quarter Unit Owner as it relates to the interpretation and construction of these Bylaws. In certain Sections of the Bylaws, distinction is made where it is deemed to facilitate interpretation or understanding.

ARTICLE 2 THE ASSOCIATION

Section 2.1. Membership. The Association is a Maine corporation, all the members of which are the Unit owners of the Property. The Declarant, being the initial owner of all Units, initially shall constitute all of the members of the Association. A person shall automatically become a member of the Association at the time he acquires legal title to his Unit, and he shall continue to be a member so long as he continues to hold title to such Unit. A Unit owner shall not be permitted to resign from membership in the Association prior to the time when he transfers title to his Unit to another. No membership may be transferred in any way except as appurtenant to the transfer of title to the Unit to which that membership pertains. Transfer of membership shall be automatic upon transfer of title, but the Association may treat the prior Unit owner as the member for all purposes until satisfactory evidence of the recording of the instrument transferring title shall be presented to the Secretary of the Executive Board. The date of recordation of an instrument of conveyance in the Franklin County Registry of Deeds shall be determinative of all disputes concerning the date of transfer of title to any Unit or Units. A mortgage conveyance of all Units, however, shall not operate to transfer membership until the mortgage is foreclosed or the Unit sold in lieu of foreclosure.

Section 2.2. Meetings. Meetings of the Association shall be conducted in accordance with the following:

(a) Annual Meetings.

(1) Unit owners shall hold Annual Meetings for the purposes stated in Section 2.2. (a) (2) hereof (the "Annual Meetings"). The Annual Meeting of Unit owners shall be held on the second Saturday of June of each year unless such date shall be a legal or religious holiday, in which event the meeting shall be held on the next following day.¹

(2) The purpose of the Annual Meetings of the Association shall be to elect the members of the Executive Board unless such action is being taken pursuant to the provisions of Section 2.2. (g) hereof or Section 3.5. hereof, and to conduct such other business as may be required or permitted by law, the Declaration or these Bylaws to be done by a vote of Unit owners. The Treasurer of the Executive Board shall present at each Annual Meeting a financial report (prepared and reviewed by an independent certified public accountant) of the receipts and Common Expenses for the Association's immediately preceding fiscal year, itemized receipts and expenditures, the allocation thereof to each Unit owner, and any changes expected for the present fiscal year. A copy

¹ Section 2.2. (a) (1) was amended by vote of the Association at the Annual Meeting on Saturday, January 16, 1999. Prior thereto, Section 2.2.(a) (1) read as follows:

The Annual Meeting of the Unit owners shall be held on the third Saturday of January of each year unless such date shall be a legal or religious holiday, in which event the meeting shall be held on the next following day.

of such financial report shall be sent to each Unit owner not less than five days prior to the Annual Meeting.

(b) Special Meetings.

(1) The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon petition signed and presented to the Secretary by Unit owners entitled to cast at least twenty percent (20%) of the votes in the Association. The notice of any special meeting shall state the time, the place and purpose thereof. Such meetings shall be held within forty-five days after receipt by the President of said resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a capital expenditure pursuant to Section 5.8. hereof, such meeting shall be held within fifteen days after receipt by the President of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

(2) Within sixty days immediately preceding the date by which all members of the Executive Board must resign pursuant to Section 12.1. (b) (1) of the Declaration, a special meeting of the Association shall be held at which all of the members of the Executive Board shall resign, and the Unit owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor members of the Executive Board to act in the place of those resigning. The successor member receiving the highest number of votes shall serve until the third Annual Meeting of the Association following the date of such election and the successor member receiving the second highest number of votes shall serve until the second Annual Meeting of the Association following the date of such election, and the successor member receiving the next highest number of votes shall serve until the first Annual Meeting following the date of such election. Thereafter each member of the Executive Board shall be elected for a term of one year.

(c) Notice. Notices to Unit owners of meetings of the Association or meetings of the Executive Board which Unit owners who are not Executive Board members are entitled or invited to attend pursuant to Section 3.3. (e) hereof shall be delivered either by hand or by prepaid mail to the mailing address of each Unit or to another mailing address designated in writing by the Unit owner to the Executive Board. If a notice sent to Unit owners pursuant to the foregoing sentence includes an item on the proposed agenda which would require the approval of Eligible Mortgage Holders pursuant to Section 8.2. of the Declaration, a copy of such notice will also be sent to all Eligible Mortgage Holders. All such notices shall be delivered to all Unit owners (and Eligible Mortgage Holders, if applicable) not less than ten nor more than fifty days in advance of the date of the meeting to which the notice relates and shall state the date, time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws. The Secretary of the Executive Board shall cause all such notices to be delivered as aforesaid. Notice sent by mail shall be deemed to have been delivered on the second day after the date of mailing, in the case of mailed notices or the date of deposit in the Unit owner's (or if applicable,

in the Eligible Mortgage Holder's) mailbox in the case of hand delivery. No subject may be dealt with at any Annual Meeting or Special Meeting of the Association, unless the notice for such meeting stated that such subject would be discussed at such meeting.

(d) Quorum. Except as set forth below, the presence in person or by proxy of Unit owners entitled to cast thirty percent (30%) or more of the votes in the Association at the commencement of a meeting shall constitute a quorum at all meetings of the Association. If a quorum is not present, Unit owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight hours after the time for which the original meeting was called. If a meeting is adjourned, the quorum at such second meeting shall be deemed present throughout any meeting of the Association if Unit owners entitled to cast thirty percent (30%) or more of the votes in the Association are present in person or by proxy at the beginning of the meeting.

(e) Voting. Voting at all meetings of the Association shall be on the basis provided in Exhibit C attached to the Declaration as amended by Schedule C attached to the Supplemental Declaration. In general, as recited above, there are six (6) Commercial Units, one (1) Residential Unit not subjected to the Quartershare Plan and one hundred nine (109) Units subjected to the Quartershare Plan. As to those Unit Quarters, the Quartershare Owner shall have one fourth (1/4) of the amount of votes originally allocated to the Unit by Schedule C to the Declaration. The intent is that a Quarter Owner shall have a separate and distinct voting right pursuant to these Bylaws and shall be a member of the Association, albeit weighted in proportion to his Quartershare interest. Any and all references hereafter to Exhibit C of the Declaration shall be deemed to include a reference to the Schedule C to the Supplemental Declaration as that Schedule C further defines the votes in the Association for a Quarter Unit Owner. Votes shall be cast only in accordance with Section 5.4. of the Declaration; provided, however, votes may be allocated as provided in the Supplemental Quartershare Declaration. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast all the votes of such Unit at any meeting of the Association except with respect to the election of members of the Executive Board and except where a greater number is required by the Act, the Declaration or these Bylaws, the vote of more than fifty percent of the aggregate votes in the Association that are entitled to be cast by the Unit owners present and voting in person or by proxy at a duly convened meeting at which a quorum is present is required to adopt decisions at such meeting of the Association. In all elections for Executive Board members, each Unit owner shall be entitled to cast for each vacancy to be filled at such election the number of votes allocated to the Unit or Units owned by such Unit owner as provided in Exhibit C of the Declaration. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected and, if the Executive Board members are being elected to unequal terms pursuant to Section 2.2. (b)(2) hereof, the candidates receiving the highest number of votes shall be elected to the longest terms, provided that, with respect to any vacancy or vacancies which must be filled by an owner of a Commercial Unit pursuant to Section 12.1 (d) of the Declaration, the Commercial Unit owners receiving the greatest number of votes shall be elected to

fill such vacancy or vacancies. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting or splitting of votes.

(f) Proxies. A vote may be cast in person or by proxy by the person entitled to cast votes with respect to a Unit pursuant to Section 5.4 of the Declaration. Such proxy may be granted by a Unit owner only in favor of another Unit owner, the holder of a mortgage on a Unit or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only by actual receipt by the person presiding over the meeting of written notice of revocation from the grantor of the proxy. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

(g) Actions of Association without a Meeting. Any action required or permitted to be taken by a vote of the Association may be taken without a meeting if all Unit owners shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the proceedings of the Association.

(h) Conduct of Meetings. The President (or in his absence, the Vice-President) shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted at the meeting as well as keep a record of all transactions occurring at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

Section 2.3. Copies of Condominium Documents. The Association shall have current copies of the Declaration, these Bylaws, the Rules and Regulations and any other rules concerning the condominium as well as its own books, records and financial statements available for inspection by Unit owners or by holders, insurers and guarantors of first Mortgages secured by Units. These Condominium Documents shall be available during normal business hours.

ARTICLE 3 EXECUTIVE BOARD

Section 3.1. Composition. The affairs of the Association shall be governed by the Executive Board. The Executive Board shall consist of seven natural individuals, all of whom shall be Unit owners, designees of the Declarant or if the Unit owner is an

entity or an association, one, and only one, of its principals or officers so designated by such entity or association.²

Section 3.2. Election and Term of Office.

(a) At the Annual Meeting of the Association, subject to Section 12.1 of the Declaration, the election of members of the Executive Board shall be held. The term of office of any Executive Board member to be elected (except as set forth in Sections 2.2.(b)(3) and Section 3.5. hereof) shall be fixed at one year. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

(b) Persons qualified to be members of the Executive Board may be nominated for election only as follows:

(1) Any Unit owner may submit to the Secretary at least thirty days before the meeting at which the election is to be held a nominating petition signed by Unit owners owning at least two Units in the aggregate, together with the statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the submitted items to every Unit owner together with the notice of such meeting; and

(2) Nominations may be submitted from the floor at a meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by petition.

² Section 3.1 was amended by vote of the Association at a Special Meeting on Saturday, June 21, 1997. Prior thereto, Section 3.1 read as follows:

The affairs of the Association shall be governed by the Executive Board. The Executive Board shall consist of five natural individuals, all of whom shall be Unit owners, designees of the Declarant or if the Unit owner is an entity or an association, one, and only one, of its principals or officers so designated by such entity or association. As required by Section 12.1 (d) of the Declaration, at least one of the five members of the Executive Board must be the owner of a Commercial Unit.

Prior to vote of the Association on January 21, 1991, Section 3.1 read as follows:

The affairs of the Association shall be governed by the Executive Board. The Executive Board shall consist of three natural individuals, all of whom shall be Unit owners, designees of the Declarant or if the Unit owner is an entity or an association, one, and only one, of its principals or officers so designated by such entity or association. As required by Section 12.1 (d) of the Declaration, at least one of the three members of the Executive Board must be the owner of a Commercial Unit.

At the January 1995 Annual Meeting, and only at that meeting, an election will be held for the Executive Board of the Association for terms as follows:

2 officers nominated to serve three years starting 1/1/95 and expiring 12/31/97

2 officers nominated to serve two years starting 1/1/95 and expiring 12/31/96

1 officer nominated to serve one year starting 1/1/95 and expiring 12/31/95

At the completion of these terms, succeeding elected terms will be for three years. Replacements elected or appointed to complete the terms of Board members who leave or resign will serve to the end of said terms.³

Section 3.3. Meetings. Meetings of the Executive Board shall be conducted in accordance with the following:

(a) Time and Location. The Executive Board shall hold an annual meeting within ten days following the Annual Meeting of the Association for the purpose of electing officers, as more fully set forth in Article 4 hereof, and for any other purpose which may be required or permitted by law, the Declaration or these Bylaws to be done by a vote of the Executive Board. The Executive Board shall hold meetings at the call of the President or upon request to the President of the Executive Board by at least one-third (1/3) of the members of the Executive Board; provided however that:

(1) In any event, the Executive Board shall meet at least three times each fiscal year (in addition to the annual meeting of the Executive Board), unless all members of the Executive Board shall waive such requirements as to a particular meeting or meetings;

(2) The first such Executive Board meeting shall be held promptly after the date on which the Declaration is recorded; and

(3) There shall be a meeting of the Executive Board during the second full calendar week of the last month of each fiscal year for the purpose of adopting the budget of the Association for the next following fiscal year of the Association.

(4) The President shall call any Executive Board meeting requested by one-third (1/3) of the members of the Executive Board for a date occurring not less than five nor more than twenty days after receipt of such request.

The President shall designate the time and location of Executive Board meetings. No business shall be transacted at Executive Board meetings other than as specified in the notice thereof.

³ Section 3.2. was amended to its present form by vote of the Association at its Annual Meeting on Saturday, January 21, 1995. Prior thereto, Section 3.2 ended after the first and only sentence of Section 3.2 (b) (2).

(b) Notice. Not less than forty-eight hours prior to the time of any Executive Board meeting, a written notice stating the date, time and place of such meeting shall be delivered, either by hand or mail or telegram, to each Executive Board member at the address given to the Executive Board by such Executive Board member for such purpose. Any Executive Board member may waive notice of a meeting or consent to any action of the Executive Board without a meeting. An Executive Board member's attendance at a meeting shall constitute his waiver of notice of such meeting.

(c) Quorum of the Executive Board. At all meetings of the Executive Board a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute a decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

(d) Voting. Each Executive Board member shall be entitled to cast one vote. A vote of the majority of the members of the Executive Board present at any meeting at which a quorum is present shall bind the Executive Board for all purposes unless otherwise provided in the Declaration or these Bylaws.

(e) Organization. Executive Board meetings may be held under such reasonable rules consistent with these Bylaws as the Executive Board may determine. The Executive Board is hereby entitled to promulgate such rules. Except for the meeting to approve the budget of the Association referred to in Section 3.3. (a)(3) of these Bylaws, Unit owners who are not Executive Board members shall have no right to attend Executive Board meetings but the Executive Board may, in its sole discretion, elect to allow such Unit owners to attend a particular meeting or meetings. If the Executive Board does elect to allow Unit owners who are not Executive Board members to attend a particular meeting or meetings, the Secretary of the Executive Board shall give prior notice, in the manner provided in Section 2.2. (c) hereof, to all Unit owners of each meeting at which Unit owners are entitled or invited to be present; provided, however, that the failure to give such notice shall neither invalidate any actions taken by the Executive Board at such meeting nor impose any liability on the Executive Board or its officers and/or members for the failure to give such notice. All Unit owners shall have the right to attend and be heard, but not the right to vote, at the Executive Board meeting at which the fiscal year budget of the Association shall be presented to the Executive Board for adoption. The Secretary of the Executive Board shall give Unit owners notice of such meeting, accompanied by a copy of the proposed budget, in the manner provided in Section 2.2. (c) hereof.

(f) Conduct of Meetings. The President, or in the President's absence the Vice President, shall preside over all meetings of the Executive Board and the Secretary shall keep a Minute Book of the Executive Board meetings, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meeting of the Executive Board if and to the extent such Rules are not in conflict with the Declaration, these Bylaws or the Act.

(g) Action without a Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

Section 3.4. Resignation and Removal. Except with respect to members designated by Declarant, at any regular or special meeting of the Association duly called, any one or more of the members of the Executive Board may be removed with or without cause by Unit owners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit owner proposing removal of a Board Member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit owner shall be given at least ten days notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit. The Declarant shall have the right to remove and replace any and all members appointed by the Declarant at any time and from time to time until the required resignation date specified in Section 12.1 (b) of the Declaration.

Section 3.5 Vacancies. Any vacancy or vacancies on the Executive Board, whether caused by resignation, removal, death, adjudication of incompetency, or an increase in size of the Executive Board, shall be filled by the Executive Board with an interim appointee who shall serve until the next Annual Meeting of the Association at which time such vacancy may be filled by vote of the Unit owners in accordance with Section 2.2 (e) of these Bylaws; provided, however, that the Declarant shall have the right to fill any vacancy created by the resignation, death, or adjudication of incompetency of a member who had been appointed by the Declarant and had not been elected by the Unit owners. If the vacancy results from removal by the Association, the election of a new member or members may be held at the same meeting where such removal takes place and notice of an election for removal shall be considered notice of an election to fill each vacancy so caused. The vote of more than fifty percent of the votes of the Unit owners present at such meeting in person or by proxy shall cause the postponement of the election to a later date, but if such vacancy is not filled within sixty days after it occurs, the Executive Board shall promptly thereafter elect a replacement.

Section 3.6. Compensation. No member of the Executive Board shall receive compensation for performing his duties as a member of the Executive Board unless such

compensation is expressly authorized or approved at any Annual or Special Meeting of the Association.

Section 3.7 Validity of Contracts with Interested Executive Board Members.

No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm or association in which one or more of the Executive Board members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) The fact that an Executive Board member is also such a director or officer of has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or

(b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

Section 3.8. Inclusion of Interested Executive Board Members in a Quorum.

Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.7 hereof.

Section 3.9. Powers of the Executive Board.

(a) Enumeration. The Executive Board shall have all of the powers and duties granted by the Act and the laws governing unincorporated associations or both.

(b) Limitation. Nothing in this Section or elsewhere in these Bylaws shall be considered to grant to the Executive Board or to the officers of the Association any powers or duties which, by law, are possessed by Unit owners. Unless otherwise provided herein or in the Declaration, the Executive Board shall comply with the instructions of the Unit owners as expressed in a resolution duly adopted at any Annual or Special Meeting of the Association.

(c) Delegation of Powers; Managing Agent. The Executive Board may employ for the Condominium a managing agent at a compensation established by the Executive Board. The managing agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws; provided, however, 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 or in an advisory capacity to the Executive Board. The Executive Board may delegate to the managing agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers: (i) to adopt an annual budget and any amendment thereto or to assess Common Expenses; (ii) to adopt, repeal or amend rules and regulations; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; (v) to acquire mortgages on Units; and (vi) to assign Common Elements as Limited Common Elements. Any contract with the managing agent must provide that it shall be cancelable by either party without cause and without a termination fee upon not less than thirty days or more than ninety days written notice and shall be cancelable by the Executive Board with cause upon not less than thirty days written notice. Any such contract negotiated by the Declarant shall not exceed one year but may be renewed upon consent of the Association.

ARTICLE 4 OFFICERS

Section 4.1. Election. At the first meeting of the Executive Board, and at every annual meeting of the Executive Board thereafter the Executive Board members, if a quorum is present, shall elect officers of the Association for the following year, such officers to serve for a one year term and until their respective successors are elected. The officers to be elected are: President, Vice President, Secretary, Treasurer and such other officers as the Executive Board shall determine. Each officer may serve an unlimited number of terms so long as such member or officer continued to be re-elected to the Executive Board. Any member may hold two offices simultaneously, except that the President shall not hold any other office.

Section 4.2. Duties. The duties of the officers shall be as follows:

(a) President. The President shall be the chief executive officer of the Association and the chairperson of the Executive Board. The President shall be responsible for implementing the decisions of the Executive Board and in that capacity shall direct, supervise, coordinate and have general control over the affairs of the Association and the Executive Board, subject to the limitations of the laws of the State of Maine, the Condominium Documents and the actions of the Executive Board. The President shall have the power to sign checks and other documents on behalf of the Association and the Executive Board, or both, with or without the signatures of any other officers as may be determined by the Executive Board. The President shall preside at all meetings of either body at which he is in attendance and shall be a member of all committees. If the President and the Vice President are absent from such meetings the senior officer of the Association present at such meeting shall preside, and in the absence of any officer, the body holding the meeting shall elect a person to preside. If the Executive Board so provides, the President also shall have any or all of the powers and duties ordinarily attributable to the chief executive officer of a corporation domiciled in Maine.

(b) Vice President. Unless otherwise determined by a resolution of the Executive Board, the Vice President shall in the absence of the President, exercise the powers and perform the duties of the President. The Vice President shall perform such other duties and have such other powers as the Executive Board may designate from time to time.

(c) Secretary Unless otherwise determined by the Executive Board, the Secretary shall keep or cause to be kept all records (or copies thereof if the original documents are not available to the Association) of the Association and the Executive Board and shall have the authority to affix the seal of the Association to any documents requiring such seal. The Secretary shall give or cause to be given all notices as required by law, the Declaration or these Bylaws, shall take and keep or cause to be taken and kept minutes of all meetings of the Association, the Executive Board and all committees, and shall take and keep or cause to be taken and kept at the Association's office a record of the names and addresses of all Unit owners as well as copies of the Declaration, the Plats and Plans, these Bylaws and the Rules and Regulations, all of which shall be available at the office of the Association for inspection by Unit owners or prospective Unit owners during normal business hours and for distribution to them at such reasonable charges (if any) as may be set from time to time by the Executive Board. The Secretary shall keep or cause to be kept the register of Eligible Mortgage Holders. The Secretary shall also perform all duties and have such other powers as are ordinarily attributable to the secretary of a corporation domiciled in Maine.

(d) Treasurer. Unless otherwise determined by the Executive Board, the Treasurer shall have the charge and custody of, and be responsible for, all funds and securities of the Association, shall deposit or cause to be deposited all such funds in such depositories as the Executive Board may direct, shall keep or cause to be kept correct and complete accounts and records of all financial transaction of the Association and the Executive Board and shall submit or cause to be submitted to the Executive Board and the Association such reports thereof as the Act, the Declaration, the Executive Board or these Bylaws may from time to time require. Such records shall include, without limitation, chronological listings of all receipts and expenditures on account of the Common Elements, Limited Common Elements and each Unit, the amount of each assessment for Common Expenses and expenses assessable to individual Units, if any, and the amount paid and the amounts due on such assessments. Such records shall specify and itemize the maintenance, repair and replacement expenses relating to the Common Elements and the Limited Common Elements and any other expenses incurred by the Association. The foregoing financial records shall be kept at the Association's office and shall be available there for inspection by Unit owners or prospective Unit owners during normal business hours. The Treasurer shall, upon request, provide any person who shall have entered into a written agreement to purchase a Unit with a written statement of the information required to be provided by the Association pursuant to Sections 1603-116 (h) and 1604-108 (b) of the Act. The Treasurer shall also perform such duties and have such powers as are ordinarily attributable to the treasurer of a corporation domiciled in Maine.

Section 4.3. Compensation. The officers of the Executive Board shall serve without compensation for their services in such capacity unless such compensation is expressly authorized or approved at any Annual or Special Meeting of the Association.

Section 4.4. Resignation and Removal. Any officer may resign at any time by written notice to the Executive Board, such resignation to become effective at the next Executive Board meeting. Any officer who ceases to be a member of the Executive Board for any reason also shall be deemed to have resigned or been removed, ipso facto, from any Executive Board office he may have held. Any officer may be removed from his office at any time by a majority vote of the Executive Board Members the interests of the Association will be best served thereby, or by the vote of the Association with or without cause, in the same manner as set forth for the removal of Executive Board members in Section 3.4. hereof.

Section 4.5. Vacancies. Vacancies caused by resignation or removal of officers or the creation of new offices may be filled by a majority vote of the Executive Board members, if the vacancy resulted from action of the Executive Board. If, however, the vacancy resulted from action by the Association, such vacancy shall be filled in the same manner as set forth in Section 3.5. hereof for filling Executive Board vacancies.

ARTICLE 5 COMMON EXPENSES: BUDGETS

Section 5.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon the recordation of the Declaration and end on December 31 of the same year.

Section 5.2. Preparation and Approval of Budget.

(a) Adoption. On or before the first day of November of each year (or sixty days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Executive Board to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for management and administration expenses; the estimated cost of repairs, maintenance and replacement of Common Elements and Limited Common Elements; the cost of such insurance and utilities as may be furnished by the Association; the amount of such reserves as shall be reasonably established by the Executive Board including operating contingency reserves for expenses both unanticipated and extraordinary and reserves for periodic maintenance, repair and replacement of the Common Elements and Limited Common Elements; and such other

expenses of the Association as may be approved by the Executive Board including operating deficiencies, if any, for prior periods.

(b) Available for Inspection. On or before the next succeeding fifth day of November (of fifty-five days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall make the budget available for inspection at the Association office and shall mail to each Unit owner a summary of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Unit owner's assessments for Common Expenses of the Association.

(c) Ratification of Budget. The Executive Board shall set a date for a meeting of the Unit owners to consider ratification of such budget not less than fourteen (14) days nor more than thirty (30) days after mailing of such summary. Unless at that meeting Unit owners entitled to cast more than fifty percent (50%) of the votes in the Association reject such budget, such budget is ratified, whether or not a quorum is present. In the event such proposed budget is rejected, the budget last ratified by the Unit owners shall be continued until such time as the Unit owners ratify a subsequent budget proposed by the Executive Board.

(d) Reasonable Efforts. The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

Section 5.3. Assessment and Payment of Common Expenses.

(a) Common Expenses. The Executive Board shall calculate the monthly assessments for Common Expenses against each Unit by multiplying (i) the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board for the fiscal year in question by (ii) the Percentage Interest of each Unit in the Condominium and dividing (iii) the result by the number of calendar months in such fiscal year. Such assessments, payable in monthly installments, shall be due and payable on the first day of each calendar month and shall be a lien against each Unit owner's Unit as provided in the Act and the Declaration. Within ninety days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit owner and to each record holder of a first mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Unit owners in accordance with their Percentage Interest and shall be payable as a Special Assessment, in such manner as the Executive Board may determine.

(b) Working Capital Fund. A working capital fund shall be established equal to at least one-sixth (1/6) of the estimated annual Common Expense liability for the first

full year of operations. The proportionate share for each Unit (based on its Percentage Interest) shall be collected and transferred to the Association at the time of sale of each Unit and shall be maintained in a segregated account for the use and benefit of the Association. Such amounts shall not be considered as advance payment of regular assessments.

(c) Reserves. Extraordinary expenditures not originally included in the annual budget, which may become necessary during the fiscal year, may be charged first against reserves for working capital, operations and contingencies. If the reserves are deemed to be inadequate for any reason, including non-payment of any Unit owner's assessments, the Executive Board may at any time levy further assessments for Common Expenses which shall be assessed against the Unit owners in accordance with their Percentage Interests and shall be payable as a Special Assessment, in such manner as the Executive Board may determine.

(d) Interpretation/Construction. References made to the general discussion set forth above in Article 1 subsection 1.7 of these Bylaws. It is noted that the terms "Common Expenses" as included herein is a general one and includes reference to expenses of not only the Condominium but of also the Quartershare Plan as defined in the Supplemental Declaration. Nonetheless, it is recognized that certain of the Units will not be assessed for portions of these "Common Expenses" attributable to the Quartershare Plan. For example, the Commercial Units will simply pay their allocable share of the budget attributable to the Condominium. Similarly, those Residential Unit owners who have not submitted their Units to the Supplemental Quartershare Declaration will likewise not be subjected to the additional budgeted items relating to the Common Expenses described in the Supplemental Declaration.

Section 5.4. Further Assessments. The Executive Board shall serve notice on all Unit owners of any further assessments pursuant to Sections 5.3. (a), or 5.3. (c) or otherwise as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefor, and such further assessments, unless otherwise specified in the notice, shall become effective with the next monthly assessment which is due more than ten days after the delivery of such notice of further assessments. All Unit owners so assessed shall be obligated to pay the amount of such monthly assessments. Such assessments shall be a lien of the effective date as set forth in Section 5.3 above.

Section 5.5. Initial Budget. At or prior to the time assessment of Common Expenses commences, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date the Executive Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessment shall be levied and become a lien against the Unit owners during such period as is provided in Section 5.3 above.

Section 5.6. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not

constitute a waiver or release in any manner of a Unit owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

Section 5.7. Accounts; Audits. All sums collected by the Executive Board with respect to assessments against the Unit owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices and the same shall be reviewed at least once each year by an independent accountant retained by the Executive Board. The Association shall make a reviewed 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 therefor to the Association.

Section 5.8. Limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association, by a vote of more than fifty percent (50%) of all votes in the Association, may reject any capital expenditure or borrowing approved by the Executive Board, within thirty days after approval by the Executive Board.

Section 5.9. Statement of Common Expenses. The Executive Board shall promptly provide any Unit owner, contract purchaser or proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses and Limited Expenses, if any, due from such Unit owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation, to the extent permitted by the Act.

ARTICLE 6 REPAIR OF RECONSTRUCTION

Section 6.1. Restoration of Property Out of Common Expense Fund. Damage to or destruction of the Building shall be promptly repaired and restored by the Association in accordance with the provisions of Article 9 of the Declaration and Sections 1603-113(e) and (h) of the Act. The Executive Board shall be responsible for accomplishing the full repair or reconstruction which shall be paid out of the Common Expense fund. The disbursements of funds for such repair or reconstruction shall, at the option of the Executive Board, be made only as the work progresses upon approval of a qualified architect who shall have furnished a description satisfactory to the Executive Board of the costs involved and the services and materials to be furnished by the contractors, subcontractors and materialmen. Unit owners may apply the proceeds from their individual property insurance policies, if any, to the share of such Common Expense as may be assessed to them. The Executive Board shall be responsible for restoring the Property only to substantially the same condition as it was immediately prior to the damage and each Unit owner shall personally assume the additional expense of any improvements to his Unit which he desires, to restore it beyond such condition. If any physical changes are made to any restored Unit or the Common Elements, or any

combination of them, which renders inaccurate the Plats and Plans which are then of record, the Executive Board shall record amended Plats and Plans showing such changes.

ARTICLE 7 SEPARATE REAL ESTATE TAXES

Section 7.1. Assessments Against Individual Units. In the event that, commencing with the taxable period during which occurs the first conveyance of a Unit to a person other than the Declarant, real estate taxes are not separately assessed against each Unit owner, but rather are assessed against the Property as a whole, then each Unit owner (including the Declarant, as to the Units then owned by it) shall pay his proportionate share thereof in accordance with his respective Percentage Interest in the Common Elements.

ARTICLE 8 AMENDMENTS

Section 8.1. General Requirements; Consent of Declarant or Holders of Mortgages; Curative Amendments to Bylaws. Except as otherwise provided in any one or more of these Bylaws, the Declaration or the Act, these Bylaws may be amended by the vote of the Unit owners entitled to cast a majority of the votes in the Association which are cast, in person or by proxy, at a meeting duly held in accordance with the provisions of these Bylaws; provided, however that if such amendment shall make any change which would have a material effect upon any rights, privileges, powers and options of the Declarant, such amendment shall require the joinder of the Declarant to the extent permitted by the Act; and further provided that no amendment seeking (1) to abandon, partition, subdivide, encumber, sell or transfer any portion of the Common Elements, or (ii) to abandon or terminate the condominium form of ownership of the Property except as otherwise provided in the Declaration, shall be effective without the prior written approval of Eligible Mortgage Holders representing at least sixty-seven percent (67%) of the votes of Units that are subject to mortgages held by Eligible Mortgage Holders. Notwithstanding the foregoing, amendments of a material nature must be approved by Unit owners entitled to cast at least sixty-seven percent (67%) of the total allocated votes in the Association and by Eligible Mortgage Holders representing at least fifty-one percent (51%) of the votes of Units subject to Mortgages hold by Eligible Mortgage Holders. A change to any of the following would be considered material:

- (a) voting rights;
- (b) assessments, assessment liens, or subordination of assessment liens;
- (c) reserves for maintenance, repair or replacement of Common Elements;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests in the Common or Limited Common Elements, or rights to their use;
- (f) boundaries of any Unit;
- (g) convertibility of Units into Common Elements or vice versa;

- (h) expansion or contraction of the Condominium; or the addition, annexation or withdrawal of property to or from the Condominium;
- (i) insurance of fidelity bonds;
- (j) leasing of Units;
- (k) imposition of any restriction on a Unit owner's right to sell or transfer his or her Unit;
- (l) a decision by the Association to establish self-management when professional management had been required previously by an Eligible Mortgage Holder;
- (m) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;
- (n) any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or
- (o) any provisions that expressly benefit mortgage holders, insurers or guarantors.

Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to condominium projects, then at any time and from time to time the Executive Board, acting through the President or any Vice President, may effect an appropriate corrective amendment without the approval of the Unit owners or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of any opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

Section 8.2. Amendments to the Declaration. The Declaration may be amended pursuant to the provisions of the Act and the Declaration. The President or any Vice President is empowered to prepare and execute any amendments to the Declaration on behalf of the Association and the Secretary or any Assistant Secretary is empowered to attest, seal with the Association's corporate seal and record any such amendments on behalf of the Association.

Section 8.3. Special Notice Requirements. Proposed amendments to these Bylaws must be mailed or hand-delivered to each member of the Association not less than ten nor more than fifty days prior to the meeting at which the proposed amendment is submitted to the Association for consideration and vote. Upon motion supported by 10% of the votes of the Association, the vote on any proposed amendment may be postponed until the next regular or special meeting of the Association.

ARTICLE 9 GENERAL PROVISIONS

Section 9.1. Severability. The provisions of these Bylaws shall be deemed independent and severable and the invalidity, partial invalidity or unenforceability of any provision or portion hereof shall not effect the validity or enforceability of any other provision or portion thereof unless the deletion of such invalid or unenforceable provision shall destroy the uniform plan for development and operation of the condominium project which the Declaration (including the Plats and Plans and these Bylaws) is intended to create.

Section 9.2. Conflicts. The Act and the Declaration shall control in the event of any conflict between the provisions thereof and the provision of these Bylaws. The Act, the Declaration and these Bylaws shall control in the case of any conflict between the provisions thereof and the provisions of the Rules and Regulations.

Section 9.3. Notices. All notices or other communications required or permitted under these Bylaws shall be in writing and shall be deemed to have been given when personally delivered or on the second business day after the day on which mailed by certified mail, return receipt requested, postage prepaid (or otherwise as the Act may permit), (a) if to a Unit owner at the single address which the Unit owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit owner, or (b) if to the Association, the Executive Board or to the managing agent, at the principal office of the Association and the managing agent or at such other address as shall be designated by notice in writing to the Unit owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 9.4. Headings. The headings preceding the various Sections of these Bylaws and the Table of Contents are intended solely for the convenience of readers of the Bylaws and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 9.5. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

ARTICLE 10 CORPORATE SEAL

Section 10.1. Seal. The form of the seal of the Association shall contain the name of the Association and the State of Maine.