

PUBLIC OFFERING STATEMENT

HILLSIDE CROSSING CONDOMINIUM

Hillside Construction, LLC
Declarant
Revised April 13, 2020

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NARRATIVE OF PUBLIC OFFERING STATEMENT

HILLSIDE CROSSING CONDOMINIUM

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IMPORTANT NOTICE

THE FOLLOWING IMPORTANT NOTICE IS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF SECTIONS 1604-101 THROUGH 1604-105 OF THE MAINE CONDOMINIUM ACT, CHAPTER 31 OF TITLE 33 OF THE MAINE REVISED STATUTES ANNOTATED, AS AMENDED (THE "ACT").

UNLESS A PURCHASER HAS RECEIVED AND REVIEWED A COPY OF THIS PUBLIC OFFERING STATEMENT PRIOR TO THE EXECUTION OF A CONTRACT FOR SALE OF A UNIT, A PURCHASER, BEFORE CONVEYANCE OF A UNIT, MAY CANCEL ANY CONTRACT FOR PURCHASE OF A UNIT FROM THE DECLARANT.

IF A PURCHASER ACCEPTS THE CONVEYANCE OF A UNIT, SAID PURCHASER MAY NOT CANCEL THE CONTRACT.

UNLESS A PURCHASER ACKNOWLEDGES IN WRITING RECEIPT AND REVIEW OF THE PUBLIC OFFERING STATEMENT PRIOR TO THE EXECUTION OF A CONTRACT FOR SALE OF A UNIT, THE PURCHASER MAY AT ANY TIME PRIOR TO CONVEYANCE OF THE UNIT CANCEL THE CONTRACT UPON WRITTEN NOTICE TO THAT EFFECT FURNISHED TO THE DECLARANT. SUCH CANCELLATION SHALL BE WITHOUT PENALTY, AND ANY DEPOSITS OR PAYMENTS MADE BY THE PURCHASER PRIOR TO CANCELLATION SHALL BE REFUNDED BY THE DECLARANT.

A PURCHASER WHO ACKNOWLEDGES IN WRITING RECEIPT AND REVIEW OF THE PUBLIC OFFERING STATEMENT AND ALL AMENDMENTS THERETO BEFORE THE EXECUTION OF A CONTRACT FOR SALE GIVES UP THE RIGHT TO CANCEL IN ACCORDANCE WITH SECTION 1604-107 OF THE ACT, AND A PURCHASER WHO ACCEPTS A CONVEYANCE OF A UNIT MAY NOT LATER EXERCISE THE RIGHT TO CANCEL OR RESCIND THE CONTRACT FOR SALE UNDER SUCH SECTION. ACCORDINGLY, ALL PORTIONS OF THE PUBLIC OFFERING STATEMENT SHOULD BE CAREFULLY REVIEWED BY A PROSPECTIVE PURCHASER PRIOR TO SIGNING AN AGREEMENT OF SALE AND PRIOR TO SIGNING THE ACKNOWLEDGEMENT OF RECEIPT AND REVIEW OF THE PUBLIC OFFERING STATEMENT.

THE DECLARANT AND ITS REPRESENTATIVES ARE NOT AUTHORIZED TO MODIFY OR CHANGE ORALLY ANY OF THE PROVISIONS OF THE PUBLIC OFFERING STATEMENT OR THE CONDOMINIUM DOCUMENTS. SIMILARLY, THE DECLARANT'S REPRESENTATIVES ARE NOT AUTHORIZED TO INTERPRET THE LEGAL MEANING OR EFFECT OF ANY OF THESE DOCUMENTS.

HILLSIDE CROSSING CONDOMINIUM

NARRATIVE DESCRIPTION

I. Description of the Condominium.

A. Site and Construction Schedule

Hillside Crossing Condominium is located off Railroad Avenue in Sanford, York County, Maine. The land area subject to development rights includes approximate 11.47 acres (Tax Map R6, Lot 69A and Tax Map I18, Lots 3A, 4, 5, 16 and 19). The Declarant has reserved the right, but not the obligation, to develop the above-referenced lots in several phases and to construct up to seventy-five (75) single-family Units. Currently, the Condominium consists of Land Phase 1 and eleven (11) declared Units in four (4) Buildings which have already been constructed and sold.

The land area of the Condominium is in a Single Family Residential Zone as defined in the Zoning Ordinance of the Town of Sanford. This zone permits condominium development as a conditional use and the owner has received approval from both the Sanford Planning Board and the Maine Department of Environmental Protection for the project.

Construction of the infrastructure improvements in Land Phase I of the Condominium that service the already-constructed Buildings have already been completed. The Declarant expects that any Buildings added by the exercise of Development Rights, will be completed within twenty (20) years from the date of recording of the initial Declaration in 2007, and landscaping will be done as each Building is completed.

While all of the Units are restricted to residential use, the Declarant may use any of the unsold Units as models or for a temporary sales office.

B. Phasing.

Land is to be added to the Condominium in Land Phases and Units are to be constructed and added to the Condominium in building phases. The Buildings containing the eleven (11) Units that have already been declared are located in Land Phase 1. The Condominium may consist of a total of up to seventy-five (75) Units located in up to twenty-two (22) Buildings, if fully constructed.

C. Declaration.

The Declaration is the legal document which creates the Condominium. The initial Declaration of Condominium of Hillside Crossing Condominium, dated May 29, 2007, was recorded in the York Registry of Deeds in Book 15181, Page 414. Amendments to the initial Declaration were recorded in connection with the declaration of each of the eleven (11) existing Units. An additional amendment to the Declaration extending the time period for

the exercise of the Declarant's Development Rights and Special Declarant Rights and amending certain provisions related thereto, dated December 12, 2018, was recorded in the York County Registry of Deeds in Book 17863, Page 135. For further discussion, see Section XII, "Development Rights." A copy of the Declaration, as so amended, is included in this Public Offering Statement. The Declaration establishes the boundaries of the Condominium as a whole, as well as the boundaries of the Common Elements and Percentage Interest pertaining to each Unit. In addition, the Declaration establishes special property rights within the Condominium such as Limited Common Elements and easements.

II. Description of the Units.

The identifying numbers, number and size of rooms and size of each proposed Unit in the duplex and triplex Buildings are shown on the floor plans attached to the Declaration. Generally, each Unit will consist of the space bounded by the walls, floor and ceiling of the Unit. The Unit will also include any floor covering (hardwood, carpet, tile), wallboard and wall covering, interior and exterior windows, interior and exterior doors (including garage doors and its components), plumbing, kitchen and bath room fixtures, heating, ventilating and air conditioning systems and the components thereof, water heaters, kitchen appliances and any fireplaces or hearths, electrical wiring, outlets and lighting devices from points where feed wire enters Unit circuit breaker distribution box inward and portion of water and sewer lines, pipe and equipment servicing only the Unit and the interior of attics and garages. As required by the Maine State Fire Marshall's Office, each unit will contain appropriate smoke detectors and sprinklers.

A Unit generally does not include: the exterior walls, the roof, rafters, basement and foundation, land, the pipes, wires conduits, flues, ducts, pipes or other heating and utility lines running through a Unit which serve more than one Unit or which serve the Common Elements or which serve another Unit.

Each Building will initially be configured to contain either two or three Unit dwellings, as described in Exhibit C in the floor plans attached to the Declaration. The Unit dwellings are located side-by-side and will consist of first and second floor living spaces with a garage attached to the first floor living space. Each Unit will also have a first-floor porch designated as Limited Common Element reserved for the exclusive use of the relevant Unit owner. Buildings housing four-family Unit dwellings may be constructed in later developed Land Phases pursuant to the Declarant's Development Rights as described in the Declaration.

III. Common Elements Limited Common Elements and Maintenance.

A. Common Elements.

The Common Elements constitute all of the Condominium, other than Limited Common Elements and individual Units, including all of the land that is not a Limited Common Element, buildings, foundations, structural parts of the Buildings including structural

columns, girders, beams, supports and the like, roofs, outside walls, pipes, ducts, electrical wiring and conduits, public utility lines, floor and ceilings (other than the interior surfaces located within the Units), perimeter walls of the Units (other than the interior surfaces), as well as easements for parking, access and utilities.

B. Limited Common Elements.

The Limited Common Elements are those parts of the Common Elements which are reserved for the exclusive use of one or more specific Unit(s). The Limited Common Elements will include the first-floor porch may include parking spaces, window shutters and/or boxes, doorsteps, stoops, and the porches/decks, balconies and patios adjacent to the Units. In addition, each Unit will include, as a Limited Common Element, that portion of the land area of the site on which the relevant Unit is located consisting of that part of the said site which lies on the Unit-side of the common wall between the Units extended to the front and back boundary line of said site. In other words, the driveway, walkway and yard appurtenant to a Unit will be a Limited Common Element for the exclusive use of that Unit.

C. Maintenance.

Notwithstanding the ownership of various portions of the Common Elements, Limited Common Elements and Units by virtue of the descriptions of such contained in the Declaration under Sections 3.2, 3.3, 4.1, and 4.2 of the Declaration, maintenance and repairs of a Unit and Limited Common Elements appurtenant to that Unit are the responsibility of the Unit Owner. These obligations include, but are not limited to, maintenance and repairs of the interior and exterior surface of all doors and windows (including the garage doors and windows), the maintenance of the interior basement Limited Common Element appurtenant to that Unit, the maintenance and cleaning of all equipment and appliances in the Unit, any redecorating, painting and varnishing as may be required to maintain the good appearance and condition of a Unit, and the removal of snow and ice from steps and porch of the Limited Common Element appurtenant to that Unit. Structural repairs and maintenance of the internal Common Elements such as repair and maintenance of the road, sewer, water, underground electric and drainage structures are the responsibility of the Association and reserves are to be set up in the Association's budget to provide for such work to be done as needed. The Association is also responsible for snowplowing, street lighting and trash pickup (unless provided by the municipality).

Since each Unit will share one or more common walls with the other Unit dwellings, the Declaration Section 6.3 and the Maine Condominium Act, Section 1602-114, contain descriptions of easements which establish the respective rights and responsibilities of each Unit Owner occupying a Unit within the same Building.

D. Description of Ownership Interest in Common Elements.

The Units, Common Elements and Limited Common Elements are shown on the Plats and Plans attached to the Declaration.

Each Unit has an undivided interest in the Common Elements. This undivided interest is referred to in the Declaration and By-Laws as the “Percentage Interest”. The Percentage Interest of each Unit set forth is based on a fraction, the numerator being 1 and the denominator being the total number of declared Units. When Units are declared (added to the Condominium), the Percentage Interest of each Unit will be reallocated utilizing the same formula and shall become effective upon the recording of an amendment to the Declaration in connection with the declaration of such Units.

IV. Creation of and Restrictions on the Condominium.

A. Description of the Declaration and By-Laws:

The Declaration and Plats and Plans are the legal documents necessary to create the Condominium and are referred to as the “condominium instruments” or the “condominium documents”. The condominium instruments will be recorded in the York Registry of Deeds and copies are included with this Public Offering Statement with related exhibits. Additionally, the operation of the Condominium is governed by the provisions of the attached By-Laws.

Essentially, the Declaration is viewed as being a deed which establishes and defines the Condominium, and which recites the manner in which the Declarant desires to submit the property to a condominium regime. The Declaration describes the property, the boundaries of the Units, the elements that comprise the Common Elements, a determination of each Unit’s Percentage Interest in the Common Elements, the purposes and restrictions on the use of the property, provisions for easements and provisions concerning assessments and liens against the Units as well as the liability of the Unit Owners for payment of the Common Expenses. The Declaration also describes the manner in which the Executive Board (a.k.a. Board of Directors) of the Association will be elected.

The By-Laws contain the rules for self-government of the Condominium by the Hillside Crossing Condominium Association (the “Association”). The By-Laws provide for the creation and composition of the Executive Board which directs the affairs of the Condominium, administers policies outlined in the Declaration and By-Laws and generally oversees the upkeep and administration of the Condominium. The By-Laws also cover such matters as the requirements for meetings, voting, manner in which the budget should be prepared, determination and handling of assessments, including special assessments, filing of assessment liens, nature of insurance coverage and restrictions on the use of the Units and the Common Elements.

The By-Laws also provide that the Executive Board has the right to establish policies, procedures, Rules and Regulations governing the use of the Condominium. These rules may be modified or amended by vote of 75% of the members attending in person or by proxy at a meeting of the Association called for the purpose of changing the Rules and Regulations. A copy of the initial Rules and Regulations has been included in this Public Offering

Statement. It is not expected that any special fees or charges will be imposed in connection with the use of the Common Elements.

If a dispute arises between the Declarant and a Unit Owner, or the Association, arising out of or relating to the Declaration, the By-Laws or a deed to a Unit, the Declaration provides that such dispute shall be submitted to binding arbitration.

B. Liens, Defects, Encumbrances and Restrictions on Use:

A Unit Owner's use and enjoyment of his/her Unit is restricted by the Declaration and By-Laws. These restrictions, which apply to all Units, relate to such matters as the leasing of Units, compliance with the Declaration, By-Laws, and Rules and Regulations, the use of Units and the payment of assessments. The Declaration prohibits the subdivision of ownership interests in Units.

The Declarant retains certain easements intended to permit the development and construction of the Condominium, as described in Section 6.1 of the Declaration. These easements include, but are not limited to, easements for ingress and egress, the right to use unsold Units for sales offices or models, the right to construct, alter and repair Common Elements, the right to connect and make use of utility lines for construction purposes, and the right to grant easements for utilities. The Declarant and its agents also have the limited right to post signs and advertisements on the Condominium property for the purpose of selling the Units. These easements continue until the Declarant has conveyed all Units to purchasers.

Each Unit is generally restricted to residential use, as described in Section 3.9(a) of the Declaration and subject to Article II Section 9 of the Rules and Regulations attached to this Public Offering Statement. The Declaration also contains restrictions on, among other things, the keeping of animals in Units, parking, and storage of certain items on the property. See Sections 3.9, 3.10 and Article 7 of the Declaration and Articles II-V of the Rules and Regulations.

In addition, the Condominium will be subject to the normal utility easements for water, sewer, electric and telephone lines. Finally, the Condominium will be subject to certain easements created by the Declaration and the Maine Condominium Act. These easements are:

1. Easement for encroachments. By virtue of this easement, Unit Owners and the Association are protected in the event that a Unit or Common Element encroaches upon another Unit or Common Element.
2. Easement to facilitate sales. The Declarant may use any unsold Units in the Condominium as models or as sales offices and may place advertising signs anywhere within the Condominium.

3. Easement for ingress and egress. Each Unit Owner has a right of access to the Common Elements, subject to rules, regulations and restrictions established by the Association.
4. Easement for access to Units. Authorized representatives of the Association and the Declarant may enter any Unit to the extent necessary to correct conditions threatening other Units or the Common Elements to make repairs to Common Elements which are accessible only from the Unit, or to correct conditions which constitute violations of the Declaration, By-Laws, rules or regulations or warranty obligations of the Declarant.
5. Easement for support. Each Unit and Common Element has an easement for lateral and subjacent support from every other Unit and Common Element.

The Condominium property may become subject to a mortgage to secure financing during the course of construction. However, at the time of the conveyance of a Unit to a purchaser, the Declarant will have such Unit released of record from every mortgage, deed of trust, or any other perfected lien affecting the Unit, except the lien of the Unit purchaser's mortgage, if any, and the encumbrance of the Condominium instruments of record, general real estate taxes for the current year not then due, and easements, restrictions and covenants of record.

As of the date of this Public Offering Statement, there are no unsatisfied judgments or pending suits against the Association and the Declarant has no knowledge of any pending suits material to the Condominium.

C. Restraints on Alienation and Leasing.

Section 1604-102 of the Maine Condominium Act prohibits the Declarant from offering any interest in a condominium unit until the Declarant has prepared and delivered to a prospective purchaser a current public offering statement.

The Section 1603-112 of the Maine Condominium Act states that portions of the Common Elements may be mortgaged or sold if Unit Owners possessing at least 80% of the voting rights in the condominium agree to such action.

The Declaration permits the rental of Units in the Condominium. The Rules and Regulations attached to this Public Offering Statement restrict the rental of any Units for transient rentals, hotel or motel purposes. The Association and its Executive Board may establish additional rules to govern rental practices.

The Declaration, By-Laws and Rules and Regulations included with this Public Offering Statement should be carefully reviewed by each prospective purchaser of a Unit.

V. **Operation of the Condominium.**

A. **The Unit Owners Association.**

1. **Self-governing of the Condominium.** The Maine Condominium Act provides for the self-governing of the Condominium by a unit owners association. Membership in the Association is an incident of ownership of a Unit; therefore, every Unit Owner is automatically a member of the Association and remains a member until his or her ownership of a Unit ceases.

The Association is a non-profit corporation under Maine law. At the time of this Public Offering Statement, there are no unsatisfied judgments or, to the best of Declarant's knowledge and belief, no pending suits against the Association.

2. **Delegation of the Powers and Responsibilities of the Association.** The By-Laws provide that the powers and responsibilities of the Association are delegated to the Condominium's Executive Board, some of which may, in turn, be delegated to a managing agent if one is retained or hired by the Association. Basically, the Executive Board, in its role administering the Condominium, has the power and responsibility to, among other things: (a) prepare the annual budget; (b) make and collect assessments against the Unit Owners for Common Expenses; (c) provide for the upkeep, maintenance and care of Common Elements; (d) designate, hire and dismiss the personnel necessary for the maintenance of Condominium; (e) establish bank accounts on behalf of the Association; (f) make alterations to the Condominium; (g) enforce by legal means the provisions of the Condominium instruments; (h) obtain necessary insurance; (i) pay the cost of services rendered to the Condominium; and (j) keep the books of account of the Condominium.
3. **Allocation of Voting Power.** Each Unit is allocated one vote in the Association. A Unit Owner is entitled to cast the vote allocated to his or her Unit.
4. **Transfer of Control.** The control of the Condominium has passed from the Declarant to the Association, acting through the Executive Board, pursuant to Section 12.1 of the Declaration. The Declarant nonetheless retains certain Development Rights and Special Declarant Rights in the Condominium. See Section IV. B "Liens, Defects, Encumbrances and Restrictions on Use" and Section XII, "Development Rights."

B. **Management of the Condominium.**

The By-Laws provide that the Executive Board may employ a professional managing agent for the Condominium at a level of compensation fixed by the Executive Board. The Declarant has not entered into any management agreement. The decision as to whether to retain the services of a managing agent will be made by the Association and no management fee is included in the current budget attached to this Public Offering Statement.

The By-Laws contain provisions for reserves for capital expenditure. Article V, Section 5.2(b) provides for the establishment of reasonable reserves for operating contingencies, maintenance and replacements. The By-Laws also provide that if for any reason such reserve fund is inadequate to defray the cost of a required capital improvement, replacement or major repair, the Executive Board may levy a further assessment against the Unit Owners in proportion to the Percentage Interest of their respective Units.

A Unit Owner will be personally liable for all lawful assessments levied against his Condominium Unit which become due while he or she is the Unit Owner. In addition, Common Expenses assessed against the Unit Owner will give rise to a lien on the owner's Unit, which lien, if unsatisfied, may be enforced by the foreclosure or other legal remedies.

The Percentage Interest in the Common Elements of the Condominium is set forth in the Declaration and the amount of the estimated monthly assessment (condominium fee) for expenses for each Unit is set forth in the attached current budget. The monthly assessment for each Unit is based on the Percentage Interest of the Unit.

VI. Budget.

An estimated annual budget for the Condominium's operation is attached. The budget assumes completion of, and assessments paid with respect to, each of the 12 declared Units. If the Declarant adds one or more Buildings or units to the Condominium, the expenses of operating the Condominium are likely to increase, but the number of Units sharing in these costs would be greater. Declarant provides no special services and has not incurred any special expenses on behalf of the Unit Owners that are anticipated to become Common Expenses at a later time. The estimated budget attached hereto is subject to change in accordance with the declaration and bylaws, and may not reflect actual expenses of the associations operation. Control of the Association has been turned over to the unit owners, and for updated budgets and/or financials, and applicable condo fees, prospective purchasers are encouraged to contact the Association directly.

VII. Unit Purchase.

The obligations of the parties in connection with the purchase of a Unit are stated in detail in the sample purchase agreement, a copy of which is included with this Public Offering Statement. Prices for all Units are established by the Declarant and may be subject to change at any time at the Declarant's discretion prior to the execution of a purchase agreement. Different purchasers may pay different prices for similar Units at the sole discretion of the Declarant.

At the settlement on the purchase of the Unit, the purchaser will be required to pay, in addition to the purchase price of the Unit, those settlement costs identified in the purchase agreement as well as additional costs which may be required in connection with mortgage financing. It is not anticipated that the purchaser will be required to sign any contracts or leases at the settlement, with the exception of a limited warranty statement.

In addition to regular monthly assessments, purchasers will also have to pay an amount equal to three (3) times the initial monthly assessment on the Unit to the Association (or to the Declarant if it has previously advanced the payment) for the purpose of providing the Association with working capital.

Declarant does not anticipate receiving a commitment from a bank or savings and loan association to provide permanent financing to purchasers. Accordingly, a prospective Unit purchaser must arrange for his or her own financing.

Purchasers' deposit monies will be placed in a non-interest-bearing account. Deposits will be returned to prospective purchasers who cancel their contracts in accordance with Section 1604-107 of the Maine Condominium Act or, if not applicable, such deposits will be treated in accordance with the terms of the purchase agreement. Purchasers will not be entitled to interest on returned deposits. The deposit monies will be held or utilized for the completion of the relevant purchasers' Unit by the Declarant.

VIII. Insurance.

The Executive Board will obtain insurance to protect the Association and, to a certain limited extent, the Unit Owners as individuals. In general, the types and amount of insurance to be obtained by the Association are described in Article IX of the Declaration and Article V, Section 5.12 of the By-Laws.

Each Building, including the Units, will be covered by fire and property damage insurance. The coverage will be "all risk" and in an amount equal to the full replacement value of the building. This coverage will not insure personal property belonging to a Unit Owner.

The Association and Unit Owners will be insured against liability arising from ownership or use of the Common Elements. This coverage will not insure Unit Owners against liability arising from an accident or injury occurring within a Unit or liability arising from the act or negligence of a Unit Owner.

The Executive Board will also maintain appropriate workers' compensation insurance, fidelity and directors' and officers' liability coverage to protect against dishonest acts on the part of the officers, directors, trustees and employees of the Association and all others who handle funds of the Association, including the managing agent.

The Declarant strongly recommends that each Unit Owner obtain insurance coverage on his or her personal property and liability exposure not covered by the Association policy. The Unit Owner may also wish to insure any improvements to his or her Unit to the extent that the improvements increase the value of his Unit beyond the limit of coverage provided by the policy maintained by the Association. The Unit Owner should be aware, however, that there are certain restrictions on this type of additional insurance in Article IX of the Declaration and Article V, Section 5.12 of the By-Laws, and Unit Owners are encouraged

to review these documents with an insurance professional. The Unit Owner may also consult the Executive Board or the managing agent before purchasing such additional insurance.

IX. Warranties.

Certain warranties are given to all Unit Owners, subject to certain exclusions and modifications made by the Declarant. On or before settlement of the purchase of a Unit, as a condition of purchase, the purchaser will be asked to execute a written instrument providing for a two-year statute of limitations. A sample Limited Warranty is attached. Additionally, implied warranties of merchantability will be limited to the duration of the Limited Warranty Certificate issued by the Declarant.

With respect to the Units and Common Elements, the Maine Condominium Act provides as follows:

Section 1604-112 - Express Warranties of Quality.

- (a) Express warranties made by any seller to a purchaser of a unit, if relied upon by the purchaser, are only created as follows:
 - (1) Any written affirmation of fact or promise which relates to the unit, its use, or rights appurtenant thereto, area improvements to the condominium that would directly benefit the unit, or the right to use or have the benefit of facilities not located in the condominium, creates an express warranty that the unit and related rights and uses will conform to the affirmation or promise;
 - (2) Any model or description of the physical characteristics of the condominium, including plans and specifications of or for improvements, creates an express warranty that the condominium will substantially conform to the model or description;
 - (3) Any written description of the quantity or extent of the real estate comprising the condominium, including plats or surveys, creates an express warranty that the condominium will conform to the description, subject to customary tolerances; and
 - (4) A provision that a buyer may put a unit only to a specified use is an express warranty that the specified use is lawful.
- (b) Neither formal words, such as “warranty” or “guarantee,” nor a specific intention to make a warranty, are necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real estate or its value does not create a warranty.

- (c) Any conveyance of a unit transfers to the purchaser all express warranties of quality made by previous sellers.

Section 1604-113 - Implied warranties of quality.

- (a) A declarant and any person in the business of selling real estate for his own account warrants that a unit will be in at least as good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, reasonable wear and tear excepted.
- (b) A declarant and any person in the business of selling real estate for his own account impliedly warrants that a unit and the common elements in the condominium are suitable for the ordinary uses of real estate of its type and that any improvements made or contracted for by him, or made by any person before the creation of the condominium, will be:
 - (1) free from defective materials; and
 - (2) constructed in accordance with applicable law, according to sound engineering and construction standards and in a workmanlike manner. Construction complying with the National Building Code and Code Administrators (BOCA), Basic Building Code or equivalent applicable local building code, if any, shall be deemed to satisfy such sound engineering or construction standards.
- (c) In addition, a declarant warrants to a purchaser from him of a unit that may be used for residential use that an existing use, continuation of which is contemplated by the parties, does not violate applicable law at the earlier of the time of conveyance or delivery of possession.
- (d) Warranties imposed by this section may be excluded or modified as specified in section 1604-114.
- (e) For purposes of this section, improvements made or contracted for by an affiliate of a declarant, section 1601-103, paragraph (1), are made or contracted for by the declarant.
- (f) Any conveyance of a unit transfers to the purchaser all of the declarant's implied warranties of quality.

Section 1604-114 - Exclusion or modification of implied warranties of quality.

- (a) Except as limited by subsection (b) with respect to a purchaser of a unit that may be used for residential use, implied warranties of quality:
 - (1) may be excluded or modified by agreement of the parties; and

- (2) are excluded by expression of disclaimer, such as “as is,” “with all faults,” or other language which in common understanding calls the buyer’s attention to the exclusion of warranties.
- (b) With respect to a purchaser of a unit that may be occupied for residential use, no general disclaimer of implied warranties of quality is effective, but a declarant may disclaim liability in an instrument signed by the purchaser for a specified defect or specified failure to comply with applicable law, if the defect or failure entered into and became a part of the basis of the bargain.

Section 1604-115 - Statute of limitations for warranties.

- (a) A judicial proceeding for breach of any obligation arising under section 1604-112 or 1604-113 must be commenced within 6 years after the cause of action accrues, but the parties may agree to reduce the period of limitation to not less than 2 years. With respect to a unit that may be occupied for residential use, an agreement to reduce the period of limitation must be evidenced by a separate instrument executed by the purchaser.
- (b) Subject to subsection (c), a cause of action for breach of warranty of quality, regardless of the purchaser’s lack of knowledge of the breach, accrues:
 - (1) as to a unit, at the time the purchaser to whom the warranty is first made enters into possession if a possessory interest was conveyed, or at the time of acceptance of the instrument of conveyance if a nonpossessory interest was conveyed; and
 - (2) as to each common element, at the time the common element is completed or, if later:
 - (i) as to a common element which may be added to the condominium or portion thereof, at the time the first unit therein is conveyed to a bona fide purchaser; or
 - (ii) as to a common element within any other portion of the condominium, at the time the first unit in the condominium is conveyed to a bona fide purchaser.
- (c) If a warranty of quality explicitly extends to future performance or duration of any improvement or component of the condominium, the cause of action accrues at the time the breach is discovered or at the end of the period for which the warranty explicitly extends, whichever is earlier.

X. Fees and Charges.

The Declarant does not anticipate that there will be any special fees or charges to be paid by Unit Owners for the use of the Common Elements and other facilities in the Condominium. With respect to the improvements depicted on the Plats and Plans, adequate financial arrangements have been made for the construction and completion of such improvements.

XI. Professional Management.

Pursuant to Section 3.14 of the By-Laws, the Executive Board is authorized to employ a managing agent. The managing agent, if any, may be authorized to perform most of the functions of the Executive Board except the assignment of Common Elements as Limited Common Elements or Revised Common Elements; the adoption or repeal of Rules and Regulations; the adoption of the budget; the right to borrow money on behalf of the Association or to designate signatories on its bank accounts; or the acquisition or mortgage of Units. Any contract of employment with a manager shall not exceed one year and must be terminable without cause by the Association upon no more than ninety days' notice.

XII. Development Rights.

The Declarant has reserved the right to develop up to seventy-five (75) Units in up to twenty-two (22) Buildings on the land included in the Condominium or added to the Condominium by amendment, under Section 1602-110 of the Maine Condominium Act. This development shall be done in Phases. The Condominium shall initially consist of two- and three- Unit Buildings as set forth on the Plats and Plans, with each Building being its own Phase. Four-family dwellings may be constructed in later Land Phases if the Declarant so elects. The Declarant may elect to add one or more Buildings by exercising what are known as Development Rights. If the Declarant exercises the Development Right to add one or more Buildings to the Condominium, each Unit Owner's Percentage Interest in the Condominium would be reduced to a correspondingly smaller Percentage Interest, and an amendment to the Declaration creating additional Buildings reflecting the reallocated Percentage Interests will need to be recorded in the York Registry of Deeds. This amendment might also change the annual budget and the amount of the Common Expenses, but any additional Buildings would likely result in a reduction in the amount of Common Expenses that other Unit Owners would pay because the Common Expenses could be allocated among a greater number of Units. Any additional Units and Limited Common Elements constructed pursuant to these Development Rights shall be consistent with the existing Units in terms of quality of construction, general architectural style, and principal materials, except that the Declarant can substitute materials and techniques of equal or better quality. All restrictions in the Declaration affecting the use, quality and alienation of Units shall apply to any additional Units declared pursuant to these Development Rights.

The Declarant must exercise the Development Right to add the Building(s) and the associated Limited Common Elements to the Condominium within twenty (20) years from

the date the initial Declaration was filed in the York Registry of Deeds in 2007. Upon the exercise of the Development Right to add one or more Building(s), an amendment to the Declaration and, if applicable, to the Plats and Plans shall be recorded in the York County Registry of Deeds.

THIS PUBLIC OFFERING STATEMENT IS SUBJECT TO CHANGE WITHOUT NOTICE IN ORDER TO REFLECT CHANGES IN THE INFORMATION AND MATERIALS HEREIN SET FORTH OR OTHERWISE REQUIRED BY THE MAINE CONDOMINIUM ACT.

EXHIBIT 1

DECLARATION OF CONDOMINIUM
OF
Hillside Crossing Condominium

May 29, 2007

DECLARATION OF CONDOMINIUM
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DECLARATION OF CONDOMINIUM

Hillside Crossing Condominium

HILLSIDE PROPERTIES, LLC, a Maine Limited Liability Company, ("Declarant"), is the owner of certain real estate described in this Declaration of Condominium ("Declaration") and by the recording hereof in the York Registry of Deeds, it hereby creates **Hillside Crossing Condominium**, located in **Sanford**, Maine. The date of this Declaration is **May 29, 2007**. Some of the words used in this document have a special legal meaning. Definitions of some of these words are provided in Article 2 of this Declaration.

ARTICLE 1 - SUBMISSION AND DESCRIPTION OF PROPERTY

Section 1.1. Submission of Property.

Declarant, as the owner in fee simple of the land located on **Railroad Avenue** in the **Town of Sanford**, County of **York**, and State of **Maine**, described in **Exhibit A** attached hereto and made a part hereof, the buildings and improvements located thereon and all easements, rights, privileges and appurtenances thereto (referred to herein as "Land Phase 1" and with any other real estate subsequently subjected to this Declaration collectively referred to as the "Property") hereby submits Land Phase 1 to the terms of the Maine Condominium Act in accordance with this Declaration and establishes a condominium as defined in Section 1601-103(7) of the Condominium Act known as **Hillside Crossing Condominium**. The name of the Unit Owners association is the **Hillside Crossing Condominium Association**, a Maine non-profit corporation. Initially, the Condominium consists of Land Phase 1. No Units are initially being created.

As set forth in this Declaration, the Declarant reserves various Development Rights, Special Declarant Rights and easements, including without limitation the right to physically construct and legally create a total of **75** Condominium Units, with associated Limited Common Elements and to add additional parcels to the Condominium in phases. As Units are legally created, they will be added to the Condominium and an Amendment to the Declaration will be prepared and recorded in the York Registry of Deeds.

Section 1.2. Description of the Property.

A legal description of the Property included in Land Phase 1 of the Condominium is set forth in **Exhibit A**. The location and dimensions of the Property included in the Condominium are depicted on the Condominium Plat entitled "**Preliminary Plan Showing Hillside Crossing Condominium A 75 Unit Complex By Hillside Properties, LLC**", dated January 3, 2006, revised through October 11, 2006 by Corner Post Land Surveying, Inc., duly recorded in the York Registry of Deeds in Condominium File 716, a reduced copy of which is attached hereto as **Exhibit C**.

Section 1.3. Location and Dimensions of Buildings and Units.

The proposed location and dimensions of the Buildings, as hereinafter defined, and other improvements which may be erected on the Property, including Common Elements, are shown on the Plat as depicted on **Exhibit C**. The proposed location and dimensions of each proposed Unit in the duplex and triplex buildings together with its appurtenant Limited Common Elements are depicted on the Floor Plans entitled "**Diagrammatic Plans of Hillside Crossing Condominiums**", to be recorded in the York Registry of Deeds, signed and sealed by David Joy of Joy & Hamilton Architects, Inc., reduced copies of which are attached hereto as **Exhibit C1**. The proposed location and dimensions of each Building and Unit are subject to change by the Declarant until such time as each Unit is legally created, and such improvements **NEED NOT BE BUILT** or may be built with configurations and locations different than those shown on the Plat and Plans as further appears in **Article 15** hereof.

Land Phase 1 contains only duplex and triplex buildings. Upon creation of the other phases, the Floor Plans for the Units in the quadplex buildings and an amendment to the Declaration will be recorded in the York Registry of Deeds.

ARTICLE 2 - DEFINITIONS

Section 2.1. Meaning of Terms.

Terms contained in The Declaration, Bylaws and Plats and Plans shall be interpreted according to the definitions found in the following section. Other terms may not be defined in the following Section shall have the meanings given to them by the Maine Condominium Act. If the terms found in this Declaration are not defined in the Declaration or in the Maine Condominium Act, they shall have their ordinary meanings.

Section 2.2. Definitions.

The terms defined in this section have meanings which apply to the Declaration, the Bylaws, the Plats and Plans:

- (a) **"Association"** means the Unit Owner's Association of the Condominium, known as

- "Hillside Crossing Condominium Association".**
- (b) **"Building"** means any building erected on the Property containing or constituting two (2) or more Units as well as other improvements comprising a part of a Building or intended to be used for purposes incidental to the use of a Building. The term "Building" shall mean and include the singular or plural.
 - (c) **"Bylaws"** means the bylaws of the Condominium Association, as it may be amended from time to time.
 - (d) **"Common Elements"** (or in the singular, a "Common Element") means those parts of the Property either described in the Maine Condominium Act as being Common Elements or described in this Declaration or in the Plats and Plans as being Common Elements.
 - (e) **"Condominium Documents"** include the Declaration, Plats and Plans, Bylaws, and Rules and Regulations.
 - (e) **"Declarant"** means the Declarant described in Section 1.1 above.
 - (f) **"Declaration"** means this document, as it may be amended from time to time.
 - (g) **"Development Rights"** means the rights to add real estate to the Condominium, create additional units, subdivide Units, convert units to Common Elements, and to withdraw land from the Condominium reserved to the Declarant.
 - (h) **"Eligible Mortgage Holder"** means:
 - (1) the holder of a recorded first mortgage on a Unit;
 - (2) which has delivered written notice to the Association by prepaid United States mail, return receipt requested, or by delivery in hand securing a receipt therefore;
 - (3) which notice shall state the Mortgagee's name and address, the Unit owner's name and address and the identifying number of the Unit; and
 - (4) shall state that the mortgage is a recorded first mortgage.
 - (i) **"Executive Board"** means the Executive Board of the Condominium Association. Members of the Executive Board may also be referred to as "Directors" and the Board itself may be referred to as the "Board of Directors".
 - (j) **"Common Expense"** means Common Expenses as determined in Section 5.2.
 - (k) **"Insurance Trust Agreement"** means any agreement between the Association and the Insurance Trustee providing for the management and disbursement of insurance proceeds in accordance with Section 9.3.
 - (l) **"Insurance Trustee"** means the entity responsible for the management and disbursement of insurance proceeds according to any Insurance Trust Agreement.
 - (m) **"Limited Common Elements"** mean those parts of the Property either described in the Act, this Declaration or the Plats and Plans as being Limited Common Elements.
 - (n) **"Mortgagee"** means the holder of any recorded first mortgage encumbering one or more of the Units.
 - (o) **"Percentage Interest"** means the undivided interest in the Common Elements which is covered with a Unit, as set forth on **Exhibit B** of this Declaration.
 - (p) **"Periodic Assessment"** means the Unit owner's share of the anticipated Common Expenses, assigned by Unit for each period of the Association's fiscal year as

- reflected in the budget adopted by the Executive Board for such year.
- (q) **"Property"** means the Property described in Section 1.1 above.
 - (r) **"Plats and Plans"** mean the Plats and Plans for the Condominium, reduced copies of which are attached to the Declaration as **Exhibits C and C1**.
 - (s) **"Record"** means to record in the York County Registry of Deeds.
 - (t) **"Rules and Regulations"** means the rules and regulations adopted by the Declarant or the Executive Board.
 - (u) **"Special Assessment"** means a Unit owner's share of any assessment made by the Executive Board in addition to the Periodic Assessment.
 - (v) **"Special Declarant Rights"** means those rights, defined as such in the Maine Condominium Act, and described as such, which the Declarant has reserved to itself as forth in Article 15 and elsewhere in this Declaration.
 - (w) **"Unit"** means a condominium unit located on the Property. Each Unit is described by vertical planes as shown on the Plats and Plans. The land below the building shall not be subdivided and shall remain a part of the common elements.

Section 2.3. Provisions of the Act.

The provisions of the Act shall apply to the Condominium, except to the extent that contrary provisions, not prohibited by the Act, are contained in one or more of the Condominium Documents.

ARTICLE 3 - CONDOMINIUM UNITS AND MAINTENANCE RESPONSIBILITIES

Section 3.1. Creation of Units.

Although initially no Units are created under this Declaration, the Declarant has the right to create Units. For each Unit subsequently created pursuant to this Declaration, its Allocated Interests shall be set forth in an amendment to **Exhibit B** and a description of such Unit, including each Unit's identifying number, the locations and dimensions of the vertical boundaries and horizontal boundaries of each Unit, the Common Elements to which the Unit has direct access and any other information necessary to identify the Unit shall be as shown on the Plat and Plans.

Section 3.2 Unit Description.

"Unit" shall mean a part of the Property designated for separate ownership or occupancy which has a direct exit to the Limited Common Elements and the Common Elements. For each Unit created from time to time pursuant to this Declaration, the identification number and approximate area are shown on the Plat and Plans of the Property as amended from time to time. Any internal room configuration shown on the Plans is illustrative only, and is not binding on an Owner except that the structural support of the Building must be preserved.

Each Unit includes the following items:

- (a) All interior partitions (excepting those portions thereof which are load bearing), interior doors and interior stairways wholly within the Unit;
- (b) Finish flooring, floor coverings, carpeting and the like, and finish wall and ceiling coverings (including paint, wallpaper, furring, gypsum board, moldings and any other materials constituting any part of the finished surfaces thereof);
- (c) Windows, doors and garage doors providing access to the Common Elements including their locks, hardware and garage door tracks but excluding their frames, thresholds and sills;
- (d) Plumbing, kitchen and bathroom fixtures, heating and ventilating, air conditioning systems and components thereof, if any even if located outside of a Unit's boundaries, water heaters, kitchen appliances and any fireplace(s) or hearths(s);
- (e) Electrical wiring, equipment outlets and lighting devices from the point where the feed wire enters the Unit's circuit breaker distribution box inwards and portions of water and sewer utility lines, pipes and equipment serving only that Unit and located within its general boundary lines as herein described; and
- (f) The interior of the attics and garage.

A Unit generally does not include: the exterior walls, the roof, rafters, basement and foundation, land, the pipes, wires, conduits, flues, ducts, pipes or other heating and utility lines running through a Unit which serve more than one Unit or which serve the Common Elements of which serve another Unit.

Each Unit and the Common Elements shall have any easement for lateral and subjacent support from every other Unit and the Common Elements and shall have the easement for encroachments established under Section 1602-162 of the Condominium Act. In addition, each Unit Owner has an unrestricted, perpetual right of ingress and egress to his/her/its Unit, which automatically transfers with a transfer of title to the Unit. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred.

Section 3.3. Unit Boundaries.

The boundaries of each unit subsequently created under this Declaration shall be shown on the Plat and Plans and shall consist of:

- (a) Horizontal Boundary. The upper and lower boundaries of each Unit are generally the following boundaries extended to an intersection with the vertical (perimeter) boundaries:

- (1) Upper Boundary. The planes at the lower surfaces of the roof or dormer rafter lines which directly support the roof sheathing, including the upper (outside) side of the gypsum board of the ceiling and any other materials constituting any part of the finished surfaces thereof, if any, extending to the intersection with the vertical boundaries.
 - (2) Lower Boundary. The horizontal planes at the intersection of the upper surface with the sub-flooring at the lower surfaces of the carpeting, tiles, vinyl or other floor surfaces and any other materials constituting any part of the finished floor surfaces thereof, if any extending to the intersection with the vertical boundaries.
- (b) Vertical Boundaries. The vertical boundaries of each Unit shall be the vertical planes at the stud line at the exterior or rear surfaces of the gypsum board, sheetrock or other wall materials forming its exterior or common walls, extending to the intersections with each other and with the horizontal boundaries.
- (c) Interior Finishes. The Unit shall include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finish flooring and any other materials constituting any part of the finished surfaces thereon located within the boundaries of the Unit.
- (d) Interior Space. All other spaces, interior partitions and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.
- (e) Relocation. Relocation of boundaries between Units is permitted by amendment to the Declaration in compliance with the provisions of the Condominium Act. The subdivision of Units is not permitted.
- (f) Unit Number. Each Unit's identifying number is shown on the Plats and Plans and on Exhibit C.

Section 3.4. General Maintenance Responsibilities.

The Units and Common Elements shall be maintained and repaired by each Unit owner and the Association in accordance with the provisions of Section 1602-107(a) of the Condominium Act.

Section 3.5. Maintenance of Common Elements.

Generally, the Association shall be responsible for the maintenance, repair and replacement of the Common Elements including but not limited to snowplowing, street lighting and trash pickup (unless provided by the municipality), all as determined by the Executive Board, but the Unit Owner shall maintain and repair the appurtenant basement Limited Common Elements. If such repair or replacement of the Common Elements shall be necessitated by the negligence, neglect or misconduct

of fewer than all of the Unit Owners, in which case such cost shall be assessed to the Unit Owners responsible as a service charge.

Section 3.6. Maintenance of Limited Common Elements.

Generally, the Association shall maintain, repair and replace the Limited Common Elements, all as determined by the Executive Board, except that each Unit Owner shall maintain and repair the interior basement Limited Common Element and the interior and exterior surfaces of door and window glass and shall remove snow and ice from the steps and deck of the Limited Common Elements appurtenant to the Unit. The Association may elect to wash exterior windows and remove such ice and snow and assess the Unit therefore as a service charge or as part of the Common Charges. The Association may assess Limited Common Expenses applicable to particular Unit(s) to such Unit(s) if the item giving rise to the expense shall be for the benefit of such Unit(s) only. If such repair or replacement of the Limited Common Elements shall be necessitated by the negligence, neglect or misconduct of fewer than all of the Unit Owners, such cost shall be assessed to the Unit Owners responsible as a service charge.

Section 3.7. Maintenance of Unit-Basement/Repair Responsibility.

Each Unit Owner shall keep and maintain his/her/its Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, whether such maintenance and repair shall be structural or non-structural. Each Unit Owner shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of such Unit and the interior basement Limited Common Elements. The Unit Owner shall maintain the interior surface of windows in the Unit, including periodic washing. No Unit Owner shall deposit any trash, dirt, debris or other substances from the Unit onto the Common Elements or Limited Common Elements, except in designated trash disposal areas. The Executive Board may adopt Rules and Regulations requiring the Unit Owners to periodically replace water heaters and washing machine hoses.

Each Unit Owner shall be responsible for all damage to any of the other Units or to the Common Elements resulting from his/her/its failure or negligence to make any of the repairs required by this Article. Each Unit Owner shall perform his/her/its responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Executive Board or the managing agent any defect or need for repairs for which the Association is responsible. To the extent that any damage to a Unit is covered by the Association's insurance, the Unit Owner shall be responsible for (i) payment of the first \$250 of the insurance deductible, if any (or such other amount established by the Rules and Regulations) and for (ii) uninsured damage to any Common Element for which the Unit Owner is otherwise responsible due to the fault or negligence of the Owner.

Section 3.8. Liability of Owner.

Each Unit Owner shall be liable and the Association shall have a lien against his/her/its Unit for all costs of maintaining, repairing or replacing any portion of another Unit or of the Common Elements including Limited Common Elements such as windows, to the extent that such costs are caused by or attributable to such Unit Owner's act, neglect or carelessness or by that of such Unit Owner's guests, employees, agents, lessees, invitees or their pets. The Association shall have the right to repair any damage so caused, to cure or correct the cause of the damage and to maintain or replace such damaged Unit or Common Element to the extent the Association deems necessary and appropriate. Such liability shall include any increase in insurance rates occasioned by uses, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing herein contained, however, shall be construed to modify any waiver by insurance companies of rights or subrogation against such Unit Owner.

Section 3.9. Use and Occupancy Restrictions on Units.

Each Unit shall be occupied and used subject to the following restrictions:

- (a) Single Family Residential Use. No Unit shall be used or occupied for any purpose other than for single family residential purposes, provided, however, that an occupant of a Unit may conduct business activities within the confines of such Unit so long as no signs are displayed, the Unit is not used for meeting with customers or third parties and there is no noticeable increase in deliveries. Provided, however, that nothing in this Declaration or the By-Laws shall be construed to prohibit the Declarant from exercising any easements and Special Declarant Rights reserved by the Declarant, including without limitation promotional, marketing or display purposes, sales of Units and for customer service purposes or from leasing Units owned by Declarant as provided in this Declaration.
- (b) Insurance. No activities shall be carried on or materials used or kept in any Unit or in any of the Common Elements which will increase the rate of insurance for the Property or any part thereof, without the prior written consent of the Executive Board. No Unit Owner shall permit anything to be done or kept in his/her/its Unit or in the Common Elements which will result in the cancellation of insurance on the property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste may be committed on or to the Common Elements.
- (c) Nuisance/Hazard. No Unit shall be used so as to create a nuisance or an unreasonable interference with the peaceful possession or proper use of any other Unit or the Common Elements.

No owner or occupant of any Unit shall carry on, or permit to be carried on, any practice which unreasonably interferes with the quiet enjoyment and proper use of

another Unit or the Common Elements by the owner or occupant of any other Unit or which creates or results in a hazard on the Property.

- (d) Pets and Animals. Except for household pets permitted below, the maintenance, keeping, boarding and/or raising of animals, including without limitation laboratory animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited within any Unit or upon the Common Elements. A Unit Owner may keep within such Unit up to one dog (two dogs if both dogs are under 25 pounds in weight), two cats and a reasonable number of other ordinary household pets in a Unit subject to the Rules and Regulations as established from time to time by the Executive Board. In any event, all pets and animals shall be restrained so as not to become noisy, bothersome or offensive to other persons, as determined by the Executive Board. No dogs, cats or other pets shall be permitted outside of the Unit except on a leash attended by a responsible person. Pet owners shall promptly clean up the droppings left by their pet.

The Association shall have the power to further regulate the keeping of pets and animals under the By-Laws or Rules and Regulations of the Association as promulgated or amended from time to time, to require an application fee and to assess an evaluation fee and to assess fines and penalties on offending owners.

Upon notice and opportunity to be heard, the Executive Board may expel any offending pets and animals from the Property.

- (e) Fire Safety and Noise Control. The Unit Owner shall not impair nor remove any of the acoustical, sound deadening or fire resistant material from the walls, floors or ceilings of his/her/its Unit without replacing the same with acoustical, sound deadening or fire resistant materials of equal or greater sound deadening or fire resistant ratings or qualities. Additional major appliances may not be installed in a Unit without the prior written consent of the Executive Board.
- (f) Trash. Trash, garbage and other waste shall be kept only in sanitary containers and shall be disposed of in such manner as may be prescribed in the Rules and Regulations established by the Board of Directors. No articles of personal property belonging to any Unit Owner shall be stored in any portion of the Common Elements.
- (g) Electrical. No Unit Owner shall overload the electrical wiring in the Building. No Unit Owner shall operate any machinery, appliances, accessories or equipment in such a manner as to cause, in the judgment of the Executive Board, as appropriate, an unreasonable disturbance or make any alterations, repairs or modifications to or connection with the electrical or plumbing systems without the prior written consent of the Executive Board, as appropriate.

Additional major appliances may not be installed in a Unit without the prior written consent of the Executive Board.

- (h) Governmental Requirements. All Unit Owners, their families, guests and invitees shall comply with and conform to all applicable laws and regulations of the State of Maine, and all ordinances, rules and regulations of the **Town of Sanford**. The violating Unit Owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for the violation thereof or noncompliance therewith.

Section 3.10. Use of Common Elements.

Subject to this Declaration, the By-Laws or by the Rules and Regulations adopted from time to time by the Executive Board pursuant to its powers, each Unit Owner, occupant, tenant, guest, visitor and invitee may use the Common Elements in common with all other Unit Owners and their occupants, tenants, guests, visitors and invitees, in accordance with single family residential purposes for which they are intended, without hindering or encroaching upon the lawful rights of the other Unit Owners upon the following terms:

- (a) Motor Vehicles and Parking. Only passenger vehicles and trucks with a gross vehicle weight of less than 8,000 pounds may be kept or stored on the Property and such vehicles must be in operable condition and fully licensed for operation on public highways. No motorized vehicles shall be used on the Property, except within the parking areas and on the streets as shown on the Condominium Plat.

No inoperable vehicles, boats, recreational vehicles, snowmobiles, all terrain vehicles or other vehicles or recreational equipment or similar items may be kept or parked on the Property except within a fully enclosed garage forming a part of the Unit. No snowmobiles, all terrain vehicles or similar items may be operated on the Property.

Motor vehicles may be parked only in the driveway adjacent to each Unit designated as a Limited Common Element and in those portions of the Common Elements designated from time to time by the Executive Board for parking. No parking shall be permitted in the areas posted against parking by the Executive Board. Other than the driveway Limited Common Element appurtenant to each Unit or as the Executive Board may permit from time to time, any Common Elements designated as spaces for parking shall be used by the Unit Owners on "first come, first served" basis. No unattended vehicle shall be left in such a manner as to impede the passage of traffic or to impair access to driveway or parking areas.

The Executive Board may adopt such Rules and Regulations as it deems necessary or appropriate to further regulate parking.

- (b) Exterior Alterations. Except with the written consent of the Executive Board or as otherwise expressly provided in this Declaration, no person shall (i) construct or maintain any antennas, dishes, wires, cables, fences, decks, steps, signs, canopies, clotheslines or other structures, nor (ii), plant, trim, cut or remove vegetation, trees or shrubs, nor (iii) materially alter the grading or landscaping, nor (iv) do any other thing which affects the appearance from the exterior of the Common Elements or Limited Common Elements.

The Executive Board may, in its discretion, designate areas in which Unit Owners may plant flowers and annuals based on plans specifically approved by the Board and subject to the obligation of the Unit Owners to maintain such items in good condition and repair, failing which they may be removed by the Association at the Unit Owner's expense.

- (c) Signs. No signs of any character shall be erected, posted or displayed from any Unit, Common Element or Limited Common Element without the prior written approval of the Executive Board, except for such signs as may be posted by the Declarant for the promotional or marketing purposes as permitted herein or as permitted by the Condominium Documents. The Board shall have sole authority to erect the exterior sign or signs authorized by the **Town of Sanford**. The Executive Board may also erect or authorize directional and identifying sign(s) listing the name and location of each occupant of the Units.
- (d) Obstruction/Storage. No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or store anything on any of the Common Elements except those areas designated for parking by the Condominium Documents or as permitted by the Executive Board.
- (e) Responsibility. Neither the Executive Board, the Association, any Unit Owner, nor the Declarant shall be considered a bailee of any personal property stored on the Common Elements, including vehicles parked on the Common Elements, whether or not exclusive possession of the particular area is given to a Unit Owner for storage or parking purposes. None of them shall be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.
- (f) Buffer Areas. The wetlands depicted on the Plat shall be left undisturbed, except for foundation drains, stormwater outfalls and as otherwise permitted by the **Town of Sanford**.

Section 3.11. Leasing.

The By-Laws may restrict and regulate leasing of Units. The Declarant shall have the right to operate any Units, even if not then created as Units, owned by the Declarant as a rental property and may establish and maintain all offices, signs and other accouterments normally used in the operation of rental properties in the Declarant's discretion. Such rental operations shall be for the benefit of the Declarant and neither the Association nor any Unit Owner shall have any interest or right in the profits and losses from such operations.

ARTICLE 4 - DESCRIPTION AND LOCATION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Section 4.1. Common Elements.

The Common Elements are all portions of the Property that are not part of the Units. The Common Elements include all the land.

Section 4.2. Limited Common Elements.

Limited Common Elements are designated portions of the Common Elements which are reserved for the exclusive use of a particular Unit or Units, to the exclusion of other Units. They include any garages or other outbuildings constructed for the use of any unit on the Common Elements, whether or not shown on the Plats and Plans.

Section 4.3. Subsequent Allocation as Limited Common Elements.

There shall be no subsequent allocation of any part of the land as Limited Common Elements except as described above, except as the Declarant may do so pursuant to the exercise of Development Rights set out in Article 15, and except that garages and other outbuilding shall be allowed by the Declarant during the time of Declarant's control, and thereafter by the Executive Board, with such reasonable restrictions and conditions as the Board may prescribe. The Unit owner shall pay for any amended plans that may need to be recorded upon the erection of such structures.

Section 4.4. Alteration of Common Elements by the Declarant.

The Declarant reserve the right to modify, alter, remove or improve portions of the Common Elements, including without limitation any equipment, fixtures and appurtenances when, in the Declarant's judgment, it is necessary or desirable to do so, until the expiration of the applicable warranty period. Such rights do not include rights to add or remove real estate not deemed to be fixtures; except as provided in Article 15 of this Declaration.

ARTICLE 5 - THE ALLOCATED INTERESTS

Section 5.1. The Percentage Interest (Each Unit's Undivided Ownership Interest In Common Elements).

Exhibit B of this Declaration contains a list of all Units by their Identifying Number and their Percentage Interest. The percentage interest of each Unit is determined on the basis of a fraction, the numerator being 1 and the denominator being the total number of declared Units, as set forth in **Exhibit B** of this Declaration. The same formula shall be used to reallocate the percentage interest when units are added to the Condominium and shall be effective upon recording of the amendments to the Declaration creating said additional units.

Section 5.2. Each Unit's Common Expense Liability.

The liability of each Unit for the Common Expenses of the Condominium shall be as follows:

- (a) Each Unit shall be solely responsible for the maintenance, repair and replacement, if necessary, of everything located within the bounds of the Unit. Each Unit shall also be responsible for the repair, maintenance and replacement, if necessary, of all Limited Common Elements associated with the Unit. Such expenses shall not be considered to be Common Expenses. Each Unit shall be responsible for the cost of property and casualty insurance, and liability insurance, within the bounds of the Unit, and for all utilities, except for water supply, which shall be a Common Expense.
- (b) The cost of maintenance, repair and plowing of the roadways within the project, including such reserves as the Association shall establish for major repairs and replacement of same, shall be a Common Expense.
- (c) The liability of each Unit for Common Expenses of the Condominium shall be a fraction, the numerator being 1, and the denominator being the total number of units for which an occupancy permit has been issued, as of the first day of the fiscal year of the Association. The same formula shall be used to reallocate the common expense liability when units are added to the Condominium and shall be effective upon recording of the amendments to the Declaration creating said units.

Section 5.3. Each Unit's Voting Rights.

Each Unit shall have one vote, as set forth in **Exhibit B** of this Declaration. The same formula shall be used to reallocate each Unit's voting rights when units are added to the Condominium and shall be effective upon recording of the amendments to the Declaration creating said additional units.

ARTICLE 6 - EASEMENTS

Section 6.1. Declarant's Easement Rights and Other Rights.

The Declarant shall have easement and other rights, as follows:

- (a) For ingress and egress to the Common Elements and Limited Common Elements on behalf of himself, his agents, employees, officers, contractors, subcontractors and prospective purchasers of units, including the right to park on the Property and to store construction materials and vehicles.
- (b) To use any Units owned or leased to the Declarant as models, management offices, sales offices or customer service offices.
- (c) To place signs on the Property during marketing of Units.
- (d) To construct, maintain, repair, renovate, replace or correct the Common Elements.
- (e) To maintain and correct drainage of surface water on the Property, along with the right to cut any trees, bushes or shrubbery, to grade the soil, or take any other action reasonably necessary to maintain reasonable standards of health, safety and appearance. Upon finishing such work, the Declarant shall restore the affected property as closely to its original condition as practicable.
- (f) To connect with and make use of utility lines, wires, pipes and conduits located on the property for construction purposes, provided that the Declarant shall be responsible for the cost of service so used.
- (g) To grant and reserve easements and rights-of-way through, under, over and across the Units, Common Elements and Limited Common Elements for the installation, maintenance and inspection of water, sewer, gas, electricity, telephone, cable TV and other utilities, as well as for drainage, both benefiting any adjacent parcel of land or the subject parcel.
- (h) To modify, alter, remove or improve defective, obsolete or nonfunctional portions of the Common Elements, including equipment, fixtures and appurtenances when in the Declarant's judgment it is necessary or desirable to do so.

The Declarant's rights under this **Section 6.1** may not be amended by the Unit owners and shall continue until Declarant has conveyed all Units to Unit purchasers.

Section 6.2. Executive Board Easement and Other Rights.

The Executive Board shall have the right to grant to third parties additional permits, licenses and easements over and through the Common Elements for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance and operation of the Condominium.

Section 6.3. Encroachments.

If any portion of the Common Elements or Limited Common Elements encroaches upon any

Unit as a result of settling or shifting of any Unit, a valid easement appurtenant to the encroaching Units for the encroachment and for the maintenance of the same shall exist for so long as the encroachment shall exist.

ARTICLE 7 - RESTRICTIONS ON USE AND OCCUPANCY OF UNITS.

Section 7.1. Vehicles.

No vehicle or any parts of vehicles which may be defined as scrap, junk, discarded, worn out, or not in operating condition shall be maintained or permitted upon the premises. All vehicles on the premises must be registered and inspected.

Section 7.2 Residential Use Only; Leasing.

The property shall be used for private residential purposes only, and no commercial, manufacturing or industrial use shall be permitted at any time, except for a home business as allowed by the applicable Ordinance of the Town of Sanford. All leases shall contain clauses which require compliance with Section 7.1.

Section 7.3. Nuisance.

Nothing shall be done or permitted to be done on said premises which may or become a nuisance to the other owners in the Property and specifically, but without limitations thereon, all rubbish, refuse, garbage, and the like shall be at all times be kept in within the garage of each Unit.

Section 7.4. Utilities.

Electric, telephone and cable television shall be provided under ground unless otherwise approved by both the Board and the **Sanford Planning Board**.

Section 7.5. Lawns, Grounds.

Lawns and grounds shall be maintained by the Association.

ARTICLE 8 - RIGHTS OF MORTGAGEES, INSURERS, AND GUARANTORS

Section 8.1. Subject to Declaration.

All mortgages on Units are subject to the provisions of the Act, the Declaration, the Plats and Plans and the Rules and Regulations, whether the mortgage says so or not.

Section 8.2. Rights of Eligible Mortgage Holders.

- (a) The Association shall send reasonable prior written notice by prepaid United States mail to Eligible Mortgage Holders of the consideration by the Association of the following proposed actions:
- (1) The termination of the Condominium pursuant to Section 1602-118 of the Act;
 - (2) A change in the allocated interest of a Unit, a change in the boundaries of a Unit or subdivision of a Unit;
 - (3) The merger or consolidation of the Condominium with another condominium;
 - (4) The conveyance or subjection to a security interest of any portion of the Common Elements;
 - (5) The proposed use of any proceeds of hazard insurance required to be maintained by the Association under Section 1603-113(a) of the Act for purposes other than the repair or restoration of the damaged property;
 - (6) The adoption of any proposed budget by the Executive Board and the date of any scheduled Unit owners' meeting to consider ratification thereof; a summary of the proposed budget shall accompany this notice; and
 - (7) Any default in the performance or payment by a Unit owner of any obligations under the Declaration, including, without limitation, default in the payment of Common Expense liabilities.
- (b) In the event of any proposed actions described in Subsection (a), paragraphs (1), (2), (3), (4), or (5) above, an Eligible Mortgage Holder shall have the right but not under the obligation in place of the Unit owner to cast the votes assigned to that Unit or give or withhold any consent required by the Unit owner for such action. The Eligible Mortgage Holder does this by delivering written notice to the Association with a copy to the Unit owner before or at the time of the taking of the proposed action. The notice shall be sent by prepaid United States mail, return receipt requested, or by hand delivery. Failure of the Eligible Mortgage Holder to so exercise such rights shall be a waiver of them and shall not prevent the Unit owner from exercising such rights. In the event of any default described in Subsection (a), paragraph (7), the Eligible Mortgage Holder shall have the right but not the obligation to cure such default.
- (c) In addition, an Eligible Mortgage Holder or its representative shall have the right to attend Association and Executive Board meetings for the purposes of discussing the matters described in Subsection (a), paragraphs (1) through (6).

Section 8.3. Rights of Mortgage Holders, Insurers, or Guarantors.

- (a) The Association shall send timely prior written notice by prepaid United States mail to holders, insurers or guarantors of the Mortgage on any Unit of the following matters: Any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing the Mortgage
 - (1) Any sixty (60) day delinquency in the payment of Periodic Assessments or other charges owed by the owner of any Unit which it holds the Mortgage;
 - (2) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
 - (3) Any proposed action that requires the consent of fifty-one percent (51 %) of the Eligible Mortgage Holders;
 - (4) To receive such notice, the mortgage holder, insurer, or guarantor shall send a written request therefore to the Association, stating its name and address and the Unit number;
- (b) or address of the Unit on which it holds, insures, or guarantees the Mortgage.

Section 8.4. Liability for Use and Charges.

Any Mortgagee who obtains title to a Unit by mortgage foreclosure or a deed in lieu of foreclosure shall not be liable for such Unit owner's unpaid assessments or charges which accrue before the acquisition of the title to such Unit by the Mortgagee, except to the extent otherwise provided for in the Act and except where such Mortgagee is liable as a Unit owner for the payment of such unpaid assessment or charge that is assessed against the Mortgagee as a result of all Unit owners being reassessed for the aggregate amount of such deficiency.

Section 8.5. Condemnation Rights.

No provision of this Declaration shall give a Unit owner, or any other party, priority over any rights of the Mortgagee of a Unit pursuant to its mortgage in the case of a distribution to such Unit owner of insurance proceeds or condemnation awards for loss or a taking of one or more Units and/or Common Elements.

Section 8.6. Books and Records.

Any Mortgagee shall have the right, exercisable by written notice to the Executive Board, to examine the books and records of the Association and to require that it be provided with a copy of each annual report of the Association and other financial data of the Association reasonably requested by such Mortgagee.

Section 8.7. Compliance with Secondary Mortgage Market.

If any provisions of this **Article 8** are inconsistent with requirements of the Federal National Mortgage Association ("Fannie Mae"), the Declarant of the Association may amend the said provisions by filing an amendment to this Declaration to bring **Article 8** into compliance, without the necessity of a vote of Unit owners.

ARTICLE 9 - INSURANCE

Section 9.1. Insurance Coverage Required.

- (a) Commencing not later than the time of the first conveyance of a Unit to a person other than a Declarant, the Association shall maintain, to the extent reasonably available:
 - (1) Property insurance on the Common Elements, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall be 100% of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies; and
 - (2) Comprehensive Liability Insurance, including medical payments insurance, in an amount determined by the Executive Board but not less than one million dollars (\$1,000,000) for personal injury and property damage for any single occurrence, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

Such policy shall insure Unit owners, in their capacity as Unit owners and Association members and any managing agent retained by the Association against any liability to the public or to other Unit owners, their tenants or invitees, relating in any way to the ownership and/or use of the Common Elements, public ways and any other areas under the supervision of the Association and any part thereof.

Such insurance policy shall contain a "severability of interest endorsement" or equivalent coverage which prevents the insurer from denying the claim of a Unit owner because of the negligent acts of the Association or another Unit owner.

Such insurance shall include coverage for bodily injury and property damage that results from the operation, maintenance or use of the Common Elements, and any liability resulting from law suits related to employment contracts in which Association is a party.

Broad form extended liability endorsements will also be included with such Endorsements covering personal injury, contractual, broad form property damage and other commonly included perils.

Liability for non owned and hired automobiles, liability for property of others, and such other risks as are customarily covered in similar projects will also be included.

The scope and amount of coverage of all liability insurance policies shall be reviewed at least once each year by the Executive Board and may be changed, in its discretion, provided that such policies shall continue to comply with the requirements of this Declaration.

- (b) The insurance maintained under paragraph (1) above, to the extent reasonably available need not include improvements and betterments installed by Unit owners.
- (c) If the insurance described in Subsection (a) is not reasonably available, the Association shall promptly cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit owners.
- (d) Insurance policies carried pursuant to Subsection (a) must provide that:
 - (1) 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 or membership in the Association;
 - (2) The insurer waives its right to subrogation under the policy against any Unit owner of the Condominium or members of his household;
 - (3) 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
 - (4) 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 insurance.
- (e) Any loss covered by the property policy under Subsection (a), paragraph (1), and Subsection (b) shall be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any Insurance Trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee. The Insurance Trustee or the Association shall hold any insurance proceeds in trust for Unit owners and lien holders as their interest may appear. Subject to the provisions of Subsection (h), the proceeds shall be disbursed first for the repair or restoration of the damaged property, and Unit owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements and Units have been completely repaired or restored, or the Condominium is terminated.

- (f) An insurance policy issued to the Association does not prevent a Unit owner from obtaining insurance for his own benefit.
- (g) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon request, to any Unit owner or Mortgagee. The insurer issuing the policy may not cancel or refuse to renew it until 20 days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit owner and each mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known address.
- (h) Any portion of the Condominium for which insurance is required under this Section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless:
 - (1) the Condominium is terminated;
 - (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or
 - (3) 80% of the Unit owners, including every owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild.

The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Condominium is not repaired or replaced:

- (1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged areas to a condition compatible with the remainder of the Condominium;
- (2) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the owners of those Units and the owners of the Units to which those Limited Common Elements were allocated or to their respective lien holders as their interests may appear; and
- (3) the remainder of the proceeds shall be distributed to all the Unit owners or lien holders as their interests may appear in proportion to the Common Element Interests of all the Unit owners. If the Unit owners vote not to rebuild any Unit, that Unit's Allocated Interest is automatically reallocated upon the vote as if the Unit had been condemned under Section 1601-107, Subsection (a) of the Maine Condominium Act, and the Association promptly shall prepare, execute and record an Amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this Subsection, Section 1602-118 of the Maine Condominium Act governs the distribution of insurance proceeds if the Condominium is terminated.

In the event that there are multiple Buildings or locations, insurance may be written on a "blanket" basis. Such hazard insurance policy may, at the option of the Association, contain a "deductible" provision in an amount to be determined by the Executive Board but not less than \$1000.

If the Executive Board fails within sixty (60) days after the date of an insured loss to start a claim for damages recoverable under the policy or policies obtained under to this paragraph (a), any Mortgagee may start such a claim on behalf of the Association.

- (i) The Association shall also maintain, to the extent reasonably available:
 - (2) Workers Compensation. Such worker's compensation insurance as may be required. Independent contractors must provide the Association with appropriate certificates of insurance.
 - (3) Directors and Officers Insurance. Insurance to satisfy the indemnification obligation of the Association and all Unit owners set out in **Article 10**, if and to the extent available, including but not limited to insurance coverage commonly referred to as "Directors and Officers Insurance".
 - (4) Bond. A blanket bond to cover treasurers and other Association members who handle money of the Association.

Section 9.2. Further Provision.

Insurance obtained by the Association shall be in accordance with the following provisions:

- (a) All policies shall be written with a company authorized to do business in the State of Maine and, for the hazard insurance policy described in **Section 9.(a)**, such company must hold a general policy holder's rating of at least "B+" by Best's Insurance Reports at time of insurance or by an equivalent rating bureau should Best's Insurance Reports cease to be issued.
- (b) The Executive Board, or its representative, has exclusive authority to adjust losses under policies.
- (c) Each Unit owner may obtain additional insurance at his own expense; provided, however, that:
 - (1) such policies shall not be invalidated by the waivers of subrogation required to be contained in policies required by this Declaration; and
 - (2) 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.

- (d) Any Unit owner who obtains individual insurance policies covering any portion of the Property other than personal property belonging to such owner and other than property and liability insurance covering individual Units, 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.
- (e) The liability of the insurer shall not be affected by, and the insurer shall not claim any right of set-off, counterclaim, apportionment, pro-ration, or contribution by reason of any other insurance obtained by or for any Unit owner;
- (f) The insurer shall be relieved from no liability for loss occurring while the hazard to the Property is increased, whether or not within the knowledge or control of the Executive Board, or because of any breach of warranty or condition or any other act or neglect by the Executive Board, or any Unit owner or any other person under either of them.
- (g) Such policies may not be canceled nor may coverage thereunder be substantially changed (whether or not requested by the Executive Board) except by the insurer giving at least twenty (20) days prior written notice thereof to the Executive Board, the Insurance Trustees, if any, Unit owners, each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in such policies, and every other party in interest who shall have requested such notice of the insurer.
- (h) Insurance policies under **Section 9.(a)** shall contain a standard mortgagee clause which shall:
 - (1) provide that any reference to a Mortgagee in such policy shall mean and include all holders of mortgages of any Unit in their respective order and preference, whether or not named therein;
 - (2) provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Executive Board or Unit owners or any persons under any of them;
 - (3) waive any provision invalidating such mortgagee clauses caused by reason of failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, and requirement that the Mortgagee pay any premium thereon, and any contributions clause; and
 - (4) provide that without affecting any protection afforded by such Mortgagee clause, any proceeds payable under such policy shall be payable to the Insurance Trustee designated by the Executive Board for that purpose, otherwise to the Association.
- (i) Property insurance provided under **Section 9.(a)** shall contain the following endorsements:

- (1) Agreed Amount Replacement Cost and Inflation Guard Endorsement, when it can be obtained;
- (2) Construction Code Endorsements. If there is a construction code provision that requires changes to undamaged portions of the Building even when only part of the condominium is destroyed by an insured hazard.

Section 9.3. Insurance Trustee and Power of Attorney.

The Executive Board may designate as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (known as the "Insurance Trustee"), who shall have the exclusive authority to negotiate losses under any policy providing such property or liability insurance.

Section 9.4. Repair of Damage or Destruction.

The repair or replacement of any damaged or destroyed portion of the Condominium shall comply with Sections 1603-113(a) and (b) of the Act.

Section 9.5. Additional Insurance.

The Executive Board may obtain additional insurance which it deems advisable.

ARTICLE 10. LIMITATION OF LIABILITY

Section 10.1. Limited Liability of the Executive Board.

The Executive Board, and its members in their capacity as members, officers and employees, shall have no personal liability arising out of their duties, except the Executive Board members' own willful misconduct or gross negligence.

Section 10.2. Indemnification.

The Association shall indemnify present and former Executive Board members and officers against expenses, liabilities and attorneys fees reasonably incurred in the course of their duties as Executive Board members or officers of the Association, except for willful misconduct or gross negligence. However, if a claim against a present or former member of the Executive Board or officer is settled by negotiation, such expenses, liabilities and attorney's fees shall be paid only if the Executive Board votes such payment as being in the best interests of the Association. The indemnification by the Unit owners set forth in this **Section 10.2.** shall be paid by the Association on behalf of the Unit owners as a Common Expense. Such right of indemnification shall not be

deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit owners or otherwise.

Section 10.3. Joint and Several Liability of Unit owners and Lessees.

Each Unit owner shall be jointly and severally liable with any tenants of the Unit owned by such Unit owner for all liabilities arising out of the ownership, occupancy, use, misuse or condition of such Unit or any portion of the Common Elements or Limited Common Elements.

Section 10.4. Defense of Claims.

Complaints brought against the Association, the Executive Board or the officers, employees or agents in their respective capacities as such, or the Condominium as a whole, shall be directed to the Executive Board of the Association, which shall promptly give written notice to the Unit owners and the holders of any mortgages. Such complaints shall be defended by the Association. The Unit owners and the holders of mortgages shall have no right to participate other than through the Association in such defense. Complaints of a nature specified in **Section 10.3.** against one or more but less than all Unit owners shall be defended by such Unit owners who are defendants themselves and such Unit owners shall promptly give written notice of the institution of any such suit to the Association and to the holders of any mortgages encumbering such Units.

ARTICLE 11 - UNITS SUBJECT TO CONDOMINIUM DOCUMENTS: EMINENT DOMAIN

Section 11.1. Applicability of Condominium Documents.

The provisions of Condominium documents, the Act, and the deeds to Units shall apply to all owners, tenants, occupants and Mortgagees of Units. The acceptance of a deed or mortgage to any Unit, or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement to comply with the Act, the Condominium documents and the deed. However, nothing contained in this Declaration shall impose upon any tenant or Mortgagee of a Unit any obligation which the Act or the Condominium documents make applicable only to Unit owners (including the obligation to pay assessments for Common Expenses). All of such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease. The Association and any aggrieved Unit owner shall have a right of action against Unit owners who fail to comply with the provisions of the Condominium Documents or with decisions made by the Association or the Executive Board. Aggrieved Unit owners shall have similar rights of action against the Association.

Section 11.2. Eminent Domain.

Whenever all or part of the Common Elements shall be taken, injured or destroyed by eminent domain, each Unit owner shall be entitled to notice of that fact and shall be entitled to participate in the eminent domain proceedings. However, the Association shall officially represent the Unit owners in such proceedings. In any proceedings for the determination of damages, such damage shall be determined for such taking, injury or destruction as a whole and not for each Unit owner's interest and any award for such damage shall be payable to the Association for the benefit of the Unit owners and of the Mortgagees of the Units.

ARTICLE 12 - EXECUTIVE BOARD OF THE ASSOCIATION

Section 12.1. Members.

- (a) The Initial Executive Board shall consist of 3 members. The members of the Initial Executive Board shall be appointed, removed and replaced from time to time by the Declarant without the necessity of obtaining resignations. The Declarant-appointed members of the Executive Board shall be replaced with Unit owners other than the Declarant under the provisions of paragraph (b) of this Section 12.1.
- (b) The transition from Declarant-appointed members of the Executive Board to Unit owners other than the Declarant shall occur as follows:
 - (1) No later than the earlier of (i) sixty (60) days after the conveyance of 75% of the Units to Unit owners other than the Declarant or (ii) five (5) years following conveyance of the first Unit to a Unit owner other than the Declarant, members of the Executive Board appointed by the Declarant shall resign and the Unit owners (including the Declarant to the extent of Units owned by the Declarant) shall elect new members of the Executive Board.
 - (2) The members of this Executive Board shall serve until the first regular election of the Executive Board held at the first regular meeting of the Association held in accordance with the Bylaws.
- (c) The Executive Board shall have all of the duties and powers granted to the Executive Board by the Act.

Section 12.2. Disputes.

The Executive Board has the power to decide any dispute or disagreement between any Unit owners other than Declarant relating to the Property. The Executive Board also has the power to make a final and binding decision about the interpretation and application of the provisions of the Condominium Documents. The Executive Board or any Unit owner shall have the authority to seek

a declaratory judgment or other appropriate judicial relief in order to assist it in carrying out its responsibilities under this **Section 12.2**. All costs of obtaining such a judgment shall be borne by the disputants, or in the absence of disputants, by the Association as a Common Expense. Disputes between one or more Unit owners and the Declarant are governed by **Section 19.8**.

Section 12.3. Abating and Enjoining Violations by Unit Owners and Others.

The Executive Board may seek court assistance to enjoin, abate or remedy any violation of the Condominium documents.

ARTICLE 13 - MANAGEMENT

The Association may employ a managing agent to perform services for the Association.

ARTICLE 14 - ASSESSMENTS; LIABILITY OF UNIT OWNERS

Section 14.1. Power to Assess.

The Association, acting through the Executive Board in accordance with the Bylaws, shall have the power to determine the sums necessary and adequate to provide for the Common Expenses. The Association shall establish an adequate reserve fund for maintenance, repair and replacement of those Common Elements which are anticipated to require replacement, repair or maintenance on a periodic basis. The reserve fund shall be funded by periodic payments as a part of the Common Expenses.

Section 14.2. Special Assessments.

If the cash requirement estimated at the beginning of any fiscal year is not sufficient, the Executive Board shall have the power to levy one or more Special Assessments against each Unit owner. Special Assessments shall be due and payable in the manner and on the date set forth in the notice given to Unit owners by the Executive Board.

Section 14.3. Payment of Assessments.

Each Unit owner shall pay all assessments levied by the Association. Until the first Unit is conveyed to a purchaser, Declarant shall pay all Common Expenses. Periodic Assessments shall be first due no later than 60 days following the closing of the first sale of a Unit to a purchaser other than the Declarant. Assessments shall be made at least annually, as required by Section 1603-115 of the Act. Assessments that are unpaid for over fifteen (15) days after the due date shall bear interest at eighteen percent (18%) per annum from the due date until paid. In the sole discretion of the Executive Board, an additional assessment of \$25.00 per assessment when not paid when due may be charged.

Section 14.4. Failure to Fix New Assessments.

If there is a failure to fix new Periodic Assessments as required by the Bylaws, the Unit owners shall pay the Periodic Assessments at the existing rate. If the Executive Board changes the Periodic Assessment later, the difference between the new Periodic Assessment, if greater, and the previous Periodic Assessment (up to the effective date of the new Periodic Assessment) shall be treated as if it were a Special Assessment under **Section 14.2**; thereafter each Unit owner shall pay the new Periodic Assessment. In the event the new Periodic Assessment is less than the previous year's Periodic Assessment, the Executive Board may refund the surplus to the Unit owners, credit the surplus against future Periodic Assessments or retain the surplus for reserves.

Section 14.5. No Exemption by Waiver.

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

Section 14.6. Personal Liability of Unit Owners.

Unit owners are personally liable for unpaid Periodic and Special Assessments assessed against their Unit. These assessments also constitute a lien against the Unit, pursuant to Section 1603-116 of the Act. The Association may sue the delinquent Unit owner for failure to pay any assessment or other charges pursuant to Section 1603-116 of the Act. The delinquent owner shall be obligated to pay (a) all expenses of the Executive Board, including reasonable attorneys' fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (b) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

Section 14.7. Liability of Purchaser for Unpaid Assessments.

Upon the voluntary sale, conveyance or any other voluntary transfer of a Unit or any interest in a Unit, the grantee shall not be personally liable (and the Unit shall not be subject to a lien) for unpaid assessments accrued prior to the time of transfer, for amounts in excess of the amounts set forth in any Resale Certificate provided by the Association, unless such grantee agrees to assume the obligation.

Section 14.8. Subordination of Certain Charges.

Any Periodic Assessments or any fees, charges, late charges, fines and interest that may be levied by the Association according to Section 1603-102 of the Act shall be subordinate to any first mortgage lien recorded before such Periodic Assessments, fee, charge, late charge, fine or interest was due.

Section 14.9. Working Capital Fund.

Declarant shall establish a working capital fund equal to a minimum of three (3) months estimated Common Expense Liability. Each Unit's share of the working capital fund shall be collected from the Unit purchaser upon the initial transfer of title from the Declarant to the purchaser and shall be transferred to the Association for deposit in a segregated working capital fund that shall be maintained in the same account for the use and benefit of the Association. The amount paid by the Unit purchaser shall not be considered as advance payment of the normal Common Expense Liability and no Unit owner shall be entitled to a refund of these monies by the Association upon the subsequent conveyance of his Unit or otherwise. The Declarant may not use the working capital fund to defray any of its expenses, reserve contributions or construction costs while it is in control of the Association.

Section 14.10. Surplus.

Unless otherwise decided by the Executive Board, any amounts accumulated from assessments for Common Expenses which are more than the amount required for actual Common Expenses and reserves, shall be credited to each Unit owner, and shall reduce future payments for Common Expenses otherwise required of Unit owners.

Section 14.11. Common Expenses benefiting less than all Units.

The Association shall have the power to separately charge a Unit and the owner for services rendered to that Unit. Such charges shall be a lien on the Unit with the same status as a lien for Common Expenses under this Declaration and the Bylaws.

ARTICLE 15- DEVELOPMENT RIGHTS, SPECIAL DECLARANT RIGHTS AND PHASING.

The provisions of this Article 15 may not be amended without the consent of the Declarant.

Section 15.1. Reservation of Development Rights-Summary.

The Declarant's development rights are set forth as follows:

- (a.) The Declarant, reserves rights to subdivide units.
- (b.) The Declarant reserves rights to convert Units to Common Elements.
- (c.) The Declarant reserves rights to withdraw real estate from the Condominium.
- (d.) The Declarant reserves the right to grant easements to adjacent land owners if necessary according to engineering plans submitted for development of any adjacent parcel of land conditioned upon approval by the appropriate representative or representative body of the **Town of Sanford**.

- (e) The Declarant reserves the right to assign its development rights and ownership of the property and the Condominium.

Section 15.2. Special Declarant Rights.

The Special Declarant Rights of the Declarant are below:

- (a) Right to complete improvements indicated on plats and plans. The Declarant reserves the right to complete the improvements shown on the Plats and Plans for the Declarant's benefit. The time limit within which this right may be exercised is 10 (ten) years.
- (b) Right to exercise developmental rights. The Declarant reserves the rights found in this Article.
- (c) Marketing. Right to maintain sales offices, management offices, signs advertising the Condominium, and models, all as set forth in **Section 6.1.** and elsewhere in this Declaration. The time limit within which this right may be exercised is 10 years.
- (d) Easement Rights. Declarant reserves the right to use easements through the Common Elements for the purpose of making improvements within the Condominium or within real estate which may be added to the Condominium, in accordance with **Section 6.** The property to which this right applies is, and the time limit within which this right may be exercised is 20 years.
- (e) Right to approve officers and Board Members. Declarant reserves the right to appoint certain officers and Executive Board members, or approve acts of Association or Executive Board, during any period of Declarant control. The time limit within which this right may be exercised is set forth in **Article 12, Section 1.**

Section 15.3. Specifics Regarding Reservation of Special Declarant Rights.

The Declarant reserves the rights:

- (a) Until the construction, marketing and sale of all Units is completed, including any future Units which may be created under this Declaration, to locate on the Property, (even though not depicted on the Plats and Plans,) and grant and reserve easements and rights-of-way for the installation, maintenance, repair, replacement and inspection of public utility lines, wires, pipes, conduits and facilities servicing the property. These may include water, electric, telephone, television, fuel, and sewer services. No such easement shall be effective until recorded. No such easements may be granted through Units sold by Declarant to third parties. The Common Elements shall be promptly restored upon installation and repair.

- (b) Until the construction, marketing and sale of all Units is completed, including any future Units which may be created under **Article 15** to connect with and make use of utility lines, wires, pipes and conduits located on the Property for construction and sales purposes. However, the Declarant shall be responsible for the cost of services so used.
- (c) Until the construction, marketing and sale of all Units is completed, including any future Units which may be created under **Article 15**, to use the Common Elements for ingress and egress, for the repair and construction of Units and Common Elements including the movement and temporary storage of construction materials and equipment, and for the installation of signs and lighting for sales and promotional purposes.
- (d) Until the construction, marketing and sale of all Units is completed, including any future Units which may be created under **Article 15**, to operate a construction, sales, leasing and management office; permit prospective tenants, purchasers and others to visit that office and use the Common Elements and use unsold Units for sales, leasing and display purposes.
- (e) Appoint and remove members of the Executive Board and Officers of the Association until sixty (60) days after the sale to persons other than the Declarant of Seventy-five percent (75%) of the total number of Units which may be created, but in any event within five (5) years of the first conveyance of any Unit. The Declarant may relinquish, in whole or in part, the right to appoint and remove members of the Executive Board before such time by written notice, duly recorded.
- (f) Those rights established under the Condominium Act.
- (g) Subject to the provisions of the Condominium Act, the Declarant may waive any of the foregoing rights but only by written instrument duly recorded in the York County Registry of Deeds.

Section 15.4. Phasing.

Developer reserves the rights but not the obligation until ten (10) years from the date of the recording of this Declaration:

- (a) To create a total of up to seventy-five (75) Units and Limited Common Elements appurtenant to such Units on the land described in the attached **Exhibit A** and on adjacent land to be added to the Declaration by amendment thereof over the next ten (10) years pursuant to Section 1602-110 of the Condominium Act. Said additional Units and Limited Common Elements may be composed of up to 22 buildings known

as **Building Phases A through V** inclusive. The location and approximate dimensions of the resulting Units and Limited Common Elements are shown on the Plat and Plans.

Said additional buildings, Units and Limited Common Elements may not be built with the configurations or in the locations as shown on the Plat and the **DECLARANT EXPRESSLY RESERVES THE RIGHT TO VARY SUCH BUILDINGS, UNITS, LIMITED COMMON ELEMENTS AND THEIR LOCATIONS** in its discretion. Upon the addition of such Building Phases, which may occur in such stages and in such order as the Declarant determines, they shall be fully integrated into the Condominium as if this Declaration had been originally executed and recorded containing the additional Buildings Phase(s) and the Allocated Interests of the Units shall be reallocated in accordance with the formulas set forth in this Declaration and as more particularly set forth in the amendment adding said Building Phase(s). All such future Units and Limited Common Elements **shall be** consistent with the initial Units in terms of the quality of construction, general architectural style and principal materials provided that the Declarant may substitute construction materials and technique of equal or better quality and may change the Unit and Limited Common Element configuration and size, upon the addition thereof to the Condominium, must be substantially completed. All restrictions in or created by authority of this Declaration affecting the use, quality or alienation of Units **shall apply** to such Building Phases including without limitation the restriction to residential use. Declarant need not add said Building Phases or said Limited common Elements to the Condominium and hence said Buildings, Units and Limited Common Elements **NEED NOT BE BUILT**. All improvements within a future Building Phase must be substantially completed upon the addition to the Condominium. The Declarant must exercise its right hereunder within ten (10) years of the recording of this Declaration.

Upon the addition of such Units to the Condominium, the Allocated Interests of all Units shall be reallocated in accordance with **Section 5.1** of this Declaration and **Exhibit B** shall be amended accordingly.

- (b) To add additional land to the Condominium, the locations and dimensions of which are shown on the Plat as **Land Phase 2**. While it is anticipated that Declarant will add such Phase, Declarant reserves the right to add portions of said land at different times and in separate portions with boundaries other than those set forth in the Plat and in such order as it deems appropriate, provided, however, that such land when added shall be contiguous to the then existing Condominium Premises and that land other than as depicted on the Plat shall not be added. The Declarant may reserve Development Rights at the time of the addition of such Land Phase but may not reserve the right to create more than a total of **75** residential Units in all Land Phases. All improvements to future Units and Common Elements, including the buildings

and drives shall be consistent with **Land Phase 1** and **Building Phase 1** for quality of construction and principal materials provided that the Declarant may substitute construction materials and techniques of equal or better quality and may change the architectural style.

- (c) To exercise any rights under this Section, the Declarant shall prepare, execute and record an amendment to the Declaration pursuant to the Condominium Act, which amendment may include a Plat and Plans as required by the Condominium Act to the extent not previously recorded. Said amendment shall become effective upon recording without the consent of any other person.

ARTICLE 16 - ASSIGNABILITY OF DECLARANT'S RIGHT

All or any part of the rights, powers or reservations of Declarant contained in this Declaration may be assigned by Declarant to any person or entity which will assume the duties and obligations of Declarant related to the rights, powers or reservations assigned. Upon the recording of an assignment of such rights, powers or reservations pursuant to which the assignee assumes the duties and obligations of Declarant related thereto, the assignee shall become a successor Declarant as to such rights, powers or reservations assigned and shall have the same rights and powers and be subject to the same duties and obligations as are given to and assumed by Declarant herein, and Declarant shall be relieved from all liability with respect to the rights, powers, reservations, duties and obligations hereunder which are assumed by the assignee.

ARTICLE 17 - AMENDMENT OF DECLARATION

Section 17.1. General Rule: Sixty-Seven Percent Approval Required for Amendments.

Sixty-Seven Percent (67%) of all votes in the Association (not just those who vote) are required to adopt amendments to the Declaration. Amendments may also require consent of Mortgage Holders or Eligible Mortgage Holders, as set forth in this Declaration.

Section 17.2. Exceptions to Sixty-Seven Percent rule; Amendments as to Particular Matters.

The following amendments are subject to their own particular requirements and do not require the sixty-seven percent (67%) vote set forth herein.

- (a) The Declarant shall make conforming amendments to the Declaration and the Plats and Plans upon the exercise of any Development Right set forth in **Article 15**.
- (b) The Executive Board shall make conforming amendments to the Declaration and the Plats and Plans upon the following events and record the amendments in the Registry

of Deeds in order for them to become effective. The Board may charge affected Unit owners its cost incurred in doing so, including but not limited to the cost of survey, attorney's fees and recording costs:

- (1) taking a portion of the property by eminent domain or the termination of the Condominium;
- (2) a reallocation of Allocated Interests caused by the decrease in number of Units resulting from the termination of a lease;
- (3) a reallocation of Limited Common Elements between and among units (as set forth in this Declaration), to the extent that such reallocations are approved by the affected Unit owners and approved by the Executive Board within 30 days, as set forth in the Maine Condominium Act;
- (4) conversion of a Common Element to a Limited Common Element as allowed by this Declaration and the Maine Condominium Act;
- (5) the relocation of boundaries between adjoining Units, approved by the affected Unit owners, to the extent allowed by this Declaration and the Maine Condominium Act;
- (6) the subdivision of a Unit, as allowed by Section allowed by this Declaration; and
- (7) amendments to conform to the requirements of secondary mortgage market financing as set forth in Section 8.7 of this Declaration.

Section 17.3. Meeting not Required.

Amendments do not have to be approved by vote at a meeting of Unit owners. Approval may be obtained by mail or other method.

Section 17.4. One year to challenge.

No action to challenge the validity of an amendment adopted by the Association pursuant to this Section may be brought more than one (1) year after the amendment is recorded.

Section 17.5. Recording required to be Effective; Association Officer to Certify and Record Amendments.

Every amendment to the Declaration must be recorded and is effective only upon recordation. Notice of the amendment shall be sent to all Unit owners and mortgagees known to the Executive Board, but failure to send such notices shall not affect the validity of the amendment. Amendments to the Declaration required by this Act to be recorded by the Association shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association.

Section 17.6. Unanimous Vote Required in Some Cases.

Except to the extent expressly permitted or required by other provisions of this Act, unanimous consent of all Unit owners, not just those who vote, is required for any amendment which would:

- (a) create or increase Special Declarant Rights;
- (b) increase the number of Units;
- (c) change the boundaries of any Unit;
- (d) change the Allocated Interests of a Unit;
- (e) change the uses to which any Unit is restricted.

Section 17.7. Further Approval of Eligible Mortgage Holders Required for "Material" Changes.

In addition, approval of amendments of a material nature must be obtained from Eligible Mortgage Holders representing at least fifty-one percent (51 %) of the votes of Units that are subject to mortgages. A change to any of the following would be considered as material:

- (a) voting rights;
- (b) increases in assessments that raise previously assessed amount by more than twenty-five percent (25%), assessment liens or the priority of assessment liens;
- (c) reductions in reserves for maintenance, repair and 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) redefinition of any Unit boundaries;
- (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) hazard or fidelity insurance requirements;
- (j) imposition of any restrictions on leasing of Units;
- (k) imposition of any restrictions on a Unit owner's right to sell or transfer his/ her/its Unit;
- (l) a decision by the Association to establish self-management when professional management had been required previously by the Declaration or 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.

If the amendment is not of such material nature, the approval of a Mortgagee may be assumed when that Mortgagee has failed to submit a response to any written proposal for an amendment within thirty (30) days after the proposal is made.

ARTICLE 18 - TERMINATION

The Condominium may be terminated only by agreement of the Unit owners of Units to which eighty percent (80%) of the votes in the Association are allocated. However, if the Condominium is being terminated for reasons other than substantial destruction or condemnation of the Condominium, the termination of the Condominium must also be approved by Mortgagees of Units to which sixty-seven percent (67%) of the votes in the Association are allocated.

Termination of the Condominium will be governed by the provisions of Section 1602-118 of the Act. If the Condominium is terminated, it will be the responsibility of its successor to maintain the remaining property.

ARTICLE 19 - GENERAL PROVISIONS

Section 19.1. Headings.

The headings used in this Declaration and the table of contents are inserted solely as a matter of convenience for the readers of this Declaration and shall not be relied upon or used in construing the effect or meaning of any of the provisions of this Declaration.

Section 19.2. Severability.

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability of any provision or portion of them shall not affect the validity or enforceability of any other provision or portion, unless such deletions shall destroy the uniform plan of development and operation of the Condominium project this Declaration is intended to create.

Section 19.3. Applicable Law.

This Declaration shall be governed and construed according to the laws of the State of Maine.

Section 19.4. Interpretation.

The provisions of this Declaration shall be liberally construed in order to affect Declarant's desire to create a uniform plan for development and operation of the Condominium.

Section 19.5. Effective Date.

This Declaration shall become effective when it and the Plats and Plans have been recorded.

Section 19.6. Notices.

All notices and other communications required or permitted to be given under or in connection with this Declaration shall be in writing and shall be deemed given when delivered in person or on the second business day after the day on which mailed by certified mail, return receipt requested, addressed to the address maintained in the register of current addresses established by the Association.

Section 19.7. Exhibits.

All exhibits attached to this Declaration are hereby made a part of this Declaration.

Section 19.8. Arbitration.

In any dispute between one or more Unit owners and the Declarant regarding the Common Area, the Executive Board shall act for the Unit owners, and any agreement with respect thereto by the Board shall be conclusive and binding upon the Unit owners. All claims, disputes and other matters in question between the Declarant, on the one hand, and the Association or any Unit owners on the other hand, arising out of or relating to, this Declaration, the Bylaws, or the deed to any Unit or the breach thereof, except for claims which have been waived by the acceptance of a deed, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association unless the

Remainder of page intentionally left blank.

parties mutually agree otherwise. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law of the State of Maine. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereon. Notice of demand for arbitration shall be filed in writing with the other parties and with the American Arbitration Association. The demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen, and in no event shall it be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations or other principals of law and equity.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed as of the day and year first above written.

WITNESS

James H. McCormick

HILLSIDE PROPERTIES, LLC

By: *Michael H. Mezoian*
Michael H. Mezoian, Manager

STATE OF MAINE
County of York, ss.

Date: May 29, 2007

Then personally appeared the above named Michael H. Mezoian, being duly authorized causes the foregoing instrument to be his free act and deed in said his capacity and the free act and deed of said Hillside Properties, LLC.

Before me,

Bryce W. Ingraham
~~Notary Public~~ Attorney at Law
Bryce W. Ingraham

EXHIBIT A
PROPERTY: RAILROAD AVENUE, SANFORD, MAINE

A certain lot or parcel of land, together with any improvements thereon, situated on the northerly side of Railroad Avenue, so-called, in Sanford, York County, Maine and being more particularly bounded and described as follows:

BEGINNING at a drill hole set in the northerly sideline of Railroad Avenue which marks the southwesterly corner of the lot described herein and the southeasterly corner of land now or formerly of Waban Projects, Inc. as described in deed recorded in the York Registry of Deeds in Book 13909, Page 174;

THENCE North 18° 08' 08" West along said Waban land a distance of 7.56 feet to a drill hole;

THENCE North 72° 43' 57" East along said Waban land a distance of 9.94 feet to an iron rod;

THENCE North 21° 40' 12" West along Waban land a distance of 81.12 feet to an iron rod and land now or formerly of Turner as described in deed recorded in Book 1960, Page 235 of said York Registry;

THENCE the following six (6) courses along said Turner land:

- 1) North 71° 13' 44" East a distance of 36.56 feet to an iron rod;
- 2) Northeasterly along a curve deflecting to the right with a radius of 225 feet an arc distance of 156.99 feet to an iron rod;
- 3) North 46° 46' 52" East a distance of 16.42 feet to an iron rod;
- 4) North 48° 06' 48" West a distance of 55.28 feet to an iron rod;
- 5) North 16° 51' 49" East a distance of 64.81 feet to a stone monument;
- 6) North 89° 43' 49" West a distance of 110.59 feet to an iron rod and land of Waban Projects;

THENCE North 47° 00' 37" East 207.87 feet;

THENCE generally northwesterly by a circular curve deflecting to the right an arc distance of 36.84 feet, the chord of said curve bearing North 21° 25' 49" West 36.68 feet, the radius of said curve being 113 feet;

THENCE North 77° 44' 34" East 26 feet;

THENCE South 75° 53' 34" East 93.98 feet;

THENCE South 57° 17' 33" East 26.26 feet;

THENCE generally southwesterly by a circular curve deflecting to the left an arc distance of 29.57 feet, the chord of said curve bearing South 19° 37' 16" West 29.54 feet, the radius of said curve being 190.18 feet;

THENCE South 51° 57' 24" East 145.34 feet to the end of the herein described phase line at a point in a stonewall and land of Prudence L. Hasty and Shane M. Hasty as described in deed recorded in the York Registry of Deeds in Book 14585, Page 405, said point being South 33° 51' 39" West 9.93 feet from a 5 inch by 4 inch stone monument found 11 inches above grade;

THENCE South 33° 51' 39" West along said Hasty land a distance of 16.96 feet to a drill hole;

THENCE South 36° 17' 13" West along said Hasty land and land now or formerly of Bell a distance of 257.35 feet to a drill hole and land now or formerly of Haddock;

THENCE the following three (3) courses along said Haddock land:

- 1) South 38° 25' 22" West a distance of 54.44 feet to a drill hole;
- 2) South 42° 47' 20" West a distance of 62.21 feet to a drill hole;
- 3) South 31° 23' 04" West a distance of 52.19 feet to a drill hole set in the northerly sideline of Railroad Avenue;

The previous nine (9) courses are all along a stone wall;

THENCE South 75° 52' 04" West along said sideline a distance of 97.74 feet to the point of beginning.

For Grantor's source of title, reference is made to the following two (2) deeds duly recorded in the York Registry of Deeds:

1. Deed from Michael H. Mezoian, dated March 23, 2003 and recorded in Book 14788, Page 992; and
2. Deed from Tiger Hill, LLC, dated March 23, 2006 and recorded in Book 14788, Page 996 of said Registry.

Exhibit A 2

The above description is derived from plan entitled "**Preliminary Plan Showing Hillside Crossing Condominium**" by Corner Post Land Surveying, Inc., dated January 3, 2006 and revised through October 11, 2006 and duly recorded in the York Registry of Deeds in Condominium File 716 and describes the premises set forth in the aforementioned deeds in Book 14788, Page 992 and 996 as a single unit.

The above premises being conveyed subject to or with the benefit of the following:

1. Terms and conditions of the Department of Environmental Protection Stormwater Management Law Finding of Fact and Order, dated September 14, 2006 and recorded in Book 14968, Page 609 of said York Registry as amended in Book 15159, Page 602;
2. Rights and easements granted to Frederick W. Turner, et al by deed of Hillside Properties, LLC, to be recorded in the York Registry of Deeds;
3. A perpetual right and easement in common with others for purposes of ingress, egress and access, including, without limitation, pedestrians and any and all motor vehicles, over and across Signal Street and Sidetrack Lane, now existing or hereafter constructed on or about the premises as further depicted on the aforementioned plan duly recorded in the York Registry of Deeds in Condominium File 716, or as the same may be relocated hereafter; subject, however, to the rights of others to use the said roads, ways and easement areas as shown on the aforementioned plan.
4. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, and limitation on title, created by the Unit Ownership Act of the State of Maine, Chapter 10 of Title 33 of the Maine Revised Statutes of 1964, as amended and the Maine Condominium Act, Chapter 31 of Title 33 of the Maine Revised Statutes of 1964, as amended, or set forth in the Declaration of Condominium for Hillside Crossing Condominium, dated May 29, 2007, to be recorded in the York Registry of Deeds.
5. "Notes" and other matters set forth on the various plats and plans of **Hillside Crossing Condominium**", Sanford, Maine, approved by the Town of Sanford Planning Board on October 18, 2006 and recorded in said Registry of Deeds in Condominium File 716.
6. In addition to and not in limitation of the Declaration of Condominium for Hillside Crossing Condominium, the restrictions, reservations, covenants, conditions, servitudes and easements set forth below, which it is hereby covenanted and agreed shall inure to the benefit of and be binding on Mezoian Development LLC., its successors and assigns, but which Mezoian Development LLC shall be under no obligation to enforce and the several purchasers, their heirs, successors and assigns, and being binding upon all the land described above, to wit:
 - a) That the restrictive covenants and equitable servitudes contained herein are hereby established for the mutual benefit of the properties and owners and future subsequent owners of the above described properties, are not personal to the Grantor or Grantees and are intended to and shall

run with the land.

b) That each of the restrictive covenants and equitable servitudes contained herein shall be binding upon the signers hereof, their heirs, successors and assigns forever, unless modified by written agreement between the then owners of both sides of any duplex, triplex or quadplex unit at Hillside Crossing Condominium.

c) That these covenants and cross easements constitute a mutual covenant running with the land and all successive future owners shall have the same right to invoke and enforce its provisions as the Grantor and Grantee hereof.

d) That the provisions hereof are intended to benefit and can be enforced by one duplex owner at Hillside Crossing Condominium against the owners of the other units attached hereto.

e) That present and future owners of the units shall be responsible for those costs of repair and maintenance that are associated with their respective units at the property, including by way of example and not by way of limitation, roof repair and maintenance of siding and exterior trim, and shall cooperate with the owner of the adjoining duplex to accomplish such repair and maintenance. Further, the present and future owners of the units shall be responsible for the costs of lawn care, yard maintenance, landscaping and snow plowing for the portion of the lot lying to the unit-side of the common wall between the duplexes extended to the front and rear lot lines, and all present owners of a unit shall benefit by a cross easement from the owner of the other unit attached thereto for the exclusive use and enjoyment of that portion of the lot lying on the unit-side of the common wall between units extended to the front and rear lot lines.

f) That no addition or rooms, or other physical change may be built on, added to or made to the exterior of the units without the consent of the other part-owners of the building.

g) That with respect to the exterior of the units:

- (i) they shall be maintained in good condition, in a fashion commensurate with the standards maintained in the neighborhood in which they are located;
- (ii) no changes shall be made to them or to the materials of which they are constructed or to the colors of the materials of which they are constructed, except as aforesaid.

h) Cross easements are hereby imposed upon the various units to permit the construction and perpetual maintenance through, under, upon and across each parcel of a sewer system and water supply and all necessary uses and appurtenances and to excavate or fill each parcel as is necessary for any of the above purposes and to enter upon said parcels at any and all times for any of the foregoing purposes provided, nevertheless, that reasonable notice shall be given.

Exhibit A 4

Also, the right during any period of construction, replacement, repair or additional alteration to enter other land adjacent to the boundaries of the above described property for the purpose of construction and maintenance of said sewer system and water supply. All seeded areas within the easement limits or adjoining land that are disturbed or damaged by the construction, alteration or enlargement, shall be reseeded as nearly as possible to the condition of the adjoining seeded area. Household shrubs or other plants located within the easement limits or on adjoining land (if applicable) shall be removed from the ground and adequately preserved during the construction and replanted thereafter.

i) Each owner shall coninsure the owners of the other units in the duplex, triplex or quadropex for fire and other casualty. In the event of damage or destruction to a part of a duplex, triplex or quadropex, each owner agrees to use the proceeds of said insurance to repair or rebuild said premises in a timely manner.

j) That in the event of a violation of this Agreement, all legal and equitable remedies, including by way of example and not by way of limitation, injunction and damages, shall be available to each owner, their heirs, successors and assigns.

k) If any portion of or obligation established under this Agreement is determined to be invalid or unenforceable under law, it shall not affect the validity or enforcement of the remaining obligations or portions hereof.

l) The failure of any of the persons benefitted under this Agreement to exercise any of the rights granted hereunder, in any particular instance, shall not constitute a waiver thereof in that or any subsequent instance.

Mezoian-HillsideCrossing-ExhibitA-Declaration-deg-kp.wpd

EXHIBIT B
ALLOCATED INTERESTS

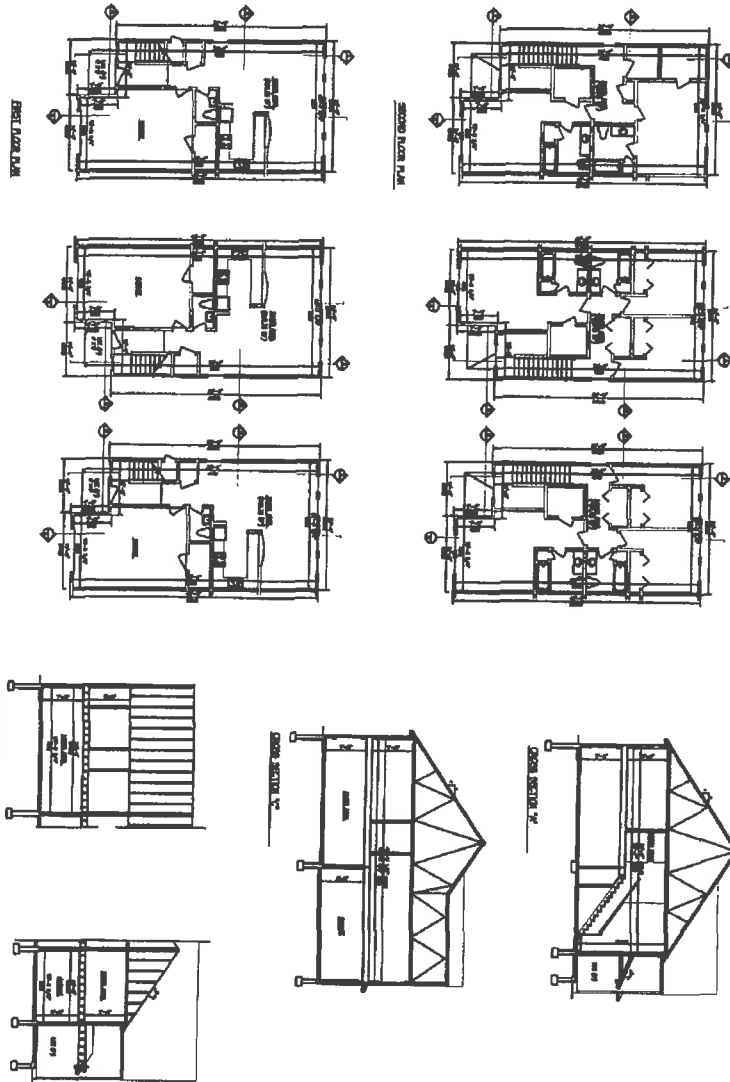
| <u>Unit #</u> | <u>#Votes</u> | <u>%Interest in Common Elements</u> | <u>% Common Expense Liability</u> |
|----------------------|----------------------|--|--|
|----------------------|----------------------|--|--|

NOTE: No units are initially being created. As Units are constructed, they will be added to the Condominium and the foregoing Exhibit B will be revised accordingly.

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EXHIBIT B

TRIPLEX UNIT



THE LIVING WITH AND BEING BY THE ALL POWER OF THE GOD.

[illegible]

EXHIBIT 2

BY- LAWS OF HILLSIDE CROSSING CONDOMINIUM

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BY-LAWS OF HILLSIDE CROSSING CONDOMINIUM

ARTICLE I: INTRODUCTORY PROVISIONS

Section 1.1. Creation: These By-Laws (the "By-Laws") have been adopted pursuant to and as required by Section 1603-106 of the Maine Condominium Act, (the "Act") in connection with the establishment of a nonprofit unit owners association (the "Association") for the property called **Hillside Crossing Condominium**, located at **Railroad Avenue, Sanford, York County, Maine** (the "Property"), described in a Declaration of Condominium for **Hillside Crossing Condominium**, dated _____, 2007, (the "Declaration") recorded in the York Registry of Deeds, as the same may be amended from time to time. Except as otherwise required by the Act or by the Maine Nonprofit Corporation Act (the "Nonprofit Act"), the Association shall be governed by these By-Laws unless they are inconsistent with the Declaration, in which case the Declaration shall control.

Section 1.2. Definitions: The capitalized terms herein without definition shall, except as otherwise specifically required by the Act, have the same definitions contained in the Declaration.

Section 1.3. Name and Office: The name of the Association shall be **Hillside Crossing Condominium Association** and the principal office of the Association shall be located at the Property or at such other place as may, from time to time, be designated by the Executive Board.

Section 1.4. Applicability of By-Laws: The provisions of these By-Laws are applicable to all present and future Unit Owners, mortgagees, lessees, licensees and occupants of the Units, their employees, agents and customers, and any other person(s) who may use the Condominium or any of its facilities, as are the Rules and Regulations, all as adopted, amended or altered from time to time by the Executive Board.

ARTICLE II: THE ASSOCIATION

Section 2.1. Membership: The Association shall consist of all Unit Owners, acting in accordance with these By-Laws, the Declaration and the Act. The membership shall include the Declarant so long as it is the owner of a Unit as well as all Unit Owners, or, following termination under Section 1602-118, all former Unit Owners entitled to distributions of proceeds, or their heirs, successors or assigns. Membership is transferable only as provided in the Declaration or these By-Laws. 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. The transfer of an interest as security for an obligation shall not operate to transfer membership until a foreclosure of the mortgage or security agreement. The Association may, but is not required to, issue certificates evidencing membership in the Association.

Association may, but is not required to, issue certificates evidencing membership in the Association.

Section 2.2. Powers and Duties: In addition to the powers and duties set forth in the Act, the Nonprofit Act, the Declaration and otherwise set forth in these By-Laws, the Association shall have the following purposes, powers and duties:

- a) Adopt and amend By-Laws and Rules and Regulations, provided that the initial Executive Board shall have the power to adopt these By-Laws;
- b) Adopt and amend budgets for revenues, expenditures and reserves and to collect assessments for Common Expenses and other authorized charges from Unit Owners;
- c) Hire and terminate managers and other employees, agents and independent contractors;
- d) Institute, defend or intervene in litigation or administrative proceeding in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;
- e) Make contracts and incur liabilities properly relating to the Association;
- 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 in accordance with the terms and limitations herein set forth;
- h) Acquire, hold, encumber and convey, in its own name, any right, title or interest to real or personal property, but a conveyance for security may be done only in accordance with the Act and the terms of the Declaration;
- i) Grant easements, leases and licenses or concessions through or over the Common Elements;
- j) Impose and receive payments, fees or charges for the use, rental or operation of the Common Elements other than Limited Common Elements and for services provided to Unit Owners;
- k) Impose charges and interest for late payment of assessments and other authorized charges and, after notice and an opportunity to be heard, impose reasonable penalties for violations of the Declaration, By-Laws and Rules and Regulations of the Association;

Declaration, or resale certificates furnished in accordance with the Act, or statements of unpaid assessments;

- m) Provide for the indemnification of its officers and the Execution Board and maintain directors' and officers' liability insurance;
- n) Assign its rights to future income;
- o) Exercise any other powers conferred by the Declaration or By-Laws;
- p) Exercise all other powers that may be exercised under the Nonprofit Act as the same may be amended from time to time; and
- q) Exercise such other powers as may be necessary and proper for the operation of the Association.

All of the foregoing shall be exercised by the Executive Board on behalf of the Association, subject to the terms of these By-Laws, the Declaration and the Act.

Section 2.3. Meetings: Meetings of members shall be held at the offices of the Association or at such other place properly designated in the notice of meeting.

- a) Annual Meeting: Meetings of the members shall be held annually on the 1st day of May or in the event that day is a legal holiday, then on the first day thereafter which is not a holiday. The purposes of such meeting shall be to elect the members of the Executive Board and to transact such other business as may properly come before the meeting.
- b) Special Meetings: Special meetings of the members may be held at any time upon the call of the Secretary at the direction of the Executive Board or upon the petition of twenty-five percent (25%) or more in interest of the votes of the Association, which call shall state the purpose of the meeting. Upon receipt of such call, the Secretary shall promptly send out notices of the meeting in accordance with the provisions of this Section.
- c) 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 items on the agenda, including the general nature of any proposed Declaration or By-Law amendment, any budget changes and any proposal to remove an Officer or Director, shall be sent by the Secretary at least ten (10) days, but not more than forty-five (45) days, before the date set for the meeting. Provided, however, that if the purpose of the meeting shall include the rejection or acceptance of a capital expenditure, such meeting shall be

set for the meeting. Provided, however, that if the purpose of the meeting shall include the rejection or acceptance of a capital expenditure, such meeting shall be held within fifteen (15) days after the call therefor. Further, no business not stated in the notice may be conducted at a special meeting without the consent of at least sixty percent (60%) of the members present either in person or by proxy. Such notice shall be given in accordance with **Article VI** of the Declaration and given to each Unit Owner listed with the records of the Association and to each Eligible Mortgage Holder if and as required by the Declaration as follows:

- 1) By hand delivering it to him, or
- 2) By mailing it, postage prepaid, addressed to the Unit Owner (or Eligible Mortgage Holder) at the address of the Unit or any other address designated in writing by that Unit Owner (or Eligible Mortgage Holder) with the records of the Association.

If notice is given pursuant to the provisions of this Section, the failure of any person entitled thereto to receive actual notice of the meeting shall not invalidate the meeting.

- d) Executive Board: No later than the earlier of sixty (60) days immediately following the conveyance of seventy-five percent (75%) of the Units to Purchasers or five (5) years following the conveyance of the first Unit to a Purchaser, 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.
- e) Waiver of Notice: The presence of all the Unit Owners in person or by proxy at any meeting shall conclusively establish the meeting's validity, unless any Unit Owner 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.
- f) 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 more than twenty-five percent (25%) of the total interest therein shall constitute a quorum for

the transaction of all business. If at any meeting a quorum shall not be in attendance, those members present may adjourn the meeting to a time not less than forty-eight (48) hours from the time of which the original meeting was called.

g) Order of Business: The order of business at all meetings of the Association shall be generally as follows, if applicable:

- 1) Roll call
- 2) Proof of notice of meeting or waiver of notice
- 3) Reading of minutes of preceding meeting
- 4) Reports of Executive Board or Officers
- 5) Reports of committees, if any
- 6) Election of the Executive Board, if required
- 7) Unfinished business
- 8) New business
- 9) Adjournment

At all meetings of the members or of the Board of Directors, Roberts' Rules of Order, as then amended, shall be followed, except in the event of conflict with these By-Laws or the Declaration, in which instance, the By-Laws or Declaration, as the case may be, shall prevail.

Section 2.4. Voting:

- a) The vote in the Association to which each Unit Owner is entitled shall be as set forth on **Exhibit B** of the Declaration, each Unit Owner being entitled to one vote. The votes in the Association allocated to a Unit can only be cast as a unit and cannot be split. If a Unit is owned of record by one person, that Unit Owner's right to vote shall be established by the record title to the Unit. If ownership of a Unit is in more than one person, the person who shall be entitled to cast the votes allocated to that Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary of the Association. If ownership of a Unit is in a corporation, partnership, trust or estate, the officer or employee of that corporation, partner of that partnership, trustee of that trust or agent of that estate entitled to cast for the corporation, partnership, trust or estate the votes for the corporation, partnership, trust or estate, the votes allocated to such Unit shall be designated in a certificate for that purpose executed by the president or a vice president of that corporation and attested to by the secretary or clerk of that corporation or executed by all the partners of that partnership or executed by all the beneficiaries of that trust or executed by either all the devisees of that estate or by order of the probate court and filed with the Secretary of the Association. Such certificates of multiple owners, corporations, partnerships, trusts or estates shall be valid until revoked by a subsequent certification similarly executed and filed with the Secretary of the

Association. Wherever the vote, approval or disapproval of a Unit Owner is required by the Declaration or the Act, such vote, approval or disapproval shall be made only by the person who would be entitled pursuant to such certificate to cast at any meeting of the Association the vote allocated to such Unit. If the person named or designated in said certificate for a particular Unit shall be absent from a meeting of the Association, no person may cast the vote allocated to that Unit at the meeting although the presence of the meeting of a non-named or non-designated co-owner or member, officer or employer of such Owner shall be counted in determining whether a quorum is present. If a multiple Owner of a Unit (that is not a partnership, trust, estate or corporation) has failed to file said certificate with the Secretary of the Association and only one of the multiple Owners is present at a meeting of the Association, he shall be entitled to cast at the meeting all the votes allocated to that Unit without establishing the concurrence of the absent Owners just as though that person were the sole owner of the Unit. If a multiple Owner of a Unit (that is not a partnership, trust, estate or corporation) has failed to file said certificate with the Secretary and if more than one Owner of that Unit is present at the meeting, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority of the multiple Owners present at the meeting. Such majority agreement shall be conclusively presumed if any one of those multiple Owners shall cast the vote allocated to the Unit without protest being promptly made to the person presiding over the meeting by any other Owners of that Unit. Any provision of this Paragraph to the contrary notwithstanding, in the event of any proposed actions to terminate the Condominium pursuant to Section 1602-118 of the Act; change the allocated interests appurtenant to any Unit, change the boundaries of a Unit or subdivide a Unit except for such changes and subdivisions created by the Declarant as a consequence of the exercise of any Development Rights reserved by the Declarant in this Declaration; merge or consolidate the Condominium with another condominium; convey or subject to a security interest any portion of the Common Elements; or use any proceeds of property insurance required to be maintained by the Association pursuant to this Declaration for purposes other than repair and restoration of the damaged Property in accordance with this Declaration, the Plats and Plans, the By-Laws, the original elevation thereof and original building plans and specifications therefor, then an Eligible Mortgage Holder shall have the right, but not the obligation in place of the Owner of the Unit subject to the Mortgage held by such Eligible Mortgage Holder, to cast the votes allocated to that Unit or to give or withhold any consent required of such Unit Owner for such action by delivering written notice to the Association with a copy to the Unit Owner prior to or at the time of the taking of the proposed action, which notice shall be sent by prepaid United States Mail, return receipt requested, or by delivery in hand; failure of the Eligible Mortgage Holder to so exercise such rights shall constitute a waiver thereof and shall not preclude the Unit Owner from exercising such right. In no event shall more votes be cast with respect to any Unit than are allocated to that Unit pursuant to this Declaration.

- b) Votes 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. Proxies shall be duly executed and filed with the Secretary before the appointed time of the meeting.
- c) The Declarant may exercise the voting rights pertaining to any Unit to which it retains title. No vote pertaining to a Unit owned by the Association may be cast and the voting interest of such a Unit shall not be deemed to be outstanding in determining the presence of a quorum or the percentage of approval needed to act.
- d) At any meeting at which a quorum is present, the affirmative vote of a majority of the voting interest of those present shall determine any question except the election of Directors, unless a greater percentage vote is required by law, by the Declaration or by these By-Laws. In the election of the Executive Board 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 By-Laws, the percentage in interest shall be measured against the total voting interest regardless of whether or not such Unit Owners are present.
- e) Action Without a Meeting: Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting if written consents setting forth the action so taken are signed by all the Unit Owners or if required by the Declaration, Eligible Mortgage Holders, entitled to vote on such action and are filed with the Secretary and made a part of the corporate records. Such written consents shall have the same effect as a unanimous vote of the Unit Owners.

ARTICLE III. EXECUTIVE BOARD

Section 3.1. Number and Qualifications: The affairs of the Association shall be governed by an Executive Board sometimes referred to herein as a "Board of Directors" or the "Board" and the members of which are sometimes referred to as "Directors", initially composed of three (3) Directors, each with a term of two (2) years until the Declarant's right to appoint, remove and replace the Directors expires or is waived.

Thereafter, the Executive Board shall be composed of at least three (3) but not more than five (5) natural persons. Each such Director shall be the Owner or the spouse of an Owner of a Unit, or

if a Unit Owner is a corporation, partnership, trust or estate, then an officer, employee, partner, trustee, personal representative or beneficiary of such Unit Owner. Until the Declarant's right to appoint expires or is waived, a Director may be replaced or removed by Declarant without necessity of obtaining resignations. The appointees of Declarant need not be Unit Owners except that after the conveyance of at least one Unit by the Declarant and prior to the transition election, at least one (1) member of the Board, other than the Declarant, shall be a Unit Owner. For a Director who no longer qualifies, the Director's term of office shall cease upon written notice to such Director from the Secretary of the Association.

Section 3.2. Election and Term of Office: After the expiration or waiver of the Declarant's right to appoint, remove and replace the Directors, the initial Executive Board shall be formed and composed as provided in **Section 2.2(c)** of these By-Laws. At the expiration of the initial term of office of each Director so elected, his successor shall be elected to serve a term of one (1) year; provided, however, that a Director shall hold office until his successor has been elected. Any Director may serve an unlimited number of terms and may succeed himself.

Section 3.3. Power and Duties: The Executive Board 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 By-Laws or otherwise provided under the Act or the Nonprofit Act as they may be amended from time to time, except those matters which by law, by the Declaration or by these By-Laws are specifically reserved to the Unit Owners.

Section 3.4. Appointment and Vacancies: Except for Directors elected by the members, vacancies in the Board 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 Unit Owners. A Director elected to fill a vacancy shall be elected for the non-expired term of his predecessor in office.

Section 3.5. Removal of Directors: At any regular meeting or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the Unit Owners entitled to cast all votes 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 at least ten (10) days' notice and an opportunity to be heard at the meeting, but the Unit Owner's decision shall be final. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his (or his spouse's) Unit.

Section 3.6. 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 more than fifty percent (50%) of the members at any Annual or Special Meeting

of the Association.

Section 3.7. Annual Meeting: The annual meeting of the Executive Board shall be held immediately following the annual meeting of the Association and at the same place; no further notice shall be necessary in order legally to constitute such meeting.

Section 3.8. Regular Meetings: Regular meetings of the Executive Board (other than the annual meeting) may be held at such time and place as shall be determine, from time to time, by the Board. Notice of regular meetings of the Board shall be given to each member and, if so required, Eligible Mortgage Holder, by the Secretary in the manner provided for service of notice upon Unit Owners and Eligible Mortgage Holders at least ten (10) days prior to the day named for such meeting.

Section 3.9. Special Meetings: Special meetings of the Executive Board may be called by the President on three (3) days' notice to each Director and, if so required, Eligible Mortgage Holder, given personally or by mail or by delivery to his Unit, or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board 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 3.10. Waiver of Notice: Before or after any meeting of the Executive Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of legal 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. 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 3.11. Quorum of Executive Board: At all meetings of the Executive Board, 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. If, at any meeting of the Executive Board, 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 transaction at the meeting as originally called may be transacted without further notice.

Section 3.12. Action Without Meeting: Any action which may be taken at a meeting of the Directors may be taken without a meeting if all of the Directors sign written consents setting forth the action taken or to be taken 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 unanimous vote.

Section 3.13. 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 or 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 3.14. Employment of Managing Agent: The Executive Board is authorized to, but need not, employ a managing agent to perform such duties, authorized by the Executive Board as are permitted under the Act, the Declaration and these By-Laws. All of the powers granted to the Executive Board by the Act, the Declaration and these By-Laws may be delegated to the managing agent with the exception of the following: (a) to assign Common Elements as Limited Common Elements or designate Reserved Common Elements; (b) to adopt, amend or repeal Rules and Regulations; (c) to adopt the annual budget and any amendment thereto or to assess Common Expenses; (d) to borrow money on behalf of the Association or to designate signatories on Association bank account; and (e) to acquire and mortgage Units. With respect to the foregoing, the managing agent may nonetheless serve in an advisory capacity to the Executive Board. Any employment contract with the managing agent shall be chargeable as a Common Expense. The term of such contract shall not exceed one (1) year but may be renewed from year to year, provided, however, that the original contract and any renewal thereof must be cancellable by either party, without cause and without penalty or fee, on no more than ninety (90) days' written notice and with cause on no more than thirty (30) days' written notice.

ARTICLE IV. OFFICERS

Section 4.1. Designation: The principal officers of the Association shall be a President, a Secretary and a Treasurer elected by the Executive Board of whom only the President need to 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 4.2. Election of Officers: The principal officers of the Association shall be elected annually by the Executive Board at the annual meeting and shall hold office at the pleasure of the Board.

Section 4.3. Removal of Officers: Upon a majority vote of the Executive Board, any

officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.4. President: The President shall be the chief executive officer of the Association and shall be a Director. He shall preside at all meetings of the Association and on the Executive Board. He shall have all of the general powers and duties which are usually vested in the office of President of a non-profit 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. The President shall cease holding office at such time as he ceases to be a member of the Executive Board.

Section 4.5. Treasurer: The Treasurer shall be responsible for keeping financial records and accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible, subject to the direction of the Executive Board, for the preparation and dissemination to the Unit Owners of all financial reports, budgets and notices required and for the preparation and signing, if necessary, of all financial reports or tax returns required to be filed by the Association.

Section 4.6. Secretary: The Secretary shall keep and certify the minutes of all meetings of the Executive Board or of the Association, shall give all notices as provided by these By-Laws and shall have other powers and duties as may be incidental to the office of Secretary given him by these By-Laws 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. The Secretary shall, within ten (10) days after receipt of request, provide or cause to be provided to any person entitled thereto, at the expense of such person, a written statement or certification of the information required to be provided by the Association pursuant to Sections 1603-116(h) and 1604-108(b) of the Act and the terms of these By-Laws.

Section 4.7. Clerk: The Clerk shall be the Registered Agent of the Association under the Nonprofit Act and need not be a Unit Owner.

Section 4.8. Compensation: The officers shall serve without compensation unless such compensation is authorized by more than fifty percent (50%) of the votes of all Unit Owners at any annual or special meeting.

ARTICLE V. OPERATIONS AND ADMINISTRATION OF PROPERTY

Section 5.1. Fiscal Year: The fiscal year of the Association shall be the calendar year

unless otherwise established by the Executive Board; provided, however, that the first fiscal year shall begin upon recordation of the Declaration and end on December 31 of the same year.

Section 5.2. Preparation and Approval of Budget:

- a) On or before sixty (60) days prior to the beginning of the fiscal year, the Executive Board shall adopt an annual budget based on its estimate of annual income and expenses. Within thirty (30) days of the adoption of the proposed budget, the Board shall set a date for a meeting of the Association to ratify the budget not less than fourteen (14) nor more than thirty (30) days after the notice is sent. Unless at the meeting a majority in voting interest of all Unit Owners reject the budget, the budget shall be deemed to be adopted whether or not a quorum is present.
- b) The budget shall include the amount required by the Association to meet its expenses for each fiscal year or such other fiscal period as it deems appropriate, including, but not limited to, the following items:
 - 1) Management and administration expenses;
 - 2) The cost of operation, repairs, maintenance, replacement and improvements to Common Elements, Limited Common Elements and facilities benefitting the Condominium;
 - 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) The amount of such working capital and reserves as shall be established by the Board including general operating reserves, reserves for contingencies and reserves for maintenance and replacements; and
 - 5) Such other expenses of the Association as may be approved by the Executive Board including operating deficiencies, if any, for prior periods.
- c) Until an annual budget is adopted, the Unit Owners 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 Unit Owners showing the amount of assessments due, but each Unit Owner shall pay his assessment promptly when due regardless of whether such a statement is sent.
- d) Each Unit Owner shall pay his share of assessments without setoff or deduction in an amount equal to the total Association budget, net of other income and authorized charges provided for herein, multiplied by his respective fractional ownership in the Common Elements. Each Unit Owner 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 Unit Owner may pay his share of the Common Expenses 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 prior to the due date of the next installment,

the entire remaining balance thereof shall immediately become due and payable in full.

- e) If any Unit Owner shall fail or refuse to pay to the Association when due his share of the assessments or any other charges, fees and penalties and such default shall continue for a period in excess of thirty (30) days, the amount thereof shall bear interest at the rate of eighteen percent (18%) per annum or such other rate as may be set by vote of the Board prior to the date on which the payment came due. Such assessments and charges, with such late charges as may be determined by the Board of Directors, interest and all costs of collection, including reasonable attorneys' fees, shall constitute a lien on the Unit of such Unit Owner. Recording of the Declaration constitutes record notice and perfection of the lien for assessments, 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 by an agent authorized by the Board, but such recorded notice is not necessary to establish or perfect the lien.
- f) The Executive Board shall take prompt action to collect any assessment for Common Expenses or other charges due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date. The lien for assessments described herein may be enforced and foreclosed by the Association in like manner as a mortgage of real estate as provided in the Act or by any other means provided by law or in equity. A suit to recover a money judgment for unpaid assessments, interest penalties and costs of collection may be maintained against the Unit Owner personally without foreclosing or waiving the lien securing such assessments and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment. During the pendency of any such suit, the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any Court having jurisdiction over such sale. In the event of foreclosure, the Executive Board, 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.

Section 5.3. 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. Within ninety (90) days after the close of each fiscal year, the Association shall furnish the Unit Owners with a statement of the income and disbursements for such prior fiscal year and a balance sheet as of the close of that year. All financial records shall be available for examination of Unit Owners, mortgagees and their duly authorized agents and accountants at reasonable times.

Section 5.4. No Exemption or Waiver: No Unit Owner may exempt himself from Common Expense liability with respect to the payment of assessments for Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or by abandonment of his Unit or otherwise. The obligation to pay assessments for Common Expenses is absolute and unconditional and shall not be subject to setoff or counterclaim.

Section 5.5. Revised and Special Assessments: If, at any time, the Board shall determine the amount of the common charges to be inadequate, whether by reason of a revision in its estimate of expenses or income, the Board may adopt and deliver to the Unit Owners, at least thirty (30) days prior to the date on which it becomes effective, a revised estimated annual budget for the balance of such fiscal year and thereafter monthly common charges shall be determined and paid on the basis of such revision.

The Board may, upon determining that circumstances exist which require immediate assessment of the Unit Owners, make special assessments not to exceed an amount equal to one current monthly assessment for each Unit, unless approved by the Unit Owner which shall be due and payable when delivered to the Unit Owners.

Section 5.6. Capital Improvements: The approval of a majority of the Unit Owners shall be required to make a capital improvement to the Common Elements in an amount in excess of fifteen percent (15%) of the aggregate assessments against all the Unit Owners over the prior fiscal year, exclusive of charges and fees, and in such event, the cost thereof shall be assessed to all Unit Owners as an assessment for Common Expenses.

Section 5.7. Use of Units: All Units shall be utilized in accordance with the provisions of the By-Laws, Declaration and Rules and Regulations.

Section 5.8. Rules and Regulations: In order to assist the peaceful and orderly use and enjoyment of the buildings and common elements of the Condominium, the Executive Board may from time to time adopt, modify and revoke, in whole or in part, such reasonable rules and regulations (the "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 By-Laws. Such Rules and Regulations shall be binding upon all Unit Owners and all persons present in 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 three-fourths (3/4ths) in interest of the Unit Owners present in person or by proxy at any meeting duly called for the purpose, which vote shall be binding upon the Executive Board. Until modified, amended or repealed as herein provided, the Rules and Regulations annexed hereto shall govern the Condominium.

Section 5.9. Right of Entry: The Association, Executive Board, its officers, agents and employees shall have the right of entry provided in **Section 4.4** of the Declaration.

Section 5.10. Title: Every Unit Owner shall promptly cause to be recorded in the York

Registry of Deeds the deed, lease, 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 5.11. Information to be Available: The Association shall make available to Unit Owners, Eligible Mortgage Holders, insurers and guarantors for inspection, these By-Laws, the Rules and Regulations and other books, records and financial statements of the Association. The Association shall also make available to such persons or entities, at the cost of the person or entity requesting same, current copies of the Declaration, these By-Laws and the Rules and Regulations.

Section 5.12. Insurance, Repair and Reconstruction:

- a) **Insurance:** Commencing no later than the time of the first conveyance of a Unit other than as security for an obligation to a person other than the Declarant, the Executive Board, on behalf of the Association, shall obtain and maintain as Common Expenses, the policies of insurance described in **Article IX** of the Declaration. Such policies shall be purchased and maintained in accordance with the requirements more particularly set forth in **Article IX** of the Declaration and the adjustment of losses shall be administered as provided in **Section 9.3** thereof.
- b) **Restoration:** Damage to or destruction of the Building shall be promptly repaired and restored by the Association in accordance with the provisions of **Article IX** 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 disbursement 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 VI. AMENDMENTS AND CONFLICTING PROVISIONS

Section 6.1. Amendment to By-Laws: Except as otherwise provided in any one or more

of these By-Laws, the Declaration or the Act, these By-Laws may be amended by the vote of the Unit Owners entitled to cast a majority of the votes in the Association made in person or by proxy at a meeting duly held in accordance with the provisions of these By-Laws; 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; and further provided that no amendment seeking (i) 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 all mortgagees encumbering the Units. 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 the Units subject to mortgages held 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 and 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 By-Laws 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, 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 an opinion

from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

Section 6.2. Amendment to Declaration: The Declaration may be amended pursuant to the provisions of the Act and the Declaration. The 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.

ARTICLE VII. MISCELLANEOUS

Section 7.1. Severability: The invalidity of any provisions of these By-Laws shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of these By-Laws and, in such event, all of the other provisions of these By-Laws shall continue in full force and effect as if such invalid provision had never been included herein.

Section 7.2. Conflict: In the event of any conflict between these By-Laws and the provisions of the Declaration, the latter shall apply. Further, the provisions of the Act shall apply to the operation of the Condominium except that contrary provisions contained in the Declaration, not otherwise prohibited by the Act, shall control.

Section 7.3. Gender: The use of the singular number in these By-Laws shall be deemed to include the plural, the plural the singular and the use of any one gender shall be deemed applicable to all gender.

Section 7.4. Captions: The headings preceding the various sections of these By-Laws and the Table of Contents are intended solely for the convenience of readers of the By-Laws and in no way define, limit or describe the scope of these By-laws or the intent of any provisions thereof.

Section 7.5. Notices: All notices, demands, bills, statements or other communications affecting the Condominium shall be given to Unit Owners by the Association, in writing and shall be deemed to have been duly given if delivered personally securing a receipt therefor or sent by United States Mail, postage prepaid, if such notification is of a default or lien, sent by registered certified United States Mail, return receipt requested, postage prepaid, addressed to the Unit Owner at the address which the Unit Owner shall designate in writing and filed with the Secretary of the Association or, if no such address is so designated, at the address of the Unit of such Unit Owner who is the record owner thereof. Similarly, all notices, demands, statements or other communications affecting the Condominium given by the Unit Owners to the Association shall be

Condominium given by the Association to any Eligible Mortgage Holder and Eligible Insurer shall be in writing and shall be deemed to have been duly given by the Association if delivered personally securing a receipt therefor or sent by United States Mail, postage prepaid, addressed to the Eligible Mortgage Holder at the address identified pursuant to **Article I** of the Declaration by virtue of which it became an Eligible Mortgage Holder and to the Eligible Insurer at the address identified pursuant to **Article I** of the Declaration by virtue of which it became an Eligible Insurer.

ARTICLE VIII. CORPORATE SEAL

Section 8.1. Seal: The Association shall have a seal in circular form having within its circumference the words:

HILLSIDE CROSSING CONDOMINIUM ASSOCIATION

2007

MAINE

EXHIBIT 2A

DOMESTIC
NONPROFIT CORPORATION

STATE OF MAINE

ARTICLES OF INCORPORATION

Form No 6 10 00

File No 20070710ND Pages 3

Fee Paid \$ 40

DCN 2071781800014 ARTI

FILED

06/15/2007

Julia R. Hynes
Deputy Secretary of State

A True Copy When Attested By Signature

Deputy Secretary of State

Pursuant to 13-B MRSA §403, the undersigned incorporator(s) execute(s) and deliver(s) the following Articles of Incorporation:

FIRST: The name of the corporation is Hillside Crossing Condominium Association

SECOND: ("X" one box only Attach additional page(s) if necessary)

☐ The corporation is organized as a public benefit corporation for the following purpose or purposes

☒ The corporation is organized as a mutual benefit corporation for all purposes permitted under Title 13-B or, if not for all such purposes, then for the following purpose or purposes:

THIRD: The name and registered office of the Registered Agent who must be a Maine resident, whose office is identical with the registered office; or a corporation, domestic or foreign, profit or nonprofit, having an office identical with such registered office

Bryce W. Ingraham, Esq.

(name)

338 Main Street, Saco, ME 04072

(physical location - street (not P O Box), city, state and zip code)

(mailing address if different from above)

FOURTH: The number of directors (not less than 3) constituting the initial board of directors of the corporation, if the number has been designated or if the initial directors have been chosen, is 3

The minimum number of directors (not less than 3) shall be 3 and the maximum number of directors shall be 5

FIFTH: Members ("X" one box only)

☐

There shall be no members

☒

There shall be one or more classes of members and the information required by 13-B MRSA §402 is attached

FORM NO MNPCA-6 (1 of 2)

SIXTH: (Optional) ☐ (Check if this article is to apply)

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

SEVENTH: (Optional) ☒ (Check if this article is to apply)

Other provisions of these articles including provisions for the regulation of the internal affairs of the corporation, distribution of assets on dissolution or final liquidation and the requirements of the Internal Revenue Code section 501(c) are set out in Exhibit A attached hereto and made a part hereof

Incorporators

Bryce W. Ingraham
(signature)

Bryce W. Ingraham
(type or print name)

(signature)

(type or print name)

(signature)

(type or print name)

DATED May 31, 2007

Street 30 Pine Ridge Road
(residence address)

Saco, ME 04072
(city, state and zip code)

Street _____
(residence address)

(city, state and zip code)

Street _____
(residence address)

(city, state and zip code)

For Corporate Incorporators*

Name of Corporate Incorporator _____

By _____
(signature of officer)

(type or print name and capacity)

Street _____
(principal business location)

(city, state and zip code)

Acceptance of Appointment of Registered Agent

The undersigned hereby accepts the appointment as registered agent for the above-named domestic nonprofit corporation

DATED May 31, 2007

Bryce W. Ingraham
(signature of registered agent)

Bryce W. Ingraham
(type or print name)

Note If the registered agent does not sign this form, Form MNPCA-18 (13-B MRSA §304.3) must accompany this document.

***Articles are to be executed as follows:**

If a corporation is an incorporator (13-B MRSA §401), the name of the corporation should be typed or printed and signed on its behalf by an officer of the corporation. The articles of incorporation must be accompanied by a certificate of an appropriate officer of the corporation, not the person signing the articles, certifying that the person executing the articles on behalf of the corporation was duly authorized to do so

Please remit your payment made payable to the Maine Secretary of State

SUBMIT COMPLETED FORMS TO: CORPORATE EXAMINING SECTION, SECRETARY OF STATE,
101 STATE HOUSE STATION, AUGUSTA, ME 04333-0101
FORM NO. MNPCA-6 (2 of 2) Rev. 8/1/2004 TEL. (207) 624-7740

EXHIBIT A
Hillside Crossing Condominium Association

ARTICLES OF INCORPORATION

ARTICLE FIFTH:

The members shall consist of all the owners of all the Units in Hillside Crossing Condominium located in Sanford, Maine created in accordance with the Declaration recorded or to be recorded in the York Registry of Deeds.

The membership of each Unit owner shall terminate upon the sale, transfer or other disposition of his ownership interest in the Unit in accordance with the Declaration, whereupon membership shall automatically transfer to and be vested in the successor in ownership. A mortgage of a unit shall not operate to transfer membership until foreclosure of the mortgage.

Each unit shall have the percentage vote in the Association as specified in the Declaration. Any specified percentage vote refers to the aggregate percentage of such votes.

ARTICLE EIGHTH:

The affairs of the Association shall be governed by an Executive Board initially composed of three (3) directors appointed by the Declarant in accordance with the Condominium Declaration and the Maine Condominium Act.

Following the expiration of the Declarant Control Period, the Executive Board shall be composed of at least three (3) but not more than five (5) persons which shall be elected by the unit owners; a majority of such directors shall be the owner or the spouse of an owner of a Unit, or if a Unit owner is a corporation, limited liability company, partnership, trust or estate, then a designated agent thereof. The number of directors may be changed by Amendment to the By-Laws.

EXHIBIT 3

2020 Projected Budget

Hillside Crossing Proposed Budget*

| | <u>Budget</u> |
|------------------------------------|---------------|
| Ordinary Income/Expense | |
| Income | |
| Condo Fee Income (\$120.00/Unit) | \$ 17,280.00 |
| Total Income | |
| Expense | |
| Landscaping & Snow Removal | \$ 5,000.00 |
| Insurance | \$ 3,200.00 |
| Management Fee (\$15.00/Unit) | \$ 2,160.00 |
| Trash | \$ 1,200.00 |
| Legal & Professional | \$ 350.00 |
| Repairs & Maintenance | \$ 500.00 |
| Reserve Contribution | \$ 2,310.00 |
| Total Expense | \$ 14,720.00 |
| Net Income | \$ 2,560.00 |
| Reserve Contributions | |
| Roofing (\$44,000.00/40-years) | \$ 1,152.00 |
| Paving/Road (\$18,000.00/25-years) | \$ 720.00 |
| Contingency | \$ 438.00 |
| Total Reserve Contribution | \$ 2,310.00 |

*Budget prepared with estimated figures, and may not reflect actual expenses. Condominium budget and fees are subject to change in accordance with Declaration and Bylaws. Control of Association has been transferred to the Unit Owners, who are responsible for the preparation of actual operating budget and financials. For updated budget, financials, condo fee information, purchasers are encouraged to contact Association.

EXHIBIT 4

AGREEMENT

Pursuant to 33 M.R.S.A., Section 1604-115(a) of the Maine Condominium Act, the undersigned hereby agree to reduce the period of limitation on actions for the breach of any obligation arising under 33 M.R.S.A., Section 1604-112 (express warranties of quality) or 33 M.R.S.A., Section 1604-113 (implied warranties of quality) from six years to two years with respect to Hillside Construction Condominiums.

Dated: _____

Witness:

HILLSIDE CONSTRUCTION

_____ by: _____
King H. Weinstein, its Member

_____ Buyer - _____

_____ Buyer - _____

LIMITED WARRANTY CERTIFICATE

This Limited Warranty is given to _____ (hereinafter "Buyer") by **Hillside Construction, LLC** (hereinafter "Builder") for Condominium Unit No. _____ at Hillside Condominiums, in Sanford, Maine, pursuant to 33 M.R.S.A., Section 1604-115(a).

Term of Coverage

The term of the various coverages of this Limited Warranty is for two (2) years beginning on the date on which this dwelling is deeded to Buyer, also referred to as the "date of possession". **The period for bringing of a judicial proceeding for breach of any warranty hereunder or under the Section 1604-112 or Section 1604-113 of the Maine Condominium Act not covered by the above is limited to two (2) years from date thereof.**

Coverage

For the term of this Limited Warranty, Builder warrants that the dwelling and its systems will be free from all defects in materials and workmanship other than minor or cosmetic defects and will be in compliance with all applicable building, sanitary, and electrical codes. Within thirty (30) days of the date of possession, Buyer shall notify the Builder of any defects in workmanship or materials which are or should be visible or apparent to Buyer upon possession. Following said thirty-day period, any such defects in materials or workmanship or other "punch list" items which are or should be visible to Buyer shall be presumed to have been in satisfactory condition on the date of possession or be minor or cosmetic in nature, and shall not be covered by this warranty.

Manufacturers' Warranties

Builder hereby passes through and assigns directly to Buyer any and all manufacturers' warranties on the appliances and equipment supplied by Builder in the dwelling.

As part of the pass-through of these or any other manufacturers' warranties on equipment or appliances included in the purchase of this dwelling, Builder states that each warranty may include a specific procedure which must be followed to make that warranty effective. The procedure may require notification or registration by Buyer to the manufacturer, or the requirement that Buyer mail a warranty card to the manufacturer.

Buyer's failure to register or mail such warranty card according to any manufacturer's requirement shall not create any liability on Builder for any expressed or implied warranty on such equipment or appliances. The forwarding of such material to any manufacturer is the Buyer's sole responsibility.

In consumer products finally determined by a court to be within the statutory warranty described above, all implied warranties are limited in duration to the period of this written warranty. This includes, without limitation, the implied warranties of merchantability and fitness created by Sections 2-314 and 2-315 of the Maine Uniform Commercial Code and the implied warranties set forth in Section 1604-113 of the Maine Condominium Act.

Exclusions from Coverage

Builder specifically does not assume responsibility for any of the following items, each of which is specifically excluded from this Limited Warranty:

1. Defects in appliances, fixtures, or pieces of equipment which are covered by manufacturers' warranties. As these have been assigned directly to Buyer, each manufacturer's warranty claim procedure must be followed where a defect appears in any of these items.
2. Damage due to ordinary wear and tear, abusive use, misuse, or lack of proper maintenance of any component parts or systems.
3. Warping or deflection of wood; fading, chalking and checking of paint due to sunlight; cracks in concrete, plaster, drywall, brick or masonry; and drying, shrinking and cracking of caulking and weather stripping.
4. Defects in items installed by Buyer or anyone other than the Builder or Builder's subcontractors at Builder's order.
5. Work performed by Buyer or anyone other than by Builder or Builder's subcontractors at Builder's order, including alterations or additions to the dwelling or structure.
6. Defects in items supplied by Buyer.
7. Paint applied over newly plastered interior walls.
8. **Declarant specifically disclaims any liability for incidental or consequential (secondary) damage to any person, the Unit, other components or any other real or personal property, resulting from a defect.**

Definitions

Appliances, Fixtures and Equipment. The terms "appliances, fixtures and equipment" (including their fittings, attachments, controls, and appurtenances) shall include, but not be limited to, furnaces, boilers, oil tanks and fittings, humidifiers, air purifiers, air handling equipment, ventilating fans, air conditioning equipment, water heaters, pumps, stoves, refrigerators, garbage disposals, compactors, dishwashers, automatic door openers, washers and dryers, bathtubs, sinks, toilets, faucets and fittings, lighting fixtures, and circuit breakers.

Minor and Cosmetic Defects. Despite adherence to high workmanship standards and the use of quality materials, all new dwellings will go through a period of settlement and shrinkage causing hairline cracks, some wood shrinkage and warping and other similar minor defects, all of which are unavoidable and are not covered by this Limited Warranty.

Systems. The term “systems” (exclusive of appliances, fixtures and equipment, as specified above) means the following:

1. Plumbing System – gas supply lines and fittings, as well as water supply, waste and vent pipes and their fittings; septic tanks and their field drains; water, gas and sewer service piping, and their extensions to the tie-ins of public utility connections or on-site well and sewage disposal system.
2. Electric System – all wiring, electrical boxes, switches, outlets and connections to the public utility connection.
3. Heating, Ventilating, Cooling and Mechanical Systems – all ductwork, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

Claim Procedure

If a defect should appear which you think is covered by this Limited Warranty, notify Builder promptly in writing at the address listed below by certified mail, return receipt requested. Builder shall not be responsible for the repair of any defects unless properly notified in writing by certified mail, return receipt requested. Provided, however, that in the case of an emergency situation where time in responding to a covered defect is critical (i.e., if a pipe bursts), call the Builder; only emergency reports will be taken by phone.

Upon receipt of Buyer’s written notice of a defect by certified mail, return receipt requested, or telephone call in an emergency, if the defective items are covered by this Limited Warranty, Builder will repair or replace it at no charge to Buyer within sixty (60) days of receipt of claim, or longer if weather conditions, labor problems, or materials shortages cause delays. The work must be performed by the Builder or sub-contractors chosen by Builder. Buyer acknowledges and agrees that any repairs or replacements may not match original finishes or products.

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration. Three arbitrators shall be selected. Unless the parties have mutually agreed upon qualified persons, one arbitrator shall be appointed by each party and the two so chosen shall designate the third. If either party fails or neglects to select an arbitrator within a period of seven (7) days after written notice by the other, or if the two selected by the parties cannot agree upon a third, upon the request of either party, a Committee of the American Arbitration Association shall appoint such arbitrator from its National Panel within a period of fourteen (14) days. The finding and judgment of the arbitrators shall be final and binding upon the parties and may be entered in any court having jurisdiction hereof. The costs of such

arbitration shall be shared between the parties. The findings of the arbitrator will be issued with a detailed written report outlining reasons for the decision.

Interpretation

Nothing contained herein shall be deemed to be in derogation of the warranty required by Section 1604-113 of the Maine Condominium Act or by 10 M.R.S.A § 1487, as of this date. No action taken to correct defects shall extend this warranty. The written warranties set forth herein and the implied warranties limited herein are in lieu of all other warranties that may otherwise be implied. This Limited Warranty Certificate shall be governed by the laws of Maine.

Severability

In the event that any of the provisions of this Limited Warranty shall be held to be invalid, the remainder of the provisions shall remain in full force and effect.

Date of Possession: _____

HILLSIDE CONSTRUCTION, LLC.

by: _____
King H. Weinstein, its Manager

Buyer(s) acknowledge and accept

_____, Buyer

_____, Buyer

Hillside Construction, LLC
198 Saco Avenue
Old Orchard Beach, ME 04064

EXHIBIT 5

**HILLSIDE CROSSING CONDOMINIUM**

THIS ASSIGNMENT OF SPECIAL DECLARANT RIGHTS AND DEVELOPMENT RIGHTS AND AGREEMENT ("Assignment") is entered into between **KING CONSTRUCTION CORP.**, a Maine corporation with offices in Old Orchard Beach, ME 04064 (hereinafter called "Assignor") and **HILLSIDE CONSTRUCTION, LLC**, a Maine limited liability company with a mailing address of 198 Saco Avenue, Old Orchard Beach, County of York and State of Maine (hereinafter called "Assignee").

WITNESSETH

WHEREAS, the Assignor is the holder of Development Rights and Special Declarant Rights with respect to a portion of those premises submitted to the condominium form of ownership by virtue of a certain Declaration of Condominium of Hillside Crossing Condominium submitted by Hillside Properties, LLC, as Declarant, dated May 29, 2007 and recorded in the York County Registry of Deeds ("Registry") in Book 15181, Page 414, as amended (collectively, the "Declaration") and the Plats and Plans relating thereto recorded in said Registry in Condo File 716, including, inter alia, Pages 1-3 ("Condominium"); and

WHEREAS, with respect to those interests described on Exhibit A, attached hereto and incorporated herein, the Assignor has all the rights as Declarant as set forth in the Declaration, the Bylaws (as defined in the Declaration), the Maine Condominium Act, Title 33 M.R.S. Sections 1601-101, et seq., as amended, and otherwise, including without limitation all Special Declarant Rights and Development Rights as defined in the Maine Condominium Act and all rights reserved under the Declaration ("Declarant's Rights").

NOW THEREFORE, the parties hereby agree as follows:

1. Assignment. Assignor hereby assigns unto Assignee, its successors and assigns, the Declarant's Rights, whether established under the provisions of the Declaration, Bylaws, the Maine Condominium Act or otherwise, necessary or appropriate to construct, create, market and sell the Assigned Units (as defined in Exhibit A) together with those Common Elements and Limited Common Elements in the Condominium allocated and appurtenant to said Assigned Units, including without limitation:

25p - Wainwright Cove
431 Main St Saco 04072

- A. all rights as a Declarant under Article 15 of the Declaration, as amended, to legally create the Assigned Units and appurtenant interests in the limited common elements, to add additional land to the Condominium as shown on the Plat as **Land Phase 2**, and to prepare, execute and record in said Registry of Deeds from time to time amendments to the Declaration implementing the exercise of such rights;
- B. all rights under Article 16 of the Declaration to assign the rights herein conveyed;
- C. all easements and rights set forth in the Declaration with respect to the Assigned Units;
- D. all other Development Rights and Special Declarant Rights under the Declaration and/or the Maine Condominium Act which it may have in the Assigned Units

(collectively the "Assigned Rights").

Assignor warrants to Assignee and its successors and assigns that the Condominium Declaration and the Assigned Rights have been validly created and are in full force and effect, that the Assignor is the owner of the Assigned Rights, free and clear of all liens and encumbrances, that Declarant has not performed any acts nor executed any other instruments which might prevent Assignee from fully exercising the Assigned Rights and shall warrant and defend the Assigned Rights against the claims of all persons. Assignor warrants and represents that, the Declarant's Rights assigned herein with respect to the Assigned Units, there are no other outstanding declarants or third parties holding development rights or special declarant rights with respect to the Condominium.

Assignee shall be under no obligation to exercise any of the rights, remedies or powers hereby granted to it, and no failure or delay in exercising any of said rights, remedies or powers shall constitute a waiver thereof nor of any default by Assignee.

Assignee hereby assumes all obligations and duties of Assignor under said Declaration and Bylaws and the Maine Condominium Act. The acceptance of the assignment of the Assigned Rights by Assignee shall relieve the Assignor from any of its obligations or duties under said Declaration and Bylaws.

2. Liability to Purchasers:

Assignee shall not be deemed to be responsible for and it expressly disclaims any of the obligations or liabilities as Declarant under the Declaration other than with respect to the Assigned Rights.

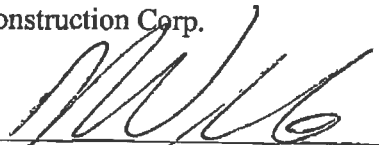
Assignor shall have no liability for any act or omission or any breach of a contractual or warranty obligation arising from the exercise of any Assigned Rights by Assignee from and after the date hereof.

This assignment, and the agreements herein contained, shall inure to and bind the successors, and assigns of the Assignor and Assignee and shall be so construed that wherever applicable, with reference to the Assignor or to Assignee, or to any other party hereto or person herein referred to, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, and the use of the masculine gender shall include the feminine gender.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be signed and sealed this 26 day of July 2019.

ASSIGNOR:
King Construction Corp.

By:



King H. Weinstein
President

STATE OF MAINE
YORK, ss.

July 26, 2019

Personally appeared the above-named King H. Weinstein, President of King Construction Corp., and caused the forgoing instrument to be executed as his free act in deed in said capacity, and the free act and deed of said King Construction Corp.



Notary Public / Attorney at Law

My Commission Expires:

Paul D. Weinstein

HILLSIDE CROSSING CONDOMINIUM

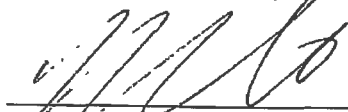
ASSIGNMENT OF SPECIAL DECLARANT RIGHTS
AND DEVELOPMENT RIGHTS AND AGREEMENT

ACCEPTED AND AGREED:

Witness:



Hillside Construction, LLC



By: King H. Weinstein, Manager

STATE OF MAINE
YORK, SS

On this 26 day of July 2019, personally appeared the above-named King H. Weinstein, Manager of Hillside Construction, LLC and acknowledged the foregoing instrument to be his free act and deed in said capacity and the free act and deed of said entity.



~~Notary Public~~ / Attorney at Law

My Commission Expires:

Paul D. Weinstein

Bar # 5295

Exhibit A

Special Declarant Rights and Development Rights in and to up to seventy-five (75) proposed Condominium Units and those Common Elements areas allocated thereto in the Hillside Crossing Condominium (less those already constructed and incorporated)("Condominium") located in the City of Sanford, York County, Maine together with related interests and rights appurtenant thereto (the "Assigned Units") including, inter alia, the right to add land to the Condominium, the locations and dimensions of which are shown on the Plat as Land Phase 2, to construct, create and complete the Assigned Units, which Units are more fully set forth on the Declaration of Condominium of Hillside Crossing Condominium dated May 29, 2007 and recorded in the York County Registry of Deeds in Book 15181, Page 414, and the amendments thereto (collectively, the "Declaration") and depicted and labelled on the plats and plans of said Condominium recorded in said Registry of Deeds' Condominium File #716, Pages 1 through and including, inter alia Page 3 and as provided by the Maine Condominium Act, as the same may be amended from time to time in accordance with the Maine Condominium Act. Excluding from the above-described premises Units B1, B2, B3, C1, C2, C3, D1, D2, E1, E2, and E3 (the "Excluded Units").

EXHIBIT 6

RULES AND REGULATIONS
OF
HILLSIDE CROSSING CONDOMINIUM ASSOCIATION

I. INTRODUCTION AND PURPOSE

1. **Hillside Crossing Condominium Association** (hereinafter the "Association") has adopted the Rules and Regulations (hereinafter the "Regulations"). These Regulations may be amended from time to time by vote of the Executive Board or Unit Owners as provided in the By-Laws or Declaration.
2. The Unit Owners shall comply with all of the Regulations hereinafter set forth governing the buildings, public areas, terraces, decks, drives, recreational areas, grounds, parking areas and any other appurtenances of the Condominium.
3. The Association reserves the right to alter, amend, modify repeal or revoke these Regulations, and any consent or approval given hereunder, at any time, by vote of the Association or the Executive Board.
4. Wherever in these Regulations reference is made to Unit Owners, such term shall apply to the owner of any Unit and to any of his employees, agents, family members, visitors, guests, invitees or licensees or any tenant of such Unit Owner.
5. Wherever in these Regulations reference is made to the Executive Board, such term shall include, where the context so permits, the designee of the Executive Board.

II USE OF UNITS AND COMMON AREAS

1. No part of the Condominium shall be used for any purpose except housing and the common purposes for which the Condominium was designed. Each Unit shall be used as a residence for a single family, its servants and guests. Provided, however, that an occupant of a Unit may conduct business activities within the confines of such Unit so long as no signs are displayed, the Unit is not used for meeting customers or third parties and there is no noticeable increase in deliveries.
2. There shall be no obstruction of the Common Elements. Nothing shall be stored on the Common Elements without the prior consent of the Executive Board, except as expressly provided herein or in the Association By-Laws.
3. Nothing shall be done or kept in any of the Common Elements which will increase the rate of insurance for the buildings or contents thereof applicable for residential use without the prior written consent of the Executive Board. No Unit Owner shall permit anything to be done or kept in his Unit or on the Common Elements which

will result in the cancellation of insurance on the buildings or contents thereof or which would be in violation of any public law, ordinance or regulation. No strip or waste shall be committed on the Common Elements.

4. All garbage and trash must be placed or deposited in the proper receptacles designated for refuse collection.
5. Except in any recreational areas designated as such by the Executive Board, no playing or lounging shall be permitted, nor shall baby carriages, bicycles, playpens, wagons, toys, benches, chairs or other articles of personal property be left unattended in parking areas, sidewalks, or lawn or elsewhere on the Common Elements.
6. Each Unit Owner shall keep his Unit in a good state of preservation, repair and cleanliness and shall not dispose of dirt or other substances by sweeping, shaking or throwing from the doors or windows of his Unit.
7. Nothing shall be done in any Unit or on the Common Elements which may impair the structural integrity of the buildings or which may structurally change the buildings, nor shall anything be altered or constructed on or removed from the Common Elements, except upon the prior written consent of the Executive Board.
8. No noxious, offensive or unlawful activity shall be carried on in any Unit or on the Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner shall make or permit any disturbing noises in the buildings or do or permit anything which will interfere with the rights, comforts or convenience of other Unit Owners. All Unit Owners shall keep the volume of any radio, television or musical instrument in their Units sufficiently reduced at all times so as not to disturb other Unit Owners. Despite such reduced volume, no Unit Owner shall operate or permit to be operated any such sound producing devices in a Unit between eleven o'clock in the evening and eight o'clock in the morning if such operation shall disturb or annoy other occupants of the buildings.
9. Except as provided in **Section II, 1.** hereof, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit or otherwise, shall be conducted, maintained or permitted on any part of the Condominium nor shall any "For Sale", "For Rent" or "For Lease" signs or other window displays or advertising be maintained or permitted on any part of the Condominium or in any Unit, without the prior written consent of the Executive Board, nor shall any Unit be used or rented for transient, hotel or motel purposes. The right is reserved by the Declarant and the Executive Board to place "For Sale", "For Rent" or "For Lease" signs on any unsold or unoccupied Units and the right is hereby given to any Mortgagee who may become the owner of any Unit to place one

reasonably appropriate sign on or in any Unit owned by such Mortgagee.

10. No Unit Owner shall cause or permit anything to be hung, displayed or exposed on the exterior of a Unit or Common Elements appurtenant thereto whether through or upon windows, doors or masonry of such Unit. The prohibition herein is intended to include, without limitation, laundry, clothing, signs, awnings, canopies, radio or television antennas, dishes or any other similar items. Provided, however, that reasonable air conditioning units or apparatus may be installed in windows on the side or rear of the Unit but not on the front of such Unit. No clothes line, clothes rack or any other device may be used to hang any items on any window nor may such devices be used anywhere on the Common Elements except in such areas as may be specifically designated for such use by the Executive Board. Terraces, decks or porches shall not be used as storage areas. No terrace or deck shall be enclosed or covered by a Unit Owner without the prior consent, in writing, of the Executive Board. Gas or kerosene heaters, whether vented or unvented, are not permitted without the prior consent, in writing, of the Executive Board.
11. Each Unit Owner shall be responsible for the maintenance and repair of his Unit as well as the utilities and sewer servicing such Unit. Any damage occasioned by the Unit Owner's misuse thereof shall promptly be repaired by the Unit Owner and if he shall fail to undertake such repair, the Association may repair the damage and assess such cost to the Unit Owner.

III. PARKING

1. Unless otherwise authorized by the Association, the parking areas may not be used for any purpose other than parking passenger vehicles and pickup trucks designed and intended for personal use with a gross vehicle weight of 8000 pounds or less may. No buses, trucks, (other than pickup trucks as above set forth) trailers, boats, recreational or commercial vehicles shall be parked in the parking areas or in driveways except in such areas, if any, specifically designated for such parking by the Executive Board. However, inoperable vehicles, boats, recreational vehicles, snowmobiles, all terrain vehicles or other vehicles or recreational equipment or similar items may be kept or stored on the property but only within the fully enclosed garage forming a part of the Unit. No snowmobiles, all terrain vehicles or similar items may be operated on the Property. All vehicles must have current license plates and be in operating condition. No vehicles shall be parked on the Condominium with conspicuous "For Sale" signs attached. Further, all Unit Owners shall use and occupy those parking areas and spaces designed or set aside for their respective Units. Any Common Element designated as spaces for parking shall be used by the Unit Owners on a "first come, first served" basis.
2. All Unit Owners shall observe and abide by all parking and traffic regulations as

posted by the Association or by municipal authorities. Vehicles parked in violation of any such regulations may be towed away at the Unit Owner's sole risk and expense.

3. Parking vehicles so as to block sidewalks or driveways shall not be permitted. If any vehicle owned or operated by a Unit Owner, any member of his family, tenants, guests, invitees or licensees, shall be illegally parked at the Condominium, the Association shall be held harmless by such Unit Owner for any and all damages or losses that may result therefrom and any and all rights in connection therewith that the owner or driver may have under the provisions of state or local laws and ordinances are hereby expressly waived. The Unit Owner shall indemnify the Association against any liability which may be imposed on the Association as a result of such illegal parking and the consequences thereof.
4. The Executive Board may adopt such further Rules and Regulations as it deems necessary or appropriate to regulate parking.

IV. ACCESS TO UNITS

1. The Association shall have the right to emergency access to Units in the Condominium and each Unit Owner shall provide to the Association a working copy of any key(s) required to gain entry to any Unit. These key(s) shall be coded in such a way as to prevent identification by unauthorized persons and kept by the Association in a secure location for use only if entry to such Unit is necessitated by the fact or threat of fire, flood or any other condition which may adversely affect the Common Elements or other Units. In no event shall such key (s) be used to facilitate entry to a Unit for purposes other than those indicated above. No Unit Owner shall alter any lock or install additional locks on any doors of his Unit without the prior written consent of the Executive Board.
2. The agents of the Executive Board and any contractor or workman authorized by the Executive Board may enter any room or Unit in the building with the permission or consent of the Unit Owner at any reasonable hour of the day (except in case of emergency in which case entry may be immediate and without such permission) for the purpose of inspecting, maintaining or repairing the Unit, including without limitation, inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking measures as may be necessary to control or exterminate any such vermin, insects or other pests.

V. PETS

1. No animals, poultry or reptiles of any kind shall be maintained, boarded, bred, raised or kept in any Unit or on the Common Elements, except a Unit Owner may keep one

dog or may keep two dogs provided each dog is under 25 pounds in weight, two cats and a reasonable number of other ordinary household pets.

2. A pet may be maintained in a Unit so long as it is not a nuisance. Actions which will constitute a nuisance include, but are not limited to, unreasonable crying, barking, scratching and the like.
3. All pets must be registered and inoculated as required by law.
4. Each owner is fully responsible for personal injuries and/or property damage caused by his pet.
5. No dogs, cats or other pets shall be permitted outside of the Unit except on a leash attended by a responsible person.
6. Pet owners must promptly clean up and properly dispose of their pets' droppings.
7. The Association shall have the power to further regulate the keeping of pets and animals under the By-Laws or Rules and Regulations of the Association as promulgated or amended from time to time, to require an application fee and to assess an evaluation fee to assess fines and penalties on offending Owners. Upon notice and opportunity to be heard, the Executive Board may expel any offending pets and animals from the property.

VI. MISCELLANEOUS

1. In addition to all other rights which the Executive Board has for non-payment of assessments, the Executive Board of the Association shall have the right to bar the use by a Unit Owner of any of the recreational facilities for failure to make payment of any assessments or fees due as provided for in the By-Laws of the Condominium.
2. All personal property placed in any portion of the buildings or any place appurtenant thereto shall be at the sole risk of the Unit Owner and the Association shall in no event be liable for the loss, destruction, theft or damage to such property.
3. Complaints regarding the management of the Condominium or regarding actions of other Unit Owners shall be made in writing to the Executive Board.

EXHIBIT 7

HILLSIDE CROSSING CONDOMINIUM
Sanford, Maine

UNIT PURCHASE AND SALE AGREEMENT

AGREEMENT made and entered into this ____ day of _____, 2020, by and between **HILLSIDE CONSTRUCTION, LLC**, a Maine limited liability company with a mailing address of 198 Saco Avenue, Old Orchard Beach, ME 04064, (the "Seller"), and _____, whose mailing address is _____, (collectively or individually, as applicable, the "Buyer").

WHEREAS, Seller is developing as a residential condominium at premises located off Railroad Avenue in Sanford, Maine known as the Hillside Crossing Condominiums (the "Condominium"), and being more particularly described in Exhibit A annexed hereto and made a part hereof; and

WHEREAS, Buyer desires to purchase a condominium unit in the Condominium.

NOW, THEREFORE, in consideration of the mutual promises herein expressed, Seller and Buyer agree as follows:

1. Seller agrees to sell, and Buyer agrees to purchase, on the terms hereinafter set forth, the Unit hereinafter described in the Condominium created pursuant to the provisions of the Maine Condominium Act. Included in the sale as part of the Unit are the appliances, fixtures, and equipment to be provided by Seller, as set forth in Exhibit B, [and the options added or modifications made upon the request of Buyer, as set forth in Exhibit C][**Note: TBD**] (the "Unit").

2. Description. Unit No. ____ at the Hillside Crossing Condominiums, together with said Unit's allocated percentage interest in the common elements and limited common elements, all as more particularly described and set forth in the Declaration of Condominium for Hillside Crossing Condominiums (the Declaration) furnished to Buyer.

3. Deed. The Unit is to be conveyed by a good and sufficient warranty deed, which deed shall convey good and marketable title thereto, free from encumbrances except:

(a) Provisions of (i) the Maine Condominium Act, as amended from time to time, (ii) the Declaration, as amended from time to time, and (iii) building and zoning laws and ordinances;

(b) Rights, obligations, easements, restrictions, licenses, development rights, special declarant rights, covenants and conditions created, set forth, or referred to in the Declaration; and

(c) Such taxes and assessments, including common expenses, allocable to the Unit, if any, as are not due and payable on the date of delivery of the deed.

To enable Seller to make the conveyance as herein provided, Seller may, at the time of delivery of the deed, use the purchase money to clear the title of mortgages, liens, encumbrances, or interests.

4. Purchase Price. The agreed purchase price for the Unit is _____ Dollars (\$ _____), of which:

The sum of \$ _____, this day paid by Buyer as an earnest money deposit to be held in escrow in accordance with the terms of this Agreement; and

\$ _____ is to be paid at closing by cash, bank check or certified check.

5. Time for Performance. The closing is to be held on or by _____, and shall be held at the offices of Weinstein, Lovell & Ordway, P.A., 431 Main Street, Saco, Maine, or such other time and place as the parties shall agree.

6. Possession and Condition of Premises. Possession of the Unit is to be delivered at the time of closing. At closing, Buyer shall acknowledge in writing that the Unit is substantially complete.

7. Within thirty days of the Time for Performance above set forth, the Seller shall secure and submit to the Buyer for examination by his/her attorney evidence of marketable title to the Unit. Such evidence of marketable title shall be in the form of a copy of a warranty deed. The Buyer shall have twenty-one (21) days after delivery of such documentation to examine such evidence of title and the record title to the Unit. If, in the opinion of the attorney for the Buyer, the Seller shall be unable to give marketable title to the Unit, or make conveyances herein required, with notice of title defect or defects being given to the Seller within said twenty-one (21) day period, the Seller shall have sixty (60) days thereafter to cure such defect or defects and shall make every reasonable effort in good faith to do so. If, at the expiration of the extended time, the Seller shall have failed to remove any defects in title, all as herein agreed, then any payments made under this Agreement shall be forthwith refunded and all other obligations of all parties hereto shall cease and this Agreement shall be void without recourse to the parties hereto.

If the attorney for the Buyer and the attorney for the Seller are not in agreement as to the existence of a defect in title or as to a cure thereof before the expiration of said twenty-one (21) day period, it is mutually agreed by the parties hereto that such dispute shall be submitted for binding arbitration; *provided, however*, that it is expressly understood and agreed that it shall be conclusively presumed for purposes hereof that the availability of a policy of title insurance affirmatively insuring any claimed defect in title shall satisfy Seller's obligation to deliver marketable title. Further, Buyer hereby acknowledges receipt of the Declaration of Condominium for Hillside Crossing Condominiums, and agrees that the submission of the property to a

Declaration in substantially similar form, shall not constitute a title defect, result in a claim of unmarketability, or otherwise be cause for withdrawal from this Agreement or a return of the deposit.

In the event that the defect or defects in title are not cured within the stated time, the Buyer may, in the exercise of his/her sole and absolute discretion, nevertheless accept such title as the Seller may be able to convey, and may reduce the purchase price by such amount as is reasonably necessary to release or discharge any liens or encumbrances on the subject property. In the event that the Buyer shall not waive such defects, the Seller shall forthwith repay to the Buyer the deposit and all further rights and obligations of the parties under this Agreement shall thereupon terminate.

7. Acceptance of Deed. The acceptance of a deed by the Buyer shall be deemed to be a full performance and discharge of every agreement and obligation herein contained, except those obligations which are, by the express terms hereof, to be performed after the delivery of said deed. Acceptance of a deed to the Unit shall constitute a waiver of minor discrepancies, if any, in the condominium description, plat and plans.

8. Prorations. The following items shall be prorated as of the closing date: (a) taxes for the then-current tax year assessed against the Unit; and (b) the assessment for the Unit's percentage interest, as defined in the Declaration.

In addition, Buyer will pay an amount equal to three (3) times the estimated monthly assessment for the Unit, which amount shall be paid to Seller if Seller has already paid such amount to the Association or, if not, directly to the Association, which amount is a working capital allowance for the Association and not a prepayment of Association monthly assessments.

9. Deposit. All deposits made hereunder shall be held in escrow by the Seller in a non-interest bearing account with a real estate broker, title company, attorney, or other independent depository doing business in York County, Maine, subject to the terms of this Agreement and to be duly accounted for at the time for performance of this Agreement.

10. Risk of Loss. The risk of loss or damage by fire or other casualty shall be borne by the Seller until the deed is delivered to the Buyer at closing.

11. Warranties. Buyer agrees to execute at closing a document which reduces the statute of limitation for breach of warranty claims to two (2) years. Seller makes no warranties as to any appliances, equipment or fixtures, if any, sold with the Unit, except as may be required by the statutory warranties set forth in the Maine Condominium Act. Seller shall not be responsible for performance under any manufacturer's warranties in any way. Buyer hereby acknowledges that no warranties or representations have been made by Seller or any of its principals, agents, or affiliates, with respect to the construction and/or improvements of the Unit, common elements or limited common elements, or any other amenities or services to be provided by the Seller other than those contained in the Declaration or in this Agreement.

12. Buyer's Default, Damages. If the Buyer shall fail to fulfill his/her agreements herein, the deposit made hereunder shall be retained by the Seller as liquidated damages.

13. No Brokerage. Buyer represents and warrants that he/she has not dealt with any real estate broker in connection with this transaction, except the Seller's broker and _____ . Seller shall be responsible for the payment of any commission due to Seller's broker, but Buyer agrees to indemnify and hold the Seller harmless from and against all claims for commissions or other payments or compensation by real estate brokers not identified in this paragraph with respect to this transaction.

14. Construction of Agreement. This instrument, executed in duplicate, is governed by the laws of the State of Maine, is to take effect as a sealed instrument, and sets forth the entire agreement of the parties. The use of the singular shall include the plural where appropriate. No statements, representations, warranties (express or implied), writings, understandings or agreements of any party or of any representative of any party either in the negotiations leading to the execution of this Agreement or at any other time, which are not expressed herein, shall be binding. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, successors and assigns, and may be cancelled, modified or amended only by a written instrument executed by both the Seller and the Buyer. If two or more persons are named herein as Buyer, their obligations hereunder shall be joint and several. The captions herein are used only as a matter of convenience and are not to be considered as part of this Agreement or to be used in determining the intent of the parties to it.

15. Items to be included in the unit sales price are [dishwasher, garbage disposal, stove with self-cleaning oven, range hood, and refrigerator.][**subject to change**]

16. Financing Contingency. Buyer's obligations under this Agreement are contingent upon Buyer receiving a \$ _____ mortgage loan to finance the purchase. Buyer shall make a good-faith effort to seek, and Buyer shall accept, financing from a lending institution at an interest rate not to exceed _____ % per annum, amortized over _____ years. Buyer shall (a) apply for such financing within seven (7) days of the date of this Agreement, (b) provide Seller with a copy of a valid preliminary loan approval within fifteen (15) days of the date of this Agreement, and (c) provide Seller with a valid final loan approval from a lending institution within thirty (30) days of the date of this Agreement. If Buyer fails to receive the approvals described above, then Buyer may withdraw any deposits paid to Seller by written request therefor, together with a copy of the denial of financing signed by the lending institution, within three (3) days of the expiration of the applicable period. Seller shall forthwith return any deposits to Buyer and this Agreement shall be void and of no further force and effect. If Buyer has not provided Seller with either a copy of the loan approval or the financing denial within thirty-three (33) days of the date of this Agreement, this Agreement shall be void and any deposits paid by Buyer shall be retained by Seller as its liquidated damages.

17. Force Majeure; Extension. If Seller is delayed in completing renovation or construction of the Unit or any other portion of the improvements on the property due to causes beyond Seller's reasonable control, such as acts of God, war, riot, fire, earthquake, flood, extreme weather conditions, strikes, unavailability of labor or materials, restrictive governmental

regulations or other acts of government agencies, Seller may postpone the closing date accordingly, by written notice to Buyer.

18. Seller Modifications. Seller reserves the right to modify the Declaration, Bylaws, the Plats and Plans, and any other condominium document as may be required by law, a title insurance company, the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Veterans Administration, or as Seller so desires, provided that no such modification shall (a) increase the purchase price of the Unit, (b) reduce the obligations of Seller for common expenses on unsold condominium units or, (c) materially reduce the size of the Unit. The dimensions, sizes and location of interior partitions in the condominium units and the location of the Unit in relation to other condominium units and common areas and facilities as reflected in the Declaration and the Plats and Plans are approximate and the same may vary slightly. Buyer acknowledges and agrees that any such variances are acceptable and such variances shall not constitute grounds for any action for recession, damages, or diminution of the purchase price. Seller further reserves the right to make minor changes that may improve the Unit in the opinion of Seller, as well as minor changes in other units and in the common elements, but no changes shall be made which affect the physical location or design of the Unit or reduce the number of condominium units except as set forth in the Declaration. Seller may substitute other materials, methods or manufactured products as Seller may deem proper, provided, however, that the quality of any such substituted item is equal to or superior to those specified in the plans and specifications prepared for Seller.

19. Assignment. This Agreement is personal to Buyer and may not be assigned without the prior written consent of Seller.

20. Arbitration Clause. The parties agree to waive all rights they may have to resolution by a court or jury of any dispute arising from or related to this Agreement and expressly agree that all such disputes shall be resolved by arbitration before any arbitrator selected by these parties. Such disputes include, but limited to: (a) any and all controversies, disputes or claims arising under, or related to, this Agreement, the property, or any dealings between the Buyer and Seller; (b) any controversies, disputes or claims arising by virtue of representations, promises, or warranties alleged to have been made by Seller or Seller's representatives; and (c) any personal injury or property damage alleged to have been sustained by Buyer on the property or in the development.

The parties agree that arbitration must be initiated within six (6) months after the date of discovery of any claim, including any claimed breach, by delivering a written demand to the other party with notice of claim. Failure to provide a written demand to the other party with notice of the claim(s) within the period constitutes an absolute bar to the institution of any proceeding upon the claim(s). Further, nothing contained herein shall be deemed to enlarge or extend any period of limitations otherwise provided by law.

The arbitrator chosen by the parties must be a licensed attorney with experience in construction and contract law. If the parties cannot agree on an arbitrator within thirty (30) days after the request of either party, then either party may apply to the presiding judge of the Tenth District Court in Biddeford, Maine, the court of jurisdiction, for the appointment of an arbitrator.

Arbitration proceedings shall be conducted in accordance with the Maine Uniform Arbitration Act except as modified by agreement of the parties or an order of the arbitrator. The arbitrator shall issue a decision within thirty (30) days of the close of the hearing. An award shall be accompanied by an explanation of the arbitrator's decision. A party can enforce an award through the entry of a judgment in any court having statutory jurisdiction. Each party shall be responsible for (1) one half of the arbitrator's fee and, (2) except as otherwise provided by law, his own attorneys fees and costs.

Buyer and Seller specifically agree that notwithstanding anything contained herein to the contrary, the rights and obligations set forth in this paragraph shall survive (1) the closing of the purchase of the Unit; (2) the termination of the Agreement by either party; or (3) the default of the Agreement by either party. The waiver or invalidity of any portion of this Clause 20 shall not affect the validity or enforceability of the remaining portions of the Clause. Buyer and Seller further agree that (1) any dispute involving Seller's managers, officers, employees and agents shall be resolved by arbitration as set forth herein; (2) Seller shall have the option to include its subcontractors and suppliers as parties in the arbitration; and (3) the arbitrator will be limited to the disputes involving the parties specific herein, including any warranty company or insurer.

Witness:

Hillside Construction, LLC

By: King H. Weinstein
Its: Member

Buyer

Buyer