

DECLARATION OF WHISPERING SANDS, A CONDOMINIUM

THIS DECLARATION (the "Declaration") is executed as of the 14th day of June, 1988, by MAINE DEVELOPMENT GROUP, a Maine corporation (the "Declarant") pursuant to the Maine Condominium Act, Chapter 31 of Title 33 of the Maine Revised Statutes of 1964, as amended (the "Act").

ARTICLE I CREATION OF CONDOMINIUM; DEFINED TERMS

1.1 Declaration of Property. The Declarant, owner in fee simple of that certain lot or parcel of land in Ocean Park in the Town of Old Orchard Beach, County of York, and State of Maine, more particularly described in Schedule A and of all buildings and improvements to be constructed thereon and all easements, rights, privileges and appurtenances thereunto belonging (collectively, the "Property") hereby submits the Property to the provisions of the Act, and creates with respect to the Property a condominium as defined in Section 1601-103(7) of the Act (the "Condominium"). The name of the Condominium is WHISPERING SANDS, A CONDOMINIUM. The name of the Association is WHISPERING SANDS CONDOMINIUM ASSOCIATION. The Condominium is located at 182 Temple Avenue in the Town of Old Orchard Beach, County of York and State of Maine.

The Property is depicted on the Plats of said land (collectively, the "Plats") consisting of two (2) sheets and Plans of such buildings and improvements presently existing or to be constructed thereon (the "Plans"). Sheet 1 of the Plats controls Sheet 2 for the identification, dimensions, and location of Buildings and improvements and the internal horizontal alignment calculations for roads and Buildings. Sheet 2 of the Plats controls Sheet 1 for the depiction of the perimeter boundaries of the Property and the description of its metes and bounds. Reductions of true copies of the Plats and Plans are attached to this Declaration as Schedules B-1 and B-2 respectively. The originals of the Plats and Plans are recorded herewith in Condominium File No. , Sheets .

1.2. Defined Terms. As provided in Section 1601-103 of the Act, capitalized terms not otherwise defined in this Declaration as it may be amended from time to time, or on the Plats and Plans, shall have the same meanings as specified in the Act. The following terms which are not otherwise defined in this Declaration shall have the following specific meanings in this Declaration:

1.2.1. "Allocated Interests" mean (a) the Common Element Interest, (b) the Common Expense Liability and (c) the Votes in the Association allocated to each Unit pursuant to this Declaration.

1.2.2. "Assignable Limited Areas" or "Assignable Limited Common Elements" mean portions of the Common Elements which may be assigned as Limited Common Elements pursuant to Section 1602-105(a)(7) of the Act and Paragraph 4.3.

1.2.3. "Association" means the association of the Unit Owners organized pursuant to Section 1603-101 of the Act as a nonprofit corporation under the Maine Non Profit Corporation Act.

1.2.4. "Building" means any building erected or to be erected on the Property and on real estate subject to Development Rights containing one or more Units whether in vertical or horizontal arrangement, 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.

1.2.5. "Bylaws" means such governing regulations for the Association as are adopted pursuant to the Act and this Declaration for the regulation and management of the Property, including such amendments thereof as may be adopted from time to time.

1.2.6. "Common Elements" mean all portions of the Condominium other than the Units.

1.2.7. "Common Element Interest" means the percentage of undivided interest in the Common Elements appurtenant to each Unit.

1.2.8. "Common Expenses" mean and include, but are not limited to (a) the cost of maintenance, management, operation, repair, renovation, restoration and replacement of the Common Elements and such Limited Common Elements and such parts of the Units as to which pursuant to this Declaration it is the responsibility of the Association to maintain, repair and replace; (b) the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Executive Board pursuant to the provisions of this Declaration and the fees and disbursements of the Insurance Trustee, if any; (c) such amounts as the Executive Board may deem necessary to provide for general operating reserve funds, reserve funds for replacements and contingencies, reserve funds in the amount of the applicable deductibles on property insurance policies carried by the Association, and such other reserve funds as may be required by the Bylaws or as the Executive Board may periodically establish; (d) sums that the Executive Board may deem necessary to compensate for any deficits in receipts over expenses for the previous fiscal year; (e) the charges and fees for energy, electricity, heat, water, electricity, gas and sewer services furnished to the Condominium to the extent not separately metered to individual Units and charged to individual Unit Owners; and (f) such other costs and expenses that may be declared by the Act, this Declaration, the Bylaws, or resolution or agreement by the

Executive Board, Unit Owners, or any two or more of the foregoing, to be Common Expenses of the administration, operation, maintenance and repair of the Condominium and Property and the rendering to Unit Owners of all related services.

1.2.9. "Common Expense Liability" means the allocation to each Unit of the respective liability for Common Expenses. The Common Expense Liability allocated to the Unit is a percentage equal to the Common Element Interest appurtenant to the respective Unit.

1.2.10. "Condominium Documents" mean this Declaration the Plats, Plans, the Bylaws and the Rules and Regulations adopted pursuant thereto by the Executive Board or a committee designated by the Executive Board, and all amendments to each of the same.

1.2.11. "Convertible Real Estate" means real estate now or hereafter included within the Condominium Property in which the Declarant has reserved or shall reserve the Development Right to create Units, Common Elements and Limited Common Elements pursuant to the provisions of this Declaration and the Act.

1.2.12. "Declarant Control Period" means the entire time period which extends from the date of the recording of this Declaration until the earlier of (a) five (5) years following the conveyance of the first Unit to a Purchaser or (b) sixty (60) days after the conveyance to Purchasers of 75% of the Units, which Declarant has reserved the Development Rights to create.

1.2.13. "Development Rights" have the meaning provided in Section 1601-103(11) of the Act and include the Development Rights reserved by Declarant in Article XVI and Article XVII.

1.2.14. "Divisible Units" mean Units now or hereafter designated by the Declarant pursuant to this Declaration which Declarant shall reserve the Development Right to subdivide or convert into additional Units, Common Elements, and/or Limited Common Elements pursuant to this Declaration and Sections 1602-110 and 1601-103(11) of the Act.

1.2.15. "Eligible Insurer" means an insurer or governmental guarantor of a Mortgage held by an Eligible Mortgage Holder which has delivered written notice to the Association by prepaid United States Mail, return receipt requested, or by delivery in hand securing a receipt therefor, stating the name and address of such insurer or guarantor and containing the same information and statements with respect to such insurer or guarantor that are required pursuant to the following subparagraph with respect to such Eligible Mortgage Holder.

1.2.16. "Eligible Mortgage Holder" means the holder of record of a recorded first Mortgage encumbering a Unit in the Condominium which has delivered written notice to the Association by prepaid United States Mail, return receipt requested, or by delivery in hand securing a receipt therefor, stating the name and address of the said holder of a Mortgage, the name and address of the Owner of the Unit encumbered by such Mortgage, the identifying number of such Unit, and containing a statement that such Mortgage is a recorded first Mortgage.

1.2.17. "Insurance Trustee" means that certain entity responsible for the management and disbursement of insurance proceeds pursuant to the Insurance Trust Agreement, if any. The "Insurance Trust Agreement" means that certain agreement, if any, between the Association and the Insurance Trustee providing for the management and disbursement of insurance proceeds in accordance with Section 1603-113(e) of the Act and the Condominium Documents.

1.2.18. "Limited Common Elements" mean those portions of the Common Elements the exclusive use of which is reserved as an appurtenance to one or more, but fewer than all, of the Units as indicated and allocated pursuant to this Declaration.

1.2.19. "Limited Common Expenses" include (a) the Common Expenses associated with the maintenance, repair or replacement of a Limited Common Element which shall be assessed against the Units to which that Limited Common Element is assigned in proportion to the relative Common Expense Liabilities of such Units as between themselves, as the Executive Board may periodically determine, and (b) the Common Expenses for services benefitting fewer than all the Units, which are assessed exclusively against the Units benefited in accordance with the use of such services as permitted by Section 1603-115(c) of the Act.

1.2.20. "Majority Vote" or "Majority of Unit Owners" shall mean a vote by the Owners of those Units to which are allocated more than 50% of the Votes in the Association that are cast in person or by proxy at any meeting of the Association at which a quorum is present in person or by proxy. Except as otherwise provided, any specified percentage of Unit Owners means a vote by the Owners of those Units to which are allocated the same specified percentage of the Votes in the Association that are cast in person or by proxy at any meeting of the Association at which a quorum is present in person or by proxy, and for all voting purposes each Unit Owner shall have a vote equal to the Votes in the Association allocated to his Unit. The approval by a specified percentage of Eligible Mortgage Holders is based on the

percentage of Votes in the Association allocated to all the Units subject to Mortgages held by Eligible Mortgage Holders.

1.2.21. "Mortgage" means a recorded mortgage or deed of trust encumbering a Unit in the Condominium held by a Mortgagee or an Eligible Mortgage Holder. "Mortgagee" means the holder of a Mortgage.

1.2.22. "Recorded" means that an instrument has been duly entered of record in the Registry of Deeds in and for York County, Maine.

1.2.23. "Recreational Facilities" mean and include, but are not limited to, the portions of the Common Elements consisting of the club house, pool and tennis court.

1.2.24. "Special Declarant Rights" have the meaning provided in Section 1601-103(25) of the Act and include Development Rights reserved by Declarant and the rights reserved by the Declarant in Article VII and Paragraph 9.2.

1.2.25. "Unit" means a part of the Property designated for any type of separate ownership or occupancy, the boundaries of which are established in Article III, as amended from time to time. The "size" of each Unit is the number of square feet of floor space therein inclusive of interior partitions, columns, pipe runs, ducts and the like, and attic, closet and storage space, if any, determined by reference to the dimensions shown on the Plans. As the context shall require, the term "Unit" shall include the term "Divisible Unit".

1.3. Interpretation. In the event of any conflict or discrepancy between this Declaration, the Bylaws, and the Plats and Plans, the provisions of this Declaration shall govern the Bylaws and the Plats and Plans.

ARTICLE II DESCRIPTION OF PROPERTY

2.1. Description of the Property. A legally sufficient description of the Property included in the Condominium is set forth in Schedule A and the location and dimensions of the Property included in the Condominium are depicted on the Plats, a reduction of a true copy of which is attached to this Declaration as Schedule B-1.

2.2. Location and Dimensions of Building. The location and dimensions, or proposed location and dimensions, of the Common Elements and of each Building and other improvements erected on the

Property, or as to which the Declarant has reserved the right to erect or not to erect on the Property and real estate subject to Development Rights, are depicted on the Plats and on the Plans.

ARTICLE III
DESCRIPTION OF UNITS, ETC.

3.1. Maximum Number of Units. The Declarant has created pursuant to this Declaration the Units identified on Schedule C. The Declarant reserves the Development Right to create a maximum total number of forty-two (42) Units in the Property, Convertible Real Estate, and the Divisible Units, or any two or more of the foregoing, combined.

3.2. Creation of Units. Reference is made to Schedule C for the identifying number and type of each Unit created by this Declaration and to the Plats and Plans for a description of each Unit created by this Declaration 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.

3.3. Unit Boundaries. The boundaries of each Unit created pursuant to this Declaration are situated as shown on the Plats and Plans and shall consist of:

3.3.1. Upper and Lower (horizontal) Boundaries: The upper and lower boundaries of each Unit shall be the following boundaries extended to an intersection with each other and with the vertical (perimetric) boundaries:

3.3.1.1. The horizontal or sloping plane or planes of the unfinished lower surfaces of the ceiling bearing structure surfaces, beams, joists or rafters.

3.3.1.2. Lower Boundary: The horizontal plane of the top surface of the undecorated subflooring of the Unit.

3.3.2. Vertical (perimetric) Boundaries: The vertical boundaries of each Unit shall be the vertical planes defined by the inner surfaces of the studs and framing of the perimeter walls; the unfinished surfaces of the interior trim, fireplaces, and thresholds along perimeter walls and floors; the unfinished interior surfaces of closed windows and closed perimeter doors; and the innermost unfinished planes of all interior bearing studs and framing of bearing walls, columns, bearing partitions, and partition walls between separate Units, extended to the intersections with each other and with the upper and lower Unit boundaries.

3.3.3. The Unit shall include the heating, any air conditioning and the hot water apparatus exclusively serving the Unit whether or not located within the boundaries of the Unit, all electrical switches, wiring, pipes, ducts, conduits, smoke detector system and television, telephone, and electrical receptacles and light fixtures and boxes serving that Unit exclusively, the surface of the foregoing being the boundaries of such Unit, whether or not such spaces are contiguous, and all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereon, located within the boundaries of the Unit.

3.3.4. Subject to the provisions of subparagraph 3 above and subparagraph 5 below, all spaces, interior partitions and other fixtures and improvements within the boundaries of a Unit are a part of the Unit. The Unit shall include any chimney, stove or wood burning stove installed in the Unit by the Declarant and the portions of the flue, piping, chimney apparatus and duct serving it located entirely within the Unit. The portion of the flue, piping, chimney apparatus and duct serving the stove, wood burning stove or chimney but located outside the boundaries of the Unit shall be Limited Common Elements allocated solely to the Unit or Units served.

3.3.5. Subject to the provisions of subparagraph 3 above, if any chute, flue, duct, wire, conduit, bearing wall, bearing column, stairway, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

3.3.6. Non-Contiguous Portions: Certain Units may include special portions, pieces or equipment such as any air conditioning compressors, meter boxes, utility connection structures and storage portions situated in Buildings or structures that are detached or semi-detached from the Buildings containing the principal occupied portion of the Units. Such special equipment and storage portions are a part of the Unit notwithstanding their non-contiguity with the residential portions.

3.4. Allocated Interests. The Allocated Interests allocated to each Unit are listed and allocated to the Units in Schedule C. Each Common Element Interest and Common Expense Liability has been rounded to the nearest one thousandth of one percent (0.001%). The Common Element Interests and Common Expense Liabilities appurtenant to each respective Unit are each a percentage determined on the basis of "size" by multiplying by one hundred (100) the quotient

resulting from dividing the "size" of each respective Unit by the aggregate "sizes" of all the Units in the Condominium. One (1) Vote in the Association is allocated to each Unit and each Divisible Unit. In the event of a discrepancy between the stated Allocated Interests and the result derived from the foregoing formulas, the stated Allocated Interests shall prevail. The Allocated Interests stated for each Unit in Schedule C are subject to change in the circumstances stated in Schedule C.

3.5. Relocation of Unit Boundaries. Subject to applicable provisions of this Declaration and the Bylaws and of law and environmental and land-use ordinances and regulations, the subdivision of Units horizontally or vertically and relocation of horizontal or vertical boundaries between Units will be permitted at the expense of the Unit Owners of the Unit or Units to be so subdivided and the boundaries of which are to be so relocated, subject to compliance with the provisions therefor stated in Section 1602-113 and Section 1602-112 of the Act.

3.6. Alteration of Partitions. Subject to applicable provisions of this Declaration and the Bylaws and of law, ordinances, and land-use regulations, a Unit Owner may, after acquiring a vertically or horizontally adjoining Unit or adjoining part of a vertically or horizontally adjoining Unit, remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if such acts do not impair the structural integrity or mechanical systems of the Building in which such Units are located or lessen the support of any portion of the Property. Removal of partitions or creation of apertures under this subparagraph is not an alteration of boundaries.

3.7. Alterations by Unit Owner. Subject to any applicable provisions of this Declaration, the Bylaws or rules or regulations of the Association, a Unit Owner may make nonstructural improvements and alterations to the interior of his Unit but no Unit Owner may make any improvements or alterations or do any work whatsoever which would impair the structural integrity or mechanical systems of the Buildings, lessen the support of any portion of the Condominium, or jeopardize the soundness or safety of the Property. No Unit Owner shall alter any of the Common Elements or paint or otherwise change the appearance of the Common Elements (including the Limited Common Elements) or paint or otherwise change the exterior appearance of his Unit (including, but not limited to, the exterior surfaces of doors) or any other portion of the Condominium without the prior written approval of the Executive Board of the Association or a committee appointed by the Board pursuant to the Bylaws.

ARTICLE IV

COMMON ELEMENTS, LIMITED COMMON ELEMENTS AND APPLICABLE PROVISIONS

4.1. Common Elements. The Common Elements are shown on the Plats and Plans.

★ 4.2. Allocation of Limited Common Elements. The location and dimensions of all Limited Common Elements, except for the portions of the Property described as Limited Common Elements pursuant to Section 1602-102(2) and (4) of the Act, and the identifications of the Unit or Units to which the Limited Common Elements are hereby allocated, are described in this Paragraph 4.2, on Schedules B-1, B-2, in subparagraphs 3.3.4 and 3.3.5, and in the Plats and Plans. The allocation of Limited Common Elements to the Units cannot be altered except in compliance with Section 1602-108(b) of the Act at the expense of the Owners of the Units involved and with the written consent of the Owners and Mortgagees of record of the Units affected by the reallocation of Limited Common Elements. The stairway in each Building leading from the first story to the second story and the hallways, landings, foyers and doors leading to and from those stairways, as depicted on the Plats and Plans, are Limited Common Elements allocated to the Units adjacent to such stairway, hallway, landing, foyer and door. The following portions of the Property serving a single Unit, but located outside that Unit's boundaries are each allocated as a Limited Common Element to the Unit which it serves:

4.2.1. Any functional decks, arbors and outside storage areas, patios and outside storage areas adjacent to the Unit as depicted on the Plats and Plans, any parking spaces designated by the Unit's identifying number as depicted on the Plats and Plans, and any mail boxes designated by the Unit's identifying number.

4.2.2. Doors leading from Units to porches, balconies, decks or patios, and their related frames, sills and hardware.

4.2.3. Doors leading from the Unit to the Common Elements and any associated door paneling, frames, glassware, buck, trim, sills and hardware including lock and chime assembly, hinges and closure.

4.2.4. Shutters, awnings, window boxes, windows and any skylights except for the interior surfaces thereof, door steps and stoops designed to serve the Unit.

4.3. Limited Common Elements to be Allocated by Declarant. Portions of the Common Elements may be marked on the Plats and Plans as "Common Elements Which May Be Allocated As Limited Common Elements." These portions of the Common Elements include storage areas in Common Elements storage areas and parking spaces, and are each generically referred to as an "Assignable Limited Area." Pursuant to Section 1602-105(a)(7) of the Act, the Declarant reserves the exclusive right to assign each Assignable Limited Area as a Limited Common Element for the exclusive use of the respective Unit Owners to whose Units such Assignable Limited Areas shall be assigned and become appurtenant. The Declarant may, without consent or action by the Unit Owners or any Mortgagee, allocate each such Assignable Limited Area as a Limited Common Element

pursuant to the provisions of Section 1602-108 of the Act by causing appropriate amendments to this Declaration or to the Plats and Plans to be executed and recorded. After all Units have been sold by Declarant, the Association shall have the right to assign any unallocated Assignable Limited Areas pursuant to the provisions of Section 1602-108 of the Act.

4.4. Association Rights to Reserve Common Elements. "Reserved Common Elements" are those parts of the Common Elements which the Executive Board may designate from time to time for use by less than all Unit Owners or by non-Unit Owners for specified periods of time. The Executive Board of the Association shall have the power in its discretion from time to time to grant revocable licenses in designated Reserved Common Elements and to establish a reasonable charge for the use and maintenance thereof. Such designation by the Board shall not be construed as a sale or disposition of the Common Elements.

4.5. Common Elements to Remain Undivided. The Common Element Interest of a Unit shall be inseparable from each Unit, and any conveyance, lease, devise or other disposition or mortgage or other encumbrance of any Unit shall extend to and include the Common Element Interest, whether or not expressly referred to in the instrument effecting such transfer. The Common Elements shall remain undivided and no action for partition or division of any part thereof shall be permitted, unless otherwise provided by law and permitted by this Declaration.

4.6. Use of Common Elements. Except as their use may otherwise be limited by this Declaration or the Bylaws or otherwise by the Executive Board pursuant to its powers, each Unit Owner, tenant and occupant of a Unit, and the family members and guests of such Unit Owner, tenant and occupant, may use the Common Elements in common with all other Unit Owners and tenants or occupants of other Units and their respective family members and guests, in accordance with the purposes for which they are intended, without hindering or encroaching upon the lawful rights of the other Unit Owners, upon the following terms:

4.6.1 Any Unit Owner in default in the payment of any amount due to the Association or in violation of any provision of this Declaration, the Bylaws, or the rules and regulations of the Association, which violation continues for 30 days after written notice thereof by the Association to the Unit Owner may be prohibited by the Executive Board from the use and enjoyment of any and all of the Common Elements not essential to access to the Unit, in addition to all other remedies available to the Executive Board.

4.6.2. Parking of motor vehicles by Unit Owners, the immediate families of Unit Owners, tenants, guests, visitors, and invitees shall be only in the Limited Common Elements and Assignable Limited Areas appurtenant to their respective Unit, and in spaces in the Common Elements

designated as spaces for parking. No unattended vehicle shall at any time be left in such a manner as to impede the passage of traffic or to impair access to parking areas.

4.6.3. Unit Owners shall not erect fences, signs, canopies, clotheslines or other structures, plant or remove trees or shrubs, or materially alter the grading or landscaping, or do any other thing which affects the appearance from the exterior of the Buildings or grounds including Limited Common Elements, except as provided in this Declaration or in accordance with the written permission of the Executive Board or a committee established by the Board.

4.6.4. Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or Common Element without the prior written approval of the Executive Board or a committee designated by the Executive Board except as otherwise provided in this subparagraph, Paragraph 7.4, subparagraph 10.1.1, the Bylaws, or any rules promulgated in writing by the Association. The foregoing provisions of this subparagraph shall not apply to a Mortgagee in possession of a Unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

4.6.5. No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements (except those areas designated for such storage by the Condominium Documents or the Executive Board) without the approval of the Board or a committee designated by the Executive Board.

4.6.6. Any storage cubicles are Common Elements and may be assigned to Units as Reserved Common Elements by appropriate resolution of the Executive Board (unless such cubicles have already been assigned as Limited Common Elements or Assignable Limited Areas). The Executive Board, the Association, any Unit Owner and the Declarant shall not be considered a bailee, however, of any personal property stored on the Common Elements (including property located in storage cubicles and 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, and shall not 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.

ARTICLE V
EASEMENTS AND LICENSES

5.1. Recorded Easements and Licenses. The recording data for recorded easements and licenses appurtenant to or included in the Condominium, or to which any portion of the Condominium is or may become subject by virtue of the exercise by Declarant of any reservation contained in this Declaration, are stated and set forth in Schedule A.

ARTICLE VI
NOTICES TO UNIT OWNERS BY ASSOCIATION

6.1. To Unit Owners. All notices, demands, bills and 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, or if such notification is of a default or lien, sent by registered or 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 file with the Secretary of the Association, or if no such address is so designated, the address of the Unit of such Unit Owner who is the record owner thereof.

6.2. To the Association. All notices, demands, statements or other communications affecting the Condominium given by the Unit Owners to the Association shall be in writing and shall be deemed to have been duly given to the Association if delivered personally securing a receipt therefor, or sent by United States mail, postage prepaid, return receipt requested, addressed to the Association at the principal office of the managing agent, or if there shall be no managing agent, then to the Secretary of the Association at the address of the Unit of which the Secretary is the record Unit Owner.

6.3. To Eligible Mortgage Holder, etc. All notices, demands, statements or other communications affecting the 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 by virtue of which it became an Eligible Mortgage Holder and to the Eligible Insurer at the address identified pursuant to Article I by virtue of which it became an Eligible Insurer.

ARTICLE VII
EASEMENTS

7.1. Utilities, Pipes and Conduits. Each Unit Owner shall have an easement in common with all other Unit Owners to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements serving his Unit and located in any of the other Units. Each Unit shall be subject to an easement in favor of all other Unit Owners to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Association and its 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.

7.2. Ingress, Egress and Regress. Each Unit Owner shall have an easement in common with all other Unit Owners, subject to any rules and regulations established by the Executive Board, to use the entrances, exits, corridors and other Common Elements as a means of ingress, egress and regress to and from the Property and the adjoining public streets. The Executive Board shall not and cannot establish any rules and regulations depriving any Unit Owner of reasonable ingress, egress and regress to and from his Unit, the Property and Common Elements, and the adjoining public streets.

7.3. Condominium Association and Executive Board Access. Declarant reserves in favor of itself, the Association and its Executive Board, officers, agents and employees, and the managing agent and every other person authorized by the Executive Board, the irrevocable right and easement to have access to each Unit as provided in Section 1603-107(a) of the Act as may be necessary for the inspection, maintenance, repair or replacement of any of the Common Elements and Limited Common Elements therein or accessible therefrom or the making of any addition or improvements thereto; or to make repairs to any Unit, the Common Elements or the Limited Common Elements if such repairs are reasonably necessary for public safety or to prevent damage to any other Unit or Units, the Common Elements or the Limited Common Elements; or to abate any violation of law, orders, rules or regulations of the Association or of any governmental authorities having jurisdiction thereof. In case of an emergency, such right of entry shall be immediate whether or not the Unit Owner is present at the time. Until the expiration of the warranty period, if applicable, such entry shall be permitted to perform warranty-related work whether or not the Owner of the Unit consents or is present at the time.

7.4. Declarant's Easement for Marketing. The Declarant reserves the right, with respect to its marketing of Units, to use the Common Elements and Limited Common Elements for the ingress and egress of itself, its officers, employees, agents, contractors and subcontractors and for prospective purchasers of Units, including the right of such prospective purchasers to park in parking spaces.

The Declarant also reserves the right to use any Units owned or leased by the Declarant as models, management offices, sales offices for this project or customer service offices. The Declarant reserves the right to relocate the same from time to time within the Property; upon relocation, the furnishings thereof may be removed. The Declarant further reserves the right to maintain on the Property such advertising signs as may comply with applicable governmental regulations, which may be placed in any location on the Property and may be relocated or removed, all at the sole discretion of the Declarant. Prior to assignment of Assignable Limited Areas as Limited Common Elements, the Declarant shall have the right to restrict the use of certain Common Element parking spaces to sales purposes and to use such spaces for sales purposes. The Declarant shall have the right to erect on the Common Elements temporary offices for models, sales, management, customer service and similar purposes, which may be relocated or removed, all at the sole discretion of Declarant and which may be of such types and sizes as Declarant may deem appropriate.

7.5. Declarant's Easements for Construction. The Declarant reserves the Special Declarant Right and easement, right and privilege without let or hindrance with respect to the construction of the Units, Common Elements, Limited Common Elements and other improvements of the Condominium on the Property and on real estate subject to Development Rights, to construct Units, Limited Common Elements, Common Elements and any Buildings and improvements to contain the Units, Common Elements and Limited Common Elements and to go upon any and all of the Property for purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Units, Limited Common Elements, Common Elements and other improvements of the Condominium. This easement shall include without limitation, the right of vehicular and pedestrian ingress and egress, the right to park motor vehicles and to engage in construction activities of any nature whatsoever, including the movement and storage of building materials and equipment. This easement also expressly includes the right to cut and remove any trees, bushes, or shrubbery, to grade and remove the soil, or to take any other action reasonably necessary to achieve this purpose, following which the Declarant shall restore the affected property as closely to its original condition as practicable. The Declarant reserves the rights to sell the removed timber and soil and retain the proceeds thereof. Furthermore, pursuant to Section 1602-116 of the Act, the Declarant reserves an easement in the Units, Common Elements and other real estate subject to Development Rights for the purpose of discharging Declarant's obligations and exercising the Development Rights and other Special Declarant Rights reserved pursuant to this Declaration or on the Plats. The easements reserved by Declarant in Paragraphs 7.4, 7.5, 7.6, 7.7, 7.8 and 7.9 shall continue until the Declarant has conveyed to Purchasers all Units in the Condominium which the Declarant has reserved the Development Rights to create. These Paragraphs shall not be amended without the written consent of the Declarant.

7.6. Declarant's Easement to Correct Drainage. Declarant reserves an easement on, over and under those portions of the

Common Elements not located within a Building for the purpose of maintaining and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The reservation of this right does not and shall not result in the imposition of an obligation.

7.7. Encroachments. Each Unit shall have an easement to the extent necessary for structural and subjacent support over every other Unit and over the Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural and lateral support in favor of every other Unit. If any portion of the Common Elements or Limited Common Elements hereafter encroaches upon any Unit, or if any Unit hereafter encroaches upon any other Unit or upon any portion of the Common Elements or Limited Common Elements, as a result of settling or shifting of any Building or Buildings in which they are located or otherwise than as a result of the purposeful or negligent act or omission of the Owner of the encroaching Unit, or of the Association in the case of encroachments by the Common Elements or Limited Common Elements, a valid easement appurtenant to the encroaching Units, Common Elements or Limited Common Elements for the encroachment and for the maintenance of the same shall exist for so long as the encroachment shall exist. In the event that any Building or Buildings shall be partially destroyed as a result of fire or other casualty or as a result of a taking by the power of, or in the nature of, eminent domain or by an action or deed in lieu of condemnation, and then is rebuilt, encroachments of a portion or portions of the Common Elements or Limited Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements or Limited Common Elements, due to such rebuilding, shall be permitted, and valid easements appurtenant to the encroaching Units, Common Elements or Limited Common Elements for such encroachments and the maintenance thereof shall exist so long as that Building as so rebuilt shall stand.

7.8. Declarant's Right to Connect With Utilities. The Declarant further reserves an easement to connect with and make use of utility lines, wires, pipes and conduits located on the Property for construction purposes on the Property, provided that Declarant shall be responsible for the cost of service so used, and to use the Common Elements for ingress and egress and construction activities and for the storage of construction materials and equipment used in the completion of the Units and Common Elements.

7.9. Declarant's Right to Grant Easements. The Declarant shall have the right, until the Declarant has conveyed all Units in the Condominium to Purchasers which Declarant has reserved the Development Rights to create, to grant and reserve easements and rights-of-way through, under, over and across the Property for construction purposes, and for the installation, maintenance and inspection of the lines and appurtenances for public or private water, sewer, drainage, gas, electricity, telephone and other utilities. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, appropriate utility and service companies and governmental agencies or

authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements created in this Paragraph shall include, without limitation, rights of Declarant, or the providing utility or service company, or governmental agency or authority, to install, lay, maintain, repair, relocate and replace pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), heating systems, ventilation systems, electric wires, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements.

7.10. Common Elements Easement in Favor of Unit Owners. The Common Elements (including, but not limited to, the Limited Common Elements) shall be and are hereby made subject to the following easements in favor of the Units benefited:

7.10.1. For the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are a part of or serve any Unit and which pass across or through a portion of the Common Elements.

7.10.2. For the installation, repair, maintenance, use, removal and/or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations which are a part of or serve any Unit but which encroach into a part of a Common Element adjacent to such Unit; provided that the installation, repair, maintenance, use, removal or replacement of any such item does not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the Building or impair or structurally weaken the Building.

7.10.3. For driving and removing nails, screws, bolts and other attachment devices into the Unit side surface of the studs which support the dry wall or plaster perimeter walls bounding the Unit, the bottom surface of floor joists above the Unit and the top surface of the floor joists below the Unit to the extent such nails, screws, bolts and other attachment devices may encroach into a part of a Common Element adjacent to such Unit; provided that any such action will not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the Building or impair or structurally weaken the Building.

7.11. Rental Operations by Declarant on Real Estate Subject to Development Rights. The Declarant shall have the right to operate any real estate subject to Development Rights as a rental project. The Declarant may establish and maintain all offices,

signs and other accoutrements normally used in the operation of such rental properties in the sole discretion of the Declarant. The Declarant may in its sole discretion lease portions of any real estate subject to Development Rights so long as the Declarant pays the expenses attributable to such rental operations, and such operations shall be for the benefit of the Declarant and neither the Association nor any Unit Owner (other than the Declarant) shall have any right or interest in the profits or losses thereof.

7.12. Alteration of Common Elements by Declarant. The Declarant reserves the right to modify, alter, relocate, remove or improve defective or nonfunctional 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, if any.

7.13. Transfer of Special Declarant Rights. Declarant reserves the right to transfer from time to time to any one or more transferees any or all reserved Special Declarant Rights in accordance with Section 1603-104 of the Act.

7.14. Recreation Easement. Each Unit Owner is hereby granted a non-exclusive easement of the use and enjoyment of any Recreational Facilities located on the Property. However, this right of use shall be subject to the power of the Executive Board: (a) to charge a fee for the use of such Recreational Facilities; (b) to charge a fee for membership with respect to the use of the Recreational Facilities; (c) to establish rules and regulations regarding the use of any of the foregoing; (d) to allow persons who do not reside on the Property to use some or all of the foregoing, subject to such fees, rules and regulations as the Executive Board may establish. This right of use shall also be subject to the power of the Declarant prior to the termination of the Declarant Control Period to grant and reserve easements and rights-of-way through, under, over and across the Recreational Facilities, for the installation, maintenance and inspection of the lines and appurtenances for public or private water, sewer, drainage, gas, electricity, telephone and other utilities. In the event an Owner leases his Unit, the tenants of such Unit shall be entitled to use such Recreational Facilities, provided however, that the tenant's right to use shall be deemed an assignment of the Owner's right to use the Recreational Facilities and shall preclude the non-resident Owner from also using the Recreational Facilities unless otherwise determined by the Executive Board. Each person having the right to use the Recreational Facilities and each person to whom such right has been assigned shall comply with the rules and regulations regarding such use, as such rules and regulations may be established and amended from time to time by the Executive Board. Such rights to use may be suspended upon failure of a Unit Owner to pay his assessments for Common Expenses including Limited Common Expenses, or upon the failure of a person having the right to use the Recreational Facilities to pay his fee for the use of the Recreational Facilities.

ARTICLE VIII
ASSESSMENTS FOR COMMON EXPENSES AND
MAINTENANCE OF PROPERTY

8.1. Allocation and Payment of Assessments of Common Expenses. The total amount of Common Expenses shall be assessed against the Units in the following proportions:

8.1.1. The Common Expenses that are not assessed as Limited Common Expenses shall be assessed against all the Units in proportion to the relative Common Expense Liabilities of all the Units, as the Common Expense Liabilities may be changed as provided in Paragraph 3.4 and Schedule C.

8.1.2. (a) If a Limited Common Expense benefits more than a single Unit, that Limited Common Expense shall be assessed solely against all the Units benefited in proportion to the relative Common Expense Liabilities of such Units as between themselves, as the Executive Board may periodically determine, as those Common Expense Liabilities may be changed as provided in Paragraph 3.4 and Schedule C, (b) if a Limited Common Expense only benefits a single Unit, that Limited Common Expense shall be assessed solely against the Unit benefited, as the Executive Board shall determine, (c) the costs of utilities shall be assessed against Units in proportion to usage, as the Executive Board may periodically determine, however (d) if a Limited Common Expense is associated with the maintenance, repair or replacement of a Limited Common Element, that Limited Common Expense shall be assessed solely against all the Units to which that Limited Common Element is allocated in proportion to the relative Common Expense Liabilities of such Units as between themselves, as the Executive Board shall determine, as those Common Expense Liabilities may be changed as provided in Paragraph 3.4 and Schedule C.

8.1.3. Assessments to pay a judgment against the Association shall be made as a Limited Common Expense against the Units included in the Condominium at the time the judgment was entered.

8.1.4. The cost of utilities serving the Condominium not individually metered to a Unit shall be Common Expenses or Limited Common Expenses assessed pursuant to subparagraphs 8.1.1 and 8.1.2.

The Declarant shall not be liable for any assessments for any Units until after the later to occur of sixty (60) days after the first conveyance of a Unit to a Purchaser or the Association makes its first Common Expense assessment.

8.2. Payment of and Lien for Assessments; Budget; Limitation on Expenditures; Taxes; Etc.

8.2.1. Each Unit Owner shall pay to the Association or its authorized representative (1) on the first day of each month, or on such other date that the Association may determine in writing, one-twelfth (1/12th) of the Common Expenses including Limited Common Expenses, and revised Common Expenses including revised Limited Common Expenses, assessed on an annual basis against his Unit in the proportions required in Paragraph 8.1; and (2) all special assessments, any other sum duly levied against the Unit pursuant to this Declaration, the Bylaws or the Act, including Limited Common Expenses assessed against Unit Owners for maintenance, repair or replacement of a Limited Common Element pursuant to Paragraph 8.5; together with all interest thereon and charges for late payment thereof and legal fees and other costs of collection thereof, and fines, penalties and fees as provided by this Declaration, the Bylaws or the Act, on the first day of the next month which begins more than ten (10) days after delivery to the Unit Owner of notice of such special assessment or levy or on such other date that the Association may determine in writing. If for any reason the Association shall revise the annual budget of the Association whereby the Common Expenses or any component thereof may be increased, then commencing on the first day of the first month subsequent to the adoption of such revised budget each Unit Owner shall pay to the Association or its authorized representative such revised annual Common Expenses including Limited Common Expenses assessed against his Unit in the proportions required in Paragraph 8.1.

8.2.2. The total annual assessment levied against each Unit for Common Expenses including Limited Common Expenses, revised Common Expenses including revised Limited Common Expenses, or any special assessment, and any other sums duly levied against the Unit pursuant to this Declaration, the Bylaws, or the Act, including Limited Common Expenses assessed against Units for maintenance, repair or replacement of a Limited Common Element pursuant to Paragraph 8.5., all interest thereon and charges for late payment thereof, legal fees and other costs of collection thereof, and fines, penalties and fees as provided in this Declaration or the Bylaws shall constitute the personal liability of the Owner of the Unit so assessed and also shall, until fully paid, constitute a lien against the Unit in favor of the Association as provided in Section 1603-116 of the Act. Such lien shall, with respect to annual assessments and revised annual assessments, be effective on the first day of each fiscal year of the Association as to the full amount of the annual assessment or revised annual assessment, and, as to special assessments and other sums duly levied including Limited Common Expenses assessed against a Unit Owner for

maintenance, repair or replacement of a Limited Common Element pursuant to Paragraph 8.5., interest, charges for late payment, legal fees, costs of collection, fines, penalties and fees as described in subparagraph 8.2.1., on the first day of the next month which begins more than ten (10) days after delivery to the Unit Owner of notice of such special assessment or levy. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated at the option of the Executive Board, and the entire balance of the assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Executive Board or its representative. Such lien is prior to all other liens and encumbrances on a Unit except (a) liens and encumbrances recorded before the recordation of this Declaration, (b) a first Mortgage recorded before or after the date on which the assessment sought to be enforced becomes delinquent, and (c) liens for real estate taxes and other governmental assessments or charges against the Units; provided, however, that such lien is not subject to the provisions of 14 M.R.S.A. § 4651 and 18-A M.R.S.A. § 2-201, et seq., as they or their equivalents may be amended or modified from time to time.

8.2.3. The lien for assessments described in subparagraph 8.2.2. may be enforced and foreclosed by the Association in like manner as a mortgage on real estate as provided in section 1603-116(a) of the Act or by any other means presently or hereafter 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.

8.2.4. Within thirty (30) days after adoption by the Executive Board of any proposed budget for the Condominium, the Executive Board shall provide a summary of that budget in reasonably itemized form to each Unit Owner. The Executive Board shall set a date for a meeting of the Unit Owners to consider ratification of such revised budget not less than fourteen (14) days nor more than thirty (30) days after mailing of said summary of budget or notice. Unless at that meeting eighty percent (80%) a majority in voting interest of all the Unit Owners rejects the proposed budget, that budget is ratified

irrespective of whether a quorum is present at said meeting. In the event such proposed budget shall be rejected at the meeting, the budget last ratified with respect to the period covered by the proposed budget shall be continued as the budget for the Condominium until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board upon the same conditions as are provided with respect to the original proposed budget.

8.2.5. If the Executive Board votes to levy a Common Expense assessment not included in the current budget, other than one enumerated in subparagraph 8.1.2 of this Declaration, in an amount greater than twenty (20%) percent of the current annual operating budget, the Executive Board shall submit such Common Expense to the Unit Owners for ratification in the same manner as a budget under subparagraph 8.2.4 of this Declaration.

8.2.6. Any provision of limitation on expenditures contained in the Condominium Documents to the contrary notwithstanding, the Executive Board or the Manager/may, on behalf of the Association and the Owners without prior notice or consent, expend any amount, or incur a contractual obligation in any amount, required to deal with emergency conditions which may involve a danger to life or property or may threaten the safety of the Condominium or the owners or occupants of Units or may threaten the suspension of any necessary service to the Condominium or may involve the immediate damage to or destruction of the Common Elements.

8.3. Reduction of Expenses and Surplus Funds. Subject to the following sentence: all receipts from payments, fees or charges for the use, rental, operation, or allocation as a Reserved Common Element, of any and all Common Elements shall be applied first to reduce the Common Expense relating to the use of that Common Element giving rise to such Common Expense and any excess thereof shall be applied to Common Expenses generally; and all receipts from any assessments for Limited Common Expenses shall be applied first to reduce the Limited Common Expense relating to the service afforded to the Unit benefited and any excess shall then be applied to Common Expenses generally. Any amounts accumulated from assessments for Common Expenses, income from interest on reserves, and income from the operation of the Common Elements to which such Common Expenses pertain in excess of the amount required for actual Common Expenses and provision for Common Expenses and any payment of reserves shall be credited to each Unit Owner in proportion to their respective Common Expense Liabilities to reduce until exhausted the next monthly installments due from Unit Owners.

8.4. Real Estate Subject to Development Rights, If Any. Any income or proceeds from any real estate subject to Development Rights inures and is payable to the Declarant.

8.5. Limited Common Elements, Maintenance. The Association shall maintain, repair and replace all Limited Common Elements as required by this Declaration and shall assess as a Limited Common Expense the Common Expenses associated with the maintenance, repair or replacement of each Limited Common Element (except for Common Expenses associated with structural repairs or replacements) against the Units to which the Limited Common Element is assigned or appurtenant in proportion to the relative Common Expense Liabilities of such Units as between themselves, provided that the Association shall also have the right to assess an individual Unit for Limited Common Expenses associated with said purposes applicable to such Unit if the Limited Common Expense shall be incurred due to the negligence, neglect or misconduct of the Owner of such Unit or if the item giving rise to the expense shall be for the benefit of that Unit only. However, the Unit Owner of any Unit to which a Limited Common Element balcony or deck is appurtenant shall perform the normal maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of leaves, ice, snow and any accumulation of water, but if that Limited Common Element, or any other Limited Common Element in a Building, is allocated to more than one Unit, the Association shall be responsible and shall assess the costs thereof as a Limited Common Expense to the Units benefited. Any Unit Owner permitted by the Executive Board to use a Reserved Common Element or a specific portion of the Common Elements for storage is responsible for the maintenance and care of such portion and shall use the same in a safe and sanitary manner. The Unit Owner shall maintain windows allocated to his Unit as a Limited Common Element including washing and necessary replacements with substitutions of similar color, size, quality and style. The Association shall be responsible for all structural repairs and replacements of all Limited Common Elements except for windows, and the costs thereof shall be assessed to all Unit Owners as a Common Expense, unless such repair or replacement 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 Limited Common Expense.

8.6. Maintenance of Common Elements. The Association shall be responsible for the maintenance, repair and replacement (unless, in the opinion of the Executive Board such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements (subject to Paragraph 8.5 regarding the Limited Common Elements) whether located inside or outside of the Units, the cost of which shall be charged to the Unit Owners as a Common Expense except as otherwise provided in Paragraph 8.5 with regards to Limited Common Elements. To the extent required for the functioning or connection of utilities to the Property and Units, the maintenance, repair and replacement of Common Elements located within a Unit, or for which the Unit Owner is otherwise responsible, shall be furnished by the Association as part of the Common Expenses or, if fewer than all of the Units are benefited, the Limited Common Expenses.

8.7. Maintenance of Unit. Each Unit Owner shall keep and maintain his 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 nonstructural, ordinary or extraordinary, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. No Unit Owner shall sweep or throw, or permit to be swept or thrown, from his Unit any dirt, debris or other substance. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from his failure or negligence to make any of the repairs required by this Article. Each Unit Owner shall perform his 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.

8.8. Liability of Owner. Each Unit Owner shall be liable, and the Association shall have a lien against his 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 the acts, neglect or carelessness of any member of such Unit Owner's family, or such Unit Owner's guests, employees, agents, lessees, or their pets. The Association shall have the right to repair any damage so caused, to cure or correct the cause thereof, 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 fire insurance rates occasioned by use, misuse, occupancy, or abandonment of any Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation against such Unit Owner.

8.9. Chart of Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the descriptions of the boundaries of Units provided in this Declaration, the Units and Common Elements shall be maintained and repaired by each Unit Owner and the Association in accordance with the provisions of Section 1603-107(a) of the Act, except as expressly set forth to the contrary in this Declaration. Notwithstanding the general provisions for maintenance set forth in this Article VIII, specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined with regard to the Units pursuant to the Chart of Maintenance Responsibilities attached as Schedule D.

8.10 Taxation.

8.10.1 Separate Taxation. If there is any Unit Owner other than the Declarant, each Unit and its Allocated Interests shall be deemed to be a separate tax parcel and shall be separately taxed and assessed by the Town of Old Orchard Beach. Neither the Buildings, the Property nor any of the Common Elements shall be deemed to be or assessed as a separate tax parcel other than (to the fullest extent permitted by law) any portion of the Common Elements containing Convertible Real Estate or Divisible Units.

8.10.2 Units Not Yet Separately Assessed. In the event that for any year real estate taxes assessed by the Town of Old Orchard Beach are not separately taxed and assessed to each separate Unit Owner but are taxed on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective Common Expense Liabilities.

ARTICLE IX
ASSOCIATION OF UNIT OWNERS; VOTING;
DECLARANT CONTROL

9.1. The Association, Powers. The membership of the Association at all times shall consist exclusively of all Unit Owners, or, following any termination of the Condominium as provided in Section 1602-118 of the Act, of all former Unit Owners entitled to distributions of proceeds under said Section 1602-118, or their heirs, successors or assigns, but shall not include persons having an interest in a Unit solely as security for an obligation. Each Unit Owner shall automatically become and be a member of the Association as long as he continues as a Unit Owner and upon the termination of the interest of the Unit Owner in the Condominium his membership and any interest in the common funds of the Association shall thereupon automatically terminate and transfer and inure to the next Unit Owner or Owners succeeding him in interest. The Association shall have all the powers granted pursuant to Section 1603-102 of the Act including the powers to assign its right to future income and to lease as lessee any real or personal property, accept assignments of leases of real or personal property, cause improvements to be made as a part of such leased property, regulate the use, maintenance and repair of such leased property, and impose and receive any payments, fees or charges for the use, rental or operation of such leased property, and to intervene on behalf of one or more Unit Owners in disputes regarding warranty claims affecting the Common Elements.

9.2. Executive Board Powers; Declarant Control Period. Except as otherwise provided in Section 1603-103(b) of the Act, the Executive Board may act on behalf of the Association, shall have

all of the powers necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Act or this Declaration or the Bylaws required to be exercised and done by the Association. The affairs of the Association shall be governed by an Executive Board composed of no less than three (3) and no more than seven (7) natural persons. Prior to the Transition Election provided for by subparagraph 9.2.1, the Executive Board shall be composed of three (3) natural persons and after the Transition Election, the Executive Board shall be composed of no less than three (3) and no more than seven (7) natural persons. The Declarant shall have the right during the Declarant Control Period to appoint, remove and replace from time to time any and all members of the Executive Board, and officers of the Association, without the necessity of obtaining resignations. The appointees of the Declarant need not be Unit Owners. After the Transition Election at least a majority of the members of the Executive Board shall be Unit Owners or spouses of Unit Owners, or in the case of a Unit Owner which is a corporation, partnership, trust or estate, a designated agent thereof. The transition from Declarant-appointed members of the Executive Board to Unit Owners shall occur as follows:

9.2.1. No later than the earlier of (a) sixty (60) days after the conveyance of 75% of the Units to Purchasers or (b) five (5) years following conveyance of the first Unit to a Purchaser, or at such earlier date as the Declarant in its sole discretion shall specify, the Transition Meeting of the Association and Transition Election shall be held at which all of the members of the Executive Board and officers of the Association appointed by the Declarant shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect no less than three (3) and no more than seven (7) successor members of the Executive Board to act in the place and stead of those resigning. Members of the Executive Board may be elected for staggered terms.

9.2.2. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the Declarant Control Period, but in that event it may require, for the duration of the Declarant Control Period, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before such actions can become effective. In determining whether the Declarant Control Period has terminated, the percentage of the Units conveyed is presumed to be that percentage which would have been conveyed if all the Units were included in the Condominium that the Declarant has created or reserved in this Declaration the Development Rights to create.

9.3. Voting. 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 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, 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 certificate similarly executed and filed with the Secretary of the Association. Wherever the vote, approval or disapproval of a Unit Owner is required by this 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 at the meeting of a non-named or non-designated co-Owner or member, officer or employee 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. In no event shall more Votes be cast with respect to any Unit than are allocated to that Unit pursuant to this Declaration.

ARTICLE X
RESTRICTIONS ON USE, OCCUPANCY AND ALIENATION OF UNITS

10.1. Use and Occupancy Restrictions on Units. Each Unit shall be occupied and used subject to the following restrictions:

10.1.1. Except for areas of the Condominium designated for recreational use, no Unit shall be used for other than residential purposes by the Unit Owners or such persons to whom the Unit Owners have leased the Unit in accordance with this Declaration, the Bylaws and any rules and regulations adopted by the Association, provided that nothing in this Declaration or the Bylaws shall be construed to prohibit the Declarant from exercising any easements and Special Declarant Rights reserved by the Declarant pursuant to Article VII, for purposes including promotional, marketing or display purposes, from using any appropriate portion of the Common Elements for exercising these reserved rights, settlement of sales of Units and for customer service purposes, or from leasing Units owned by Declarant as provided in this Declaration.

10.1.2. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property or any part 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 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 will be committed on the Common Elements.

10.1.3. No Unit shall be used so as to create a nuisance or an unreasonable interference with the peaceful possession and occupation or proper use of any other Unit or the Common Elements.

10.1.4. 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 or nuisance on the Property.

10.1.5. The maintenance, keeping, boarding and/or raising of animals, laboratory animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small, orderly domestic pets such as dogs, cats or caged birds, aquarium fish and other limited species of animals which do not normally leave the Unit and which do not make noise may be

permitted by the Executive Board in accordance with and subject to any rules and regulations adopted by the Executive Board, provided, however, that such pets are not kept or maintained for commercial purposes or for breeding.

10.1.6. The Unit Owner shall not remove the acoustical, sound-deadening, or fire-resistant material from the walls, floors or ceilings of his 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. No Unit Owner shall remove the acoustical, sound-deadening, or fire-resistant materials from the Common Elements surrounding his Unit without the prior written consent of the Executive Board or a committee appointed by the Executive Board. The Unit Owner shall maintain sufficient carpeting, rugs or acoustical tilings on a minimum of eighty percent (80%) of the floor surfaces (except kitchens, closets and bathrooms) in his Unit located over another Unit to adequately reduce transmission of sound between Units. Additional washers, dryers and other major appliances may not be installed in a Unit without the prior written consent of the Executive Board or a committee appointed by the Executive Board.

10.1.7. No Unit shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail daily, weekly, monthly, or any other type of revolving, periodic or interval occupancy or ownership by multiple Unit Owners, co-operators, licensors or timesharing participants.

10.1.8. No Unit shall be occupied as a residence by more persons (including children) than two (2) residents for each bedroom, although this maximum may be exceeded for brief visits to accommodate a reasonable number of guests.

10.1.9. Trash, garbage and other waste shall be kept only in sanitary containers and shall be disposed of in such manner as may be prescribed from time to time in rules and regulations established by the Executive Board. No articles of personal property belonging to any Unit Owner shall be stored in any portion of the Common Elements except in a storage area specifically designated by the Executive Board or the managing agent, if any.

10.1.10. No Unit Owner shall overload the electrical wiring in the Building or operate any machinery, appliances, accessories or equipment in such a manner as to cause, in the judgment of the Executive Board, or a committee designated by the Executive Board, as appropriate, any unreasonable disturbance or make any alterations, repairs or modifications to or connections with the electrical or plumbing systems without the prior

written consent of the Executive Board or a committee designated by the Executive Board, as appropriate.

10.1.11. Each Unit Owner shall maintain sufficient heat inside his Unit to prevent the pipes running through the Unit from freezing, or cracking, from the effects of cold weather. The Unit Owner shall be liable to the Association for the costs and expenses of repairing all damage inflicted on another Unit or the Common Elements due to freezing, breaking, or cracking of pipes caused by the Unit Owner's failure to comply with the requirements of this subparagraph.

10.2. Leasing Restrictions. No Unit shall be rented for transient or hotel purposes or in any event for a period of less than thirty (30) days and no portion of any Unit (other than the entire Unit) shall be leased for any period. No Unit Owner shall lease a Unit for a term of one (1) month or longer on other than a written form of lease: (a) requiring the lessee to comply with the Condominium Documents and rules and regulations of the Association; (b) providing that failure to comply therewith constitutes a default under the lease; and (c) providing that the Executive Board has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder after thirty (30) days prior written notice to the Unit Owner, in the event of a default by the lessee in the performance of the lease. The Executive Board may suggest or require a standard form lease for use by Unit Owners. Each Unit Owner of a Unit shall, promptly following the execution of any lease of a Unit, forward a conformed copy thereof to the Executive Board.

10.3. Lease of Units Owned by Declarant and/or Mortgagee. The for enclosure, Mortgagee possession or a Deed or proceeding in lieu of foreclosure.

10.4. Voluntary Resale of Units. No Unit Owner, including the Declarant, shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance in fee of such Unit by the Owner. In a voluntary transfer of a Unit, the grantee of the Unit shall be jointly and severally liable with the grantor for all unpaid assessments and special assessments for Common Expenses made by the Executive Board against the latter up to the time of the recordation of grantor's transfer, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any person who shall have entered into an agreement to purchase a Unit from a Unit Owner other than the Declarant shall be entitled to a certificate from the Executive Board as provided by Section 1604-108(b) of the Act prepared at the expense of the person so requesting the same, and the grantee shall

not be liable for, nor shall the Unit conveyed be subject to a lien for, any assessments or unpaid special assessments made by the Executive Board against the grantor for Common Expenses in excess of those disclosed on such certificate. A voluntary transfer for the purpose of this Paragraph 10.4 shall be considered any sale, lease, gift, testate or intestate distribution, or the transfer of ownership of a corporation owning a Unit.

10.5. Title. Every Unit Owner shall promptly cause to be duly recorded 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 Executive Board through the Secretary or manager.

ARTICLE XI
MORTGAGES OF UNITS; RIGHTS OF MORTGAGEES

11.1. Right to Mortgage. Each Unit Owner shall have the right to mortgage or encumber his own respective Unit together with its appurtenant Allocated Interests.

11.2. Identification of Mortgagee. A Unit Owner who mortgages his Unit shall notify the Executive Board in writing of the name and address of his Mortgagee(s).

11.3. Mortgage Foreclosure. Any Mortgagee of a Unit that obtains title to the Unit pursuant to the remedies provided in the Mortgage, or through a completed foreclosure of the Mortgage, or through deed (or assignment) in lieu of foreclosure, shall take the Unit with the Allocated Interests appurtenant thereto free of such claims for unpaid assessments for Common Expenses, interest and costs levied against such Unit which accrue prior to the acquisition of title to such Unit by the Mortgagee, other than the proportionate share of the Common Expenses which become due and payable from and after the date on which the Mortgagee shall acquire title to the Unit through a completed foreclosure or deed (or assignment) in lieu of foreclosure.

11.4. Notices to Eligible Mortgage Holder or Insurer. The Association shall send written notice by prepaid United States mail to each Eligible Mortgage Holder and Eligible Insurer of the following proposed actions either within a reasonable period prior to the taking of any of such proposed actions or at the time that notice thereof is given to Unit Owners unless another time is specified herein: (a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer, as applicable ("material" means five percent (5%) or more); (b) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (c) The proposed use of any proceeds of Property insurance required to be obtained and maintained by the Association pursuant to this Declaration for

purposes other than repair, replacement and restoration of the Property substantially in accordance with this Declaration, the Bylaws the Plats and Plans, and the original elevation thereof and original building plans and specifications; (d) The adoption by the Executive Board of any proposed budget, the date of the meeting of Unit Owners scheduled to consider ratification of such proposed budget, and a summary of the proposed budget; (e) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Paragraph 11.5; (f) The termination of the Condominium; (g) A change in the Allocated Interests appurtenant to any Unit, a change in the boundaries of a Unit, or the subdivision of a Unit except for such changes created by the Declarant as a consequence of the exercise of any Development Rights reserved in this Declaration by the Declarant; (h) The merger or consolidation of the Condominium with another condominium; (i) The conveyance or subjection to a security interest of any portion of the Common Elements; (j) provided, however, (1) that the Association shall also send written notice of any delinquency in the payment of assessments for Common Expenses or any other charges owed by an Owner of a Unit, or any other default in the performance or payment by a Unit Owner of any obligation under this Declaration, the Bylaws or any rules and regulations of the Association to the Eligible Mortgage Holder and Eligible Insurer of the Mortgage to which such Owner's Unit is subject, which notice must be given as soon as reasonably possible but in no event later than sixty (60) days after the occurrence of such delinquency or default and (2) the Association shall also send written notice to each Eligible Mortgage Holder of any consideration of any proposed action concerning any delinquency in the payment of assessments for Common Expenses or any other charges owed by an Owner of a Unit, or concerning any other default in the performance or payment by a Unit Owner of any obligation under this Declaration, the Bylaws or any Rules and Regulations of the Association.

11.5. Mortgagee Approval Rights.

11.5.1. The prior written approval of at least eighty percent (80%) of the Unit Owners and sixty-seven (67%) percent of the Eligible Mortgage Holders shall be required to: (a) terminate or abandon the Condominium for reasons other than substantial destruction or condemnation of the Condominium and (b) abandon, partition, subdivide, encumber, sell or transfer any of the Common Elements (except for granting easements for utilities or other public purposes consistent with the intended use of the Common Elements) by act or omission.

11.5.2. The prior written approval of at least fifty-one (51%) percent of the Eligible Mortgage Holders and eighty percent (80%) of the Unit Owners shall be required for the termination or abandonment of the Condominium as a result of condemnation or substantial loss to the Units, Common Elements, or both.

11.5.3. If professional management has been required previously by any Eligible Mortgage Holder, irrespective of the time when such person became an Eligible Mortgage Holder, any subsequent decision to establish self-management by the Association shall require the prior consent of at least sixty-seven (67%) percent in voting interest of the Unit Owners and the approval of at least fifty-one (51%) percent of the Eligible Mortgage Holders.

11.5.4. The prior written approval of at least sixty-seven (67%) percent of the Eligible Mortgage Holders shall be required to alter or change the Allocated Interests except with respect to the exercise of Development Rights reserved by the Declarant in this Declaration, or as otherwise provided in the Act.

11.5.5. The prior written approval of at least sixty-seven (67%) percent of the Eligible Mortgage Holders shall be required to use property insurance and eminent domain proceeds resulting from losses to any Condominium Property (whether to Units or to Common Elements) for other than the repair, replacement restoration of the Property substantially in accordance with this Declaration, the Bylaws, the Plats and Plans, and the original elevation thereof and the original building plans and specifications.

11.5.6. With respect to amendments to the Condominium Documents:

11.5.6.1. The consent of at least eighty (80%) percent of the Unit Owners and the approval of at least sixty-seven (67%) percent of the Eligible Mortgage Holders shall be necessary to terminate the Condominium not as a result of destruction, damages or condemnation.

11.5.6.2. The consent of at least eighty (80%) percent of the Unit Owners and the approval of at least fifty-one (51%) percent of the Eligible Mortgage Holders shall be necessary to terminate the Condominium as a result of destruction, damages or condemnation to the Condominium.

11.5.6.3. Except for the amendments to this Declaration executed and recorded by Declarant pursuant to the exercise of any Development Rights reserved in this Declaration and the amendments described in the introductory Paragraph to Article XII the written consent or approval of at least fifty-one (51%) percent of the Eligible Mortgage Holders shall be required to add or amend any material provisions of the Condominium Documents which establish, provide for, govern or regulate (a) voting; (b) assessments, assessment liens or

subordination of such liens; (c) reserves for maintenance, repair and replacement of the Common Elements (or Units if applicable); (d) Insurance or fidelity bonds; (e) Rights to use of the Common Elements; (f) Responsibility for maintenance and repair of the Common Elements of the Condominium; (g) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium; (h) Boundaries of any Unit; (i) The interests in the Common Elements or Limited Common Elements; (j) Convertibility of Units into Common Elements or of Common Elements into Units; (k) Leasing of Units; (l) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit; (m) Any provisions which are for the express benefit of Mortgages, Eligible Mortgage Holders or Eligible Insurers.

An addition or amendment to the Condominium Documents shall not be considered material if it is for the purpose of correcting technical errors.

An Eligible Mortgage Holder who receives a written request to approve additions or amendments to the Condominium Documents and who does not deliver to the requesting party a negative response within thirty (30) days after the giving of notice shall be deemed to have approved such request in writing.

11.6. Voting and Other Rights of Eligible Mortgage Holders. Any provision of Paragraph 9.3 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 Bylaws, 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 the event of any default by a Unit Owner in payment of assessments or performance of obligations pursuant to the Condominium Documents as more fully described in Paragraph 11.4, clause (j), the Eligible Mortgage Holder of the Mortgage on such Owner's Unit shall have the right but not the obligation to cure such default. In addition to, but not by way of limitation of, all rights granted to Eligible Mortgage Holders pursuant to this paragraph to cast the Votes allocated to a Unit in lieu of the Unit Owner, an Eligible Mortgage Holder, or its representative, shall have the right to attend meetings of the Association and Executive Board for the purposes of discussing the termination of the Condominium, a change in the Allocated Interests of a Unit, a change in the boundaries of a Unit or a subdivision of a Unit, the merger or consolidation of the Condominium with another condominium, the conveyance or subjection to a security interest of any portion of the Common Elements, the proposed use of any proceeds of hazard insurance for purposes other than the repair or restoration of the damaged Property, or the adoption of any proposed budget by the Executive Board. Any Eligible Mortgage Holder shall have the right to give written notice to the Association and cause the records and books of the Association to be audited and have an audited financial statement of the financial position of the Association prepared at the expense of such Eligible Mortgage Holder.

11.7. Rights of First Refusal. Notwithstanding anything to the contrary elsewhere contained in this Declaration, the Bylaws or said Rules and Regulations, in the event that this Declaration or the Bylaws contain, or the Unit Owners in the future adopt, any right of first refusal in the case of the sale of any Unit, such right of first refusal shall not impair the right of any Mortgagee to: (a) Foreclose or take title to the Unit pursuant to the remedies provided in the Mortgage; (b) Accept a deed (or assignment) in lieu of foreclosure in the event of a default by a mortgagor; or (c) Sell or lease a Unit acquired by the procedures hereinabove set forth.

11.8. Mortgagee Priority. No provision of the Condominium Documents shall be deemed or construed to give a Unit Owner, or any other person, priority over the rights of any Eligible Mortgage Holder pursuant to its Mortgage in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units, Common Elements, or both.

ARTICLE XII AMENDMENTS

Except in the case of amendments to this Declaration that may be executed and recorded by the Declarant pursuant to the provisions of this Declaration granting the Declarant the right to unilaterally amend the same, and except in cases of amendments to

this Declaration that may be unilaterally executed and recorded by the Association as described in the Act in Sections 1601-107, Eminent Domain, 1602-108(c), Allocation of Limited Common Elements, Section 1602-112(a), Relocation of Boundaries Between Adjoining Units, Section 1602-113, Subdivision of Units and Section 1602-117(a), Amendment of Declaration, and except in cases of amendments to this Declaration that may be made by certain Unit Owners, as described in the Act in Sections 1602-108(b), Reallocation of Limited Common Elements, Section 1602-112(a), Relocation of Boundaries Between Adjoining Units, Section 1602-113(b), Subdivision of Units, or Section 1602-118(b), and subject to the other provisions of this Declaration and of the Act, this Declaration, the Plats and the Plans may be amended as follows:

12.1. Before Any Conveyance. Prior to the conveyance of any Unit by the Declarant to a Unit Owner, other than as security for an obligation, the Declarant shall have the right to amend and reamend this Declaration in any manner that the Declarant may deem appropriate.

12.2. After First Conveyance. After the first conveyance of a Unit by a Declarant, as contemplated in the preceding Paragraph, the terms of the following subparagraphs shall apply to the amendment of this Declaration:

12.2.1. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the Executive Board or Association in which a proposed amendment is considered, and shall be served upon all Unit Owners and upon all Eligible Insurers and Eligible Mortgage Holders.

12.2.2. Resolution. An amendment may be proposed by either the Executive Board or by Unit Owners holding in the aggregate no less than twenty (20%) percent of the votes in the Association. No resolution of the Executive Board adopting a proposed amendment or the proposed amendment itself shall be effective unless it has been adopted by the affirmative vote, written consent, or any combination thereof, of at least sixty-seven (67%) percent of the Unit Owners and then executed and recorded as provided in subparagraph 12.2.5.

12.2.3. Agreement. In the alternative, an amendment may be made by an agreement signed by the record Owners of Units to which are allocated 100% of the Votes in the Association in the manner required for the execution of a deed and acknowledged by at least one of them, and such amendment shall be effective when certified and recorded as provided in subparagraph 12.2.5.

12.2.4. Proviso. Provided, however, that except as otherwise permitted by the Act and provided in this Declaration, no amendment may increase the number of Units or change the boundaries of any Unit, the Allocated

Interests allocated to a Unit, or the uses to which any Unit is restricted without the unanimous consent of the Unit Owners and the consent of Eligible Mortgage Holders of Mortgages on Units to which at least two-thirds of the votes in the Association are allocated. No amendment of this Declaration shall make any change which would in any way affect any of the rights, privileges, powers and options of the Declarant, its successors or assigns, unless the Declarant, or its successors or assigns, shall join in the execution of such amendment.

12.2.5. Execution and Recording. A copy of each amendment shall be attached to or included with a certificate, certifying that the amendment was duly adopted, which certificate shall be executed and acknowledged by such officer or officers of the Association and/or member or members of the Executive Board designated for that purpose by the Bylaws. The amendment shall be effective when such certificate and copy of the amendment are recorded.

12.2.6. Notice and Challenge. No action to challenge the validity of an amendment to this Declaration adopted by the Association pursuant to this Article may be brought more than one year after such amendment is recorded. After each amendment to this Declaration adopted pursuant to this Article has been recorded, notice thereof shall be sent to all Unit Owners and to all Eligible Mortgage Holders at the address last furnished to the Executive Board, but failure to send such notices shall not affect the validity of such amendment.

ARTICLE XIII TERMINATION OF CONDOMINIUM

13.1. Termination. The Condominium shall not be terminated except as provided in, and subject to, Section 1602-118 of the Act, by agreement of Unit Owners of Units to which at least eighty (80%) percent of the Votes in the Association are allocated and of Eligible Mortgage Holders holding of record Mortgages on Units to which are allocated those percentages of the Votes in the Association as more particularly provided in Paragraph 11.5. Termination provided for in Section 1602-118 of the Act shall not bar the subsequent re-creation of the Condominium or another condominium with respect to the Property.

ARTICLE XIV
INSURANCE

14.1. Policies. 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, or cause to be obtained, and shall maintain as a Common Expense, the policies of insurance described in Paragraphs 14.2, 14.4 and 14.5 to the extent such policies shall be reasonably available from reputable insurance companies. To the extent that said insurance described in Paragraphs 14.2, 14.4 and 14.5 is not reasonably available as described in the preceding sentence, the Executive Board on behalf of the Association shall give written notice of that fact to the Unit Owners and the Eligible Mortgage Holders of Mortgages of their Units by hand delivery securing a receipt therefor, or by prepaid United States mail, return receipt requested. To the extent that any of the insurance described in Paragraphs 14.2, 14.4 and 14.5 shall become in the future no longer available, the Association shall obtain in substitution therefor such comparable insurance as shall then be available. The Executive Board of the Association is hereby irrevocably appointed as attorney-in-fact for each Unit Owner and for each Mortgagee and Eligible Mortgage Holder and for each owner of any other interest in the Property for the purpose of purchasing and maintaining the insurance described in Paragraphs 14.2, 14.4 and 14.5, the collection and appropriate disposition of the proceeds thereof with any Insurance Trustee pursuant to the Insurance Trust Agreement as trustee for all Unit Owners and their Mortgagees as their respective interests may appear to hold any insurance proceeds in trust for disbursement as provided in Paragraph 14.3 and subparagraph 14.2.4, Article XV, the Bylaws and Section 1603-113(e) of the Act, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purposes.

14.2. Property Insurance. The Executive Board shall obtain and maintain as a Common Expense a blanket-type or master standard form of "all-risk" fire insurance policy with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements issued by an insurance company authorized to do business in the State of Maine insuring as a single entity the entire Property (exclusive of land, foundations, excavations, and other similar items customarily excluded from property insurance policies), including the Units (and the bathroom and kitchen fixtures, air conditioning and heating equipment, initially installed therein by the Declarant and the replacements thereto installed by the Declarant but not including furniture, wallcoverings, furnishings or other personal property supplied or installed by Unit Owners), Limited Common Elements and other Common Elements together with all service equipment and machinery contained in the Property and the fixtures, supplies and common personal property belonging to the Association and covering the interests of and naming as named

insureds, the Association, the Executive Board and all Unit Owners and their Mortgagees and their Mortgagees' successors and assigns, as their insurable interests may appear. To the extent reasonably available and required by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, Federal Housing Administration, or Maine State Housing Authority, such policy shall cover the fixtures, equipment and other personal property of a Unit Owner located inside a Unit financed by a mortgage purchased by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, Federal Housing Administration, or Maine State Housing Authority; and if such required insurance is so provided, the Association shall require such Unit Owner to pay the additional cost incurred by the Association in so insuring such Unit Owner's fixtures, equipment or other personal property. Such blanket or master policy shall be in an amount equal to one hundred percent (100%) of the then current full replacement cost of the Property (exclusive of the land, excavations, foundations and other similar items customarily excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Executive Board with the assistance of the insurance company affording such coverage) and shall contain a standard Maine Mortgage Clause in favor of each Mortgagee of a Unit whether or not named therein with provisions that the proceeds of loss, if any, shall first be payable to each Mortgagee, its successors and assigns, as its insurable interest may appear, subject, however, to the loss payment and adjustment provisions in favor of the Insurance Trustee or Association contained in Paragraph 14.3, subparagraph 14.2.4, Article XV, the Bylaws and Section 1603-113(e) of the Act. This blanket or master hazard insurance policy may, at the option of the Executive Board, contain a "deductible" provision in an amount to be annually determined by the Executive Board but not to exceed the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the face amount of the policy. The amount of the deductible shall be added to the face amount of the policy. Such policy shall also contain the following provisions:

14.2.1. A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if it shall be determined pursuant to Section 1603-113(h) of the Act not to do so; and

14.2.2. The following endorsements (or their equivalent): (a) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or Unit Owner or their agents when such act or neglect is not within the control of the insured, or the Unit Owners collectively; nor by any failure of the insured, or the Unit Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the Unit Owners collectively, have no control); (b) "Construction Code Endorsement", "increased cost of construction", "contingent liability from operation of building laws or codes" and "condominium replacement cost"; (c) "agreed amount" or

elimination of co-insurance clause; (d) "inflation guard" endorsement; and (e) "steam boiler coverage endorsement" providing coverage of at least the lesser of (i) Two Million Dollars (\$2,000,000) or (ii) the insurable value of the Building(s) housing the boiler or machinery for each accident if a steam boiler shall be operated in connection with the Property; and

14.2.3. That any "no other insurance" clause expressly exclude individual Unit Owners' policies from its operation so that the physical damage policy purchased by the Executive Board shall be deemed primary coverage and any individual Unit Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Executive Board hereunder provide for or be brought into contribution with insurance purchased by individual Unit Owners or their Mortgagees; and

14.2.4. The recognition of any Insurance Trust Agreement whereby the Executive Board may designate in writing an Insurance Trustee to hold any insurance proceeds in trust for disbursement as provided in Paragraph 14.3, Article XV, the Bylaws and Section 1603-113(e) of the Act.

14.3. Losses; Adjustment and Payment; Insurance Trustee. Any loss covered by the insurance policy described in Paragraph 14.2 shall be adjusted with the Association by its Executive Board, but the insurance proceeds for said loss shall be payable to the Insurance Trustee designated for that purpose as provided in subparagraph 14.2.4, 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, Mortgagees and other lien holders as their interests may appear. Subject to the provisions of this Paragraph, Article XV, the Bylaws and Section 1603-113(e) of the Act, the proceeds shall be disbursed first for the repair or restoration of the damage to the Property, and Unit Owners, Mortgagees and other lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged Common Elements and Units have been repaired or restored, the decision has been made not to repair or restore the damage as provided in Section 1603-113(h) of the Act, or the Condominium is terminated.

14.4. Liability Insurance. The Executive Board shall obtain and maintain as a Common Expense comprehensive general public liability insurance (including medical payments insurance) and property damage insurance in such limits as the Board may from time to time determine, insuring each Executive Board member, the managing agent, each Unit Owner and the Declarant against any liability to the public or to the Unit Owners (and their invitees, agents and employees) covering all occurrences commonly insured against for death, bodily injury or property damage arising out of, or incident to, the maintenance, ownership or use of the Common

Elements and or relating to any legal liability resulting from suits or actions related to employment contracts to which the Association is a party. Such insurance shall be issued on a comprehensive liability basis and shall contain: (a) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (b) hired and non-owned vehicle coverage; (c) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Association or of another Unit Owner; and (d) a broad form liability extension endorsement including "personal injury", contractual liability, host liquor liability and other risks commonly included in the coverage of such "broad form endorsement". The Executive Board shall review such limits once each year, but in no event shall such insurance be less than one million dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence.

14.5. Other Insurance. The Executive Board shall obtain and maintain as a Common Expense:

14.5.1. adequate fidelity coverage to protect against dishonest acts on the part of officers, members of the Executive Board, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the managing agent. Such fidelity bonds shall: (a) name the Association as an obligee; (b) be written in an amount not less than the greater of (i) one-quarter the total annual assessments for Common Expenses plus the Association's reserve funds for the year or (ii) the maximum funds in the custody of such persons handling the funds of the Association; and (c) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

14.5.2. to the extent available, "directors' and officers'" liability insurance to satisfy indemnification obligations of the Association provided in Paragraph 19.2;

14.5.3. if required by any governmental or quasi-governmental agency, including without limitation the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, flood insurance in accordance with the then applicable regulations of such agency;

14.5.4. workmen's compensation insurance if and to the extent necessary to meet the requirements of law; and

14.5.5. such other property insurance, liability insurance, fidelity coverage and other insurance, in such amounts, insuring against such perils, and containing such endorsements, waivers, clauses, items of coverage and in such amounts as shall hereafter be required by the Federal

National Mortgage Association or the Federal Home Loan Mortgage Corporation in accordance with the then applicable regulations of each such agency as amended, restated, superceded or replaced from time to time; and

14.5.6. such other insurance as the Executive Board may determine or as may be requested from time to time by a majority in voting interest of the Unit Owners.

14.6. Memoranda, Cancellation, Additional Required Provisions. All insurers that shall issue an insurance policy or policies under this Article shall issue certificates or memoranda of insurance to the Association, and, upon request, to any Unit Owner or Mortgagee. All such insurers issuing the policy may not cancel (including cancellation for non-payment of premium), substantially modify or refuse to renew such policy or policies until twenty (20) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, the managing agent, each Unit Owner and each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses. All policies under Paragraph 14.2 and 14.4 shall in addition contain the following provisions or features:

14.6.1. The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Executive Board, the managing agent or the Unit Owners, and their respective agents, employees, guests and, in the case of the Unit Owners, the members of their households;

14.6.2. The Declarant, so long as Declarant shall own any Unit, shall be protected by all such policies as a Unit Owner.

14.6.3. 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;

14.6.4. The insurer waives its right to subrogation under the policy against any Unit Owner of the Condominium or members of his household;

14.6.5. 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

14.6.6. 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.

14.6.7. The name of the insured shall be substantially as follows: "Whispering Sands Condominium Association for the use and benefit of the individual Owners".

14.6.8. The insurer must hold (a) a rating of Class VI or better by Best's Insurance Reports, or (b) an equivalent or comparable rating by an equivalent rating bureau should Best's Insurance Reports cease to be issued or (c) an equivalent or comparable rating from Lloyd's of London.

14.7. Separate Insurance. Each Unit Owner shall have the right, at his own expense, to obtain insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his Unit under coverage normally called "improvements and betterments coverage"; provided, however, that no Unit Owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Executive Board, on behalf of all Unit Owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a Unit Owner. All such policies shall contain waivers of subrogation. Any Unit Owner who obtains an individual insurance policy covering any portion of the Condominium, other than improvements and betterments made by such Owner at his expense and personal property belonging to such Owner, shall file a copy of such individual policy or policies with the Executive Board within thirty (30) days after the purchase of such insurance. Such Unit Owner shall also promptly notify the Executive Board in writing in the event such policy is cancelled. Each Unit Owner shall notify the Executive Board in writing of all structural improvements made by the Unit Owner to his Unit; provided, however, that this sentence shall not be construed as an authorization to Unit Owners to make structural improvements to Units otherwise than in accordance with this Declaration, the Bylaws and rules and regulations promulgated by the Executive Board. Any premium increase caused by such improvements may be assessed to the Owner of the improved Unit. No Unit Owner shall be entitled to receive insurance proceeds for the repair, restoration or rebuilding of any such improvements not so reported to the Executive Board, unless otherwise consented to by unanimous vote of the Executive Board.

ARTICLE XV
REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

15.1. When Repair and Reconstruction are Required. In the event of damage to or destruction of all or any part of the Property as a result of fire, other casualty or the exercise of the power of eminent domain, the Executive Board on behalf of the Association shall promptly arrange for and supervise the prompt repair, replacement and restoration thereof including any damaged Units (and the floor covering, the bathroom and kitchen fixtures, and heating equipment initially installed therein by the Declarant, and the fixtures, equipment, and other personal property inside a Unit insured by the Association as provided in Paragraph 14.2 and

replacements thereof installed by the Declarant, but not including any other furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners in the Units), Limited Common Elements and other Common Elements, substantially in accordance with this Declaration, the Plats and Plans, the Bylaws, the original elevation thereof and the original plans and specifications therefor unless (a) the Condominium is terminated, or (b) repair, replacement or restoration would be illegal under any state or local health, safety, land-use or environmental statute, code or ordinance, or (c) eighty percent (80%) of the Unit Owners and at least fifty-one percent (51%) of the Eligible Mortgage Holders vote not to repair, restore or replace the damaged or destroyed Property, and such decision is approved by every Owner of a Unit or assigned or allocated Limited Common Element, which will not be repaired, replaced or restored, and by all Eligible Mortgage Holders of all Mortgages thereon.

15.2. Procedure for Reconstruction and Repair. If repair, replacement or restoration shall be required pursuant to Paragraph 15.1:

15.2.1. Cost Estimates. The Executive Board shall promptly obtain reliable and detailed estimates of the cost of any repairs, replacement or restoration which may be required pursuant to Paragraph 15.1 unless other action is approved by at least sixty-seven percent (67%) in voting interest of the Unit Owners and at least fifty-one percent (51%) of the Eligible Mortgage Holders. Such costs may also include professional fees and premiums for such bonds as the Insurance Trustee may determine to be necessary.

15.2.2. Assessments. If the net proceeds of insurance, eminent domain awards, and any appropriate reserve for replacement funds, if any, are not sufficient to defray such estimated costs of reconstruction, repair, and replacement, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, any such costs in excess of insurance proceeds, any eminent domain awards, and reserves shall be deemed a Common Expense and a special assessment therefor shall be levied by the Association.

15.2.3. Construction Fund and Disbursement. The proceeds of insurance collected on account of the casualty, any eminent domain awards, and any appropriate reserve for replacement funds, and the sums received by the Association from collections of assessments against Unit Owners pursuant to subparagraph 15.2.2 on account of any such casualty or taking, shall constitute a construction fund which shall be held in trust by the Insurance Trustee or Association as provided in Paragraph 14.3 and disbursed in payment of the costs of reconstruction and repair in the following manner:

15.2.3.1. If the estimated cost of reconstruction and repair is less than Thirty Thousand Dollars (\$30,000.00), then the construction fund shall be disbursed in appropriate progress payments, or payment of such costs upon order of the Executive Board; provided, however, that upon request of twenty percent (20%) of the Eligible Mortgage Holders (based upon one vote for each Mortgage held), such funds shall be disbursed pursuant to subparagraph 15.2.3.2.

15.2.3.2. If the estimated cost of reconstruction and repair is Thirty Thousand Dollars (\$30,000.00) or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in the State of Maine employed by the Association or Insurance Trustee or of such other qualified person acceptable to no less than twenty percent (20%) of the Eligible Mortgage Holders (based upon one (1) vote for each Mortgage held) and to the Owners of the Units to which are allocated no less than fifty-one percent (51%) of the Votes in the Association (generically, the "Architect"), to supervise such work, payment to be made from time to time as the work progresses. The Architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the Architect and other persons who have rendered services or furnished materials in connection with the work stating that: (a) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to the Architect for the services and materials described; and (c) the cost as estimated by the Architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

15.2.3.3. Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds or eminent domain proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclose and service the Units, then to the costs of repairing the Units, and then to the costs of repairing the other Common Elements.

15.2.3.4. Distribution After Payment. The first monies disbursed in payment of the cost of reconstruction and repair shall be from any insur-

ance proceeds or eminent domain awards and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be distributed among all Unit Owners, Mortgage holders and lien holders, as their respective interests may appear, in proportion to their respective Common Element Interests or the Common Element Interests of the Units to which their respective Mortgages or liens are subject.

15.3. Damage or Destruction; No Repair or Replacement. If the entire Condominium is not repaired or replaced:

15.3.1. the insurance proceeds and any eminent domain awards attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium as determined by the Executive Board or Architect;

15.3.2. the insurance proceeds and any eminent domain awards attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners and Mortgagees of those Units as their insurable interests may appear and the Owners and Mortgagees of the Units to which those Limited Common Elements were assigned or allocated, as their insurable interests may appear; and

15.3.3. the remainder of the insurance proceeds and any eminent domain awards shall be distributed to all the Unit Owners and Mortgagees, as their insurable interest may appear, in proportion to their respective Common Element Interests or the Common Element Interests subject to their respective Mortgages.

15.3.4. if the Unit Owners and their Mortgagees vote not to rebuild any Unit, that Unit's entire Allocated Interests shall be automatically reallocated upon said vote as if the Unit had been condemned under Section 1601-107(a) of the Act and the Association shall prepare, execute and record an amendment to the Declaration reflecting the reallocations. Notwithstanding any provision of this Article XV to the contrary, Section 1602-118 of the Act governs the distribution of insurance proceeds and any eminent domain awards if the Condominium is terminated.

15.4. Mortgagee Priority. No provision of the Condominium Documents shall be deemed or construed to give a Unit Owner, or any other person, priority over the rights of any Eligible Mortgage Holder pursuant to its Mortgage in the case of a distribution to Unit Owners of insurance proceeds or eminent domain awards for losses to or a taking of Units, Common Elements, or both.

ARTICLE XVI
CREATION OF ADDITIONAL UNITS, LIMITED COMMON ELEMENTS
AND/OR COMMON ELEMENTS ON CONVERTIBLE REAL ESTATE

16.1. Reservation. The Declarant hereby designates as Convertible Real Estate all of the Property described in Schedule A upon which Units have not yet been created. Declarant reserves the Development Right and option until the seventh (7th) anniversary date of the recording of this Declaration to create from time to time additional Units, Common Elements, Limited Common Elements, or any two or more of the foregoing, on any or all portions of the Convertible Real Estate in compliance with Section 1602-110 of the Act and this Declaration without the consent of any Unit Owner or Mortgagee. Additional Units, Common Elements and Limited Common Elements created on the Convertible Real Estate shall be deemed included in the Condominium and the Allocated Interests shall be automatically assigned to the newly-created Units immediately upon the recording of the amendments to this Declaration, the Plats and Plans as required by Sections 1602-110(a) and 1602-109(f) of the Act. The Declarant may create on the Convertible Real Estate improvements containing Recreational Facilities and related amenities. The Development Right to create additional Units, Common Elements, Limited Common Elements, or any two or more of the same, within the Convertible Real Estate may be terminated prior to such anniversary date only upon the recording by the Declarant of an appropriate amendment to this Declaration. The Declarant reserves the right to create Units, Common Elements and Limited Common Elements and Divisible Units on any or all portions of the Convertible Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other Development Right reserved by the Declarant be exercised at any time. The Declarant reserves the rights (a) to designate Common Elements on the Convertible Real Estate which may be subsequently allocated as Assignable Limited Areas and (b) to create Divisible Units on any or all portions of the Convertible Real Estate.

16.2. Assurances. The Declarant makes no assurances as to the boundaries of the portions of the Convertible Real Estate on which the Declarant will create additional Units, Common Elements or Limited Common Elements, the order in which the Declarant will create additional Units, Common Elements, Limited Common Elements, or any two or more of the foregoing, on those portions of the Convertible Real Estate, and whether if Declarant will create Units, Common Elements, Limited Common Elements, or any two or more of the foregoing on any portion of the Convertible Real Estate, the Declarant will create Units, Common Elements, Limited Common Elements or any two or more of the foregoing on any or all other portions of the Convertible Real Estate. The Declarant makes no assurances as to whether it will create any Units, Common Elements, Limited Common Elements, or any two or more of the foregoing, on any portion or portions of the Convertible Real Estate if the Declarant exercises any other Development Right or Rights reserved

in this Declaration. Declarant makes no assurances as to what Buildings and improvements may be constructed on the Convertible Real Estate but: the Buildings and improvements on the Convertible Real Estate will be reasonably compatible with existing Buildings and improvements in the Condominium in terms of general architectural style, quality of construction, and principal materials, provided that Declarant may substitute construction materials of equal or better quality, and that the Declarant may change the combination, size, height, type and arrangement of Building and Unit types. The Declarant makes no assurances as to the location of any Building or other improvements that may be made on the Convertible Real Estate but such Buildings and improvements will be located approximately as shown on the Plats, provided that Declarant may change the location of Buildings if marketing factors or site or construction features so indicate to Declarant. All restrictions in or created by authority of this Declaration affecting the use, occupancy and alienation of Units will apply to any Units created in the Convertible Real Estate, except that differentiations may be made by the Declarant as to such Units to reflect and account for considerations that are particular to such Units and the Buildings in which they are located.

16.3 Alteration of Units by Declarant. To the fullest extent permitted by law and applicable zoning, land use and environmental ordinances, regulations and statues, but subject to limitations provided in Paragraph 16.2, the Declarant reserves the right without the vote or consent of the Executive Board, any Unit Owner or any Mortgagee until all the Units have been conveyed to Purchasers, to change the size, number, architectural style, principal materials, height, elevation, arrangement and location of Units, Buildings, and other improvements. Any single such change or all such changes in the aggregate shall not be substantial.

16.4 Convertible Real Estate Subject to Development Rights. To the extent that the Declarant (a) has not created Units on the Convertible Real Estate, or (b) until such Development Rights have expired, the Declarant shall be responsible for the maintenance, repair, and restoration of, and payment of real estate taxes upon, each phase, or portion of the Convertible Real Estate upon which Units have not been created. To the extent that it is not practical or possible to segregate the responsibilities of the Association and the responsibilities of the Declarant for payment of costs of maintenance, repair and restoration of, and the payment of real estate taxes upon, each phase or portion of the Convertible Real Estate upon which Units have not been created, any item of maintenance, repair, or restoration paid by the Association upon the Convertible Real Estate, and any item of real estate taxes paid by the Unit Owners upon the Convertible Real Estate, shall be partially reimbursed by the Declarant by paying the amount of each of such sums to the Association on the basis of (a) the aggregate area of the phases or portions of the Convertible Real Estate upon which Units have not been created relative to (b) the aggregate area of (1) the Units and (2) the phases or portions of the Convertible Real

Estate and the remainder of the Property upon which Units have been created or in which the Declarant no longer retains said Development Rights, and (c) any item of maintenance, repair, restoration or payment of real estate taxes paid by the Declarant shall be partially reimbursed by the Association (as a Common Expense) on the opposite basis, with the basis being calculated in every case as of the date the cost or expense was incurred.

ARTICLE XVII
CONVERSION OF DIVISIBLE UNITS INTO UNITS, LIMITED COMMON
ELEMENTS OR COMMON ELEMENTS

17.1 Reservation and Assurances. Declarant reserves the Development Right and option until the seventh (7th) anniversary date of the recording of this Declaration from time to time to designate Units in the Convertible Real Estate as Divisible Units and to subdivide and to convert into Common Elements, to create one or more Units, Limited Common Elements, Common Elements or a combination of Units, Common Elements and Limited Common Element within, any or all portions of the Divisible Units, and to convert entirely into Common Elements the Divisible Units, all in compliance with Sections 1602-110 and 1601-103(11) of the Act and this Declaration without the consent of any Unit Owner or Mortgagee. This Development Right may be terminated prior to such anniversary date only upon the recording by the Declarant of an appropriate amendment to this Declaration and shall terminate with respect to each portion of a Divisible Unit upon the conveyance of that portion to a Purchaser. The Declarant may exercise this Development Right at any time, at different times, in any order, without limitation and without any requirement that any other Development Right reserved by the Declarant be exercised at any time. The Declarant makes no assurances as to the boundaries of the portions of the Divisible Units in which it may exercise this Development Right, the order in which the Declarant will exercise this Development Right and whether if Declarant will so exercise this Development Right on any portion of the Divisible Units, it will exercise this Development Right on any or all other portions of the Divisible Units.

ARTICLE XVIII
APPLICABILITY; COMPLIANCE AND DEFAULT;
CONTROL OF CONDOMINIUM; EMINENT DOMAIN

18.1. Applicability. This Declaration shall be applicable to the Property. All present and future Owners and tenants, their guests, licensees, servants, agents, employees and any other person or persons that shall be permitted to use a Unit or the Common Elements shall be subject to the Condominium Documents including this Declaration, the Bylaws and such rules and regulations as may be issued by the Executive Board from time to time to govern the conduct of its members and the use and occupancy of the Property.

Ownership, rental or occupancy of any of the Units in the Condominium (other than possession by a Mortgagee prior to either of the completion of foreclosure or the acceptance of a deed to the Unit subject to the Mortgage held by such Mortgagee) or the acceptance of a deed or conveyance (other than as security) or the entering into of a lease or occupancy of any Unit shall signify that the provisions of the Condominium Documents, this Declaration and the Bylaws, the rules and regulations of the Condominium and the decisions of the Executive Board are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to 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 or lease thereof.

18.2. Compliance.

18.2.1. Each Unit Owner shall be governed by and shall comply strictly with the terms, covenants, conditions and restrictions of this Declaration, Bylaws and the rules and regulations adopted pursuant thereto, and the same as they may be amended from time to time.

18.2.2. The Executive Board and committees appointed by the Executive Board in accordance with the Bylaws shall have the power to adopt, amend and enforce compliance with said reasonable rules and regulations relative to the operation, use and occupancy of the Units and the Common Elements consistent with the provisions of this Declaration and the Act, including, but not limited to the appointment of such committees and the enactment and enforcement of such enforcement procedures and penalties for violations as the Executive Board shall deem appropriate.

18.2.3. Any such rules and regulations shall be adopted or amended from time to time by means of appropriate resolutions duly approved by the Executive Board in accordance with this Declaration and the Bylaws. The Executive Board shall have the right to establish various rules and procedures governing the operation and administration of the appeal and hearing process and the enforcement of the Condominium Documents and rules and regulations. A copy of all such policy guidelines, rules, procedures and regulations and copies of any amendments thereto shall be delivered or mailed to each Owner of a Unit promptly after the adoption thereof and shall become binding upon all Owners, their successors in title and assigns, and occupants.

18.2.4. The Executive Board and a committee appointed by the Executive Board may levy reasonable fines against Unit Owners for violations of the rules and regulations, the Condominium Documents or the Act. Each day a violation continues, after notice is given to the

Unit Owner, is a separate violation. If a Unit Owner requests in writing a hearing before the fine is imposed, the imposition of the fine shall be suspended until the hearing is held. Fines are special assessments and shall be collectible as such.

18.3. Appeal and Hearing Procedure; Actions by Owners. No Unit Owner shall have the right to object, challenge, commence any suit at law or in equity or take any other action under any act, power or authority now in force or hereafter to be enacted except after following such procedures as are established in this Paragraph and as may be established by the Executive Board by rule or regulation consistent with the provisions of this Paragraph. The Executive Board shall hear appeals from Unit Owners from (a) decisions of a committee appointed by the Executive Board or the Executive Board itself on applications by the Owner and determinations by said committee or the Executive Board; (b) the determinations by the Executive Board or said committee on alleged violations of the Condominium Documents (other than violations with respect to assessment obligations); and (c) the enactment of rules and regulations of the Association. The Executive Board shall hold a hearing on any such appeal within thirty (30) days after the receipt by the Executive Board of a formal notice of appeal from a Unit Owner. A decision shall be issued in writing by the Executive Board within ten (10) days after the conclusion of the hearing. In hearings before the Executive Board all parties shall be entitled to be represented by counsel. Unless the internal remedies provided by this Paragraph and such rules and regulations as may be promulgated by the Executive Board shall be expressly waived by the Association, or the Association fails or refuses to act after being requested in writing to do so, no action at law or in equity shall be commenced by any Unit Owner until such internal remedy is pursued to exhaustion. Any action by a Unit Owner against any other Unit Owner or resident or the Association arising out of any term, covenant or condition contained in the Condominium Documents or any rule or regulation made pursuant thereto shall be subject to the same procedures.

18.4. Noncompliance.

18.4.1. Suits. The failure of a Unit Owner to comply with the terms of the Declaration, Bylaws and the rules and regulations adopted pursuant thereto, as the same may be amended from time to time, shall entitle the Association, Executive Board and said committee appointed by the Board to the following remedies provided in the Condominium Documents and the Act, and also to the following relief, none of which remedies shall be exclusive of any other remedies, to (a) sue for the recovery of damages or (b) sue for injunctive relief or (c) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein and create a danger to life, health or the Common Elements contrary to the intent and meaning of the provisions hereof, and the Executive Board shall

not thereby be deemed guilty in any manner of trespass, or (d) any two or more of the foregoing.

18.4.2. Costs and Attorney's Fees. In any proceeding arising because of an alleged failure of a Unit Owner to comply with the terms of the Condominium Documents and rules and regulations adopted pursuant thereto, as the same may be amended from time to time, the Executive Board or said committee, if the prevailing party, shall be entitled to recover the costs of the proceeding and reasonable attorney's fees.

18.5. Additions, Alterations or Improvements by the Executive Board. Except during the Declarant Control Period, whenever in the judgment of the Executive Board the Common Elements shall require additions, alterations or improvements costing in excess of fifteen percent (15%) of the total annual assessment for Common Expenses for that fiscal year during any period of twelve consecutive months, the making of such additions, alterations or improvements requires a vote of a majority of Unit Owners, and the Executive Board shall assess all Unit Owners benefited for the cost thereof as a Common Expense (or Limited Common Expense). Any additions, alterations or improvements costing less than fifteen percent of the total annual assessment for Common Expenses for that fiscal year during any period of twelve consecutive months may be made by the Executive Board without approval of the Unit Owners and the cost thereof shall constitute a Common Expense or Limited Common Expense, depending on the nature of the additions, alterations or improvements. Notwithstanding the foregoing, if, in the opinion of not less than sixty percent (60%) percent of the members of the Executive Board, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owners requesting the same, such requesting Unit Owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the members of the Executive Board.

18.6. Additions, Alterations or Improvements by the Unit Owners. Subject to the terms of Paragraph 3.7 with regards to nonstructural improvements and alterations to the interior of a Unit, no Unit Owner shall make any structural addition, or structural alteration or improvement in or to his Unit without the prior written consent of the Executive Board or the Covenants Committee, as appropriate. No Unit Owner shall paint or alter the exterior of his Unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any Building, nor erect any fences, signs, canopies, clotheslines, or other structures, nor plant or remove trees, shrubs or other vegetation, nor alter the grading or landscaping, nor do any other thing which affects the appearance from the exterior of the Buildings or grounds, including landscaped Common Elements without the prior written consent of the Executive Board or a committee appointed by the Executive Board. The committee appointed by the Executive Board or the Executive Board, as appropriate, shall be obligated to answer any written request by a Unit Owner for approval of a

proposed structural addition, alteration or improvement in or to such Unit Owner's Unit within forty-five (45) days after receipt of such written request, and failure to do so within the stipulated time shall constitute a consent by the Board or said committee to the proposed structural addition, alteration or improvement. The answer to such written request shall be in writing and shall state the reason for the denial or approval of the request. If any application to any governmental authority for a permit to make such structural addition, alteration or improvement in or to any Unit requires execution by the Association, and provided consent has been give by the Executive Board, then the application shall be executed on behalf of the Association only by an authorized officer, without, however, incurring any liability on the part of the Board, the Association or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Eligible Mortgage Holders of the Mortgage of such affected Units, the Executive Board and any Unit Owner affected, any Unit may be subdivided or may be altered so as to relocate the boundaries between such Unit and any adjoining Units. The Secretary shall record any necessary amendment to this Declaration to effect such action as provided in Paragraph 3.5 and Sections 1602-113 or 1602-112 of the Act. The provisions of this Paragraph shall not apply to Units Owned by Declarant and to additions, alterations, improvements, deletions and/or changes to the Common Elements made by Declarant until the later to occur of one (1) year after all Units have been conveyed to Purchasers, or the expiration of any applicable periods for warranty-related work.

18.7. No Waiver. The failure of the Executive Board, or any committee appointed by the Executive Board, to enforce any covenant, restriction or other provision of the Act, the Condominium Documents or the rules and regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

18.8. Eminent Domain. If all or part of the Common Elements shall be taken or condemned by any authority having the power of eminent domain, the Association shall notify the Owners and Eligible Mortgage Holders of the Units affected and shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority, and the award shall be paid to the Association for the use and benefit of the Unit Owners and their Mortgagees as their interests may appear. The Association shall divide any portion of the award not used for any restoration or repair among the Unit Owners and their Mortgagees, as their interests may appear, in proportion to their Allocated Interests in the Common Elements prior to such taking or condemnation, but the portion of the award attributable to the acquisition of any Limited Common Element shall be equally divided among the Owners of the Units to which such Limited Common Element was allocated at the time of such taking or condemnation and their Mortgagees, as their interests may appear. Each Unit Owner appoints the Association as attorney-in-fact for the purposes

described in this paragraph. Notwithstanding anything to the contrary in this Paragraph 18.8, lien holders on any Unit, Common Element or Limited Common Element, shall have a lien on any such awards in order of priority of their respective liens.

ARTICLE XIX
LIMITATION OF LIABILITY

19.1. Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers and employees:

19.1.1. Shall not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;

19.1.2. Shall not be liable to the Unit Owners as a result of the performance of the Executive Board members' duties for any mistake of judgment, negligence or otherwise, except for the Executive Board members' own willful misconduct or gross negligence;

19.1.3. Shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;

19.1.4. Shall not be liable to a Unit Owner, or such Unit Owner's tenants, employees, agents, customers or guests, for loss or damage caused by theft of or damage to personal property left by such Unit Owner or his tenants, employees, agents, customers or guests in a Unit, or in or on the Common Elements or Limited Common Elements, except for the Executive Board members' own willful misconduct or gross negligence;

19.1.5. Shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or gross negligence in the performance of their duties; and

19.1.6. Shall have no personal liability arising out of the use, misuse or condition of the Buildings, or which might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board members' own willful misconduct or gross negligence.

19.2. Indemnification. Each member of the Executive Board, in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his duties; provided that, indemnification hereunder with respect to any criminal action or proceeding is permitted only if such Executive Board member and/or officer had no reasonable cause to believe his conduct was unlawful. The indemnification by the Unit Owners set forth in this Paragraph shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. 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.

19.3. Defense of Claims. Complaints brought against the Association, the Executive Board or the officers, employees or agents thereof 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 thereof to the Unit Owners and the Eligible Mortgage Holders and the Mortgagees of Units, and such complaints shall be defended by the Association. The Unit Owners shall have no right to participate in such defense other than through the Association.

ARTICLE XX GENERAL PROVISIONS

20.1. No Obligation to Complete. Nothing contained in this Declaration or the Plats and Plans do, or shall be deemed to, impose upon the Declarant, or any successor Declarant, any liability or obligation to build, construct or provide any Buildings, amenities or other improvements to the Property except to the extent required by the Act.

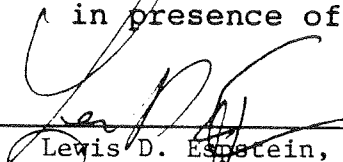
20.2. Captions. The headings in this Declaration are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. Any tables of contents or indices are attached to this Declaration for purposes of reference and convenience only and shall neither limit nor otherwise affect the meaning hereof nor be deemed as part of this Declaration. References in this Declaration to Articles, Paragraphs, subparagraphs and Schedules without references to the document in which they are contained are references to this Declaration. Schedules are attached to and incorporated by reference into this Declaration and are an integral part of this Declaration. Any Exhibits are attached to this Declaration for purposes of identification only and shall not for any purposes or reasons be deemed as part of this Declaration.

20.3. Gender, Number, Etc. The use of the singular number in this Declaration 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.

20.4. Severability. The invalidity of any Article, paragraph, phrase, clause or other provisions of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration, and in such event, all of the other Articles, paragraphs, phrases, clauses and other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

IN WITNESS WHEREOF, MAINE DEVELOPMENT GROUP, as Declarant, has caused this Declaration to be executed and ensealed in its corporate name by its President hereunto duly authorized as of the date and year first above written.

Signed, Sealed and Delivered
in presence of



Lewis D. Epstein, Esq.

MAINE DEVELOPMENT GROUP

By:



Roger R. Bilodeau, Vice President

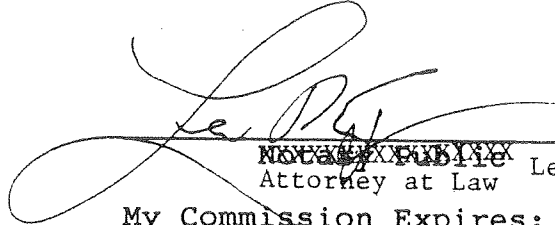
"Declarant"

STATE OF MAINE
County of Cumberland

June 14 , 1988

Personally appeared the above-named Roger Bilodeau of
MAINE DEVELOPMENT GROUP and acknowledged the foregoing Declaration
to be his free act and deed in said capacity and the free act and
deed of said corporation.

Before me,


~~Notary Public~~ Lewis D. Epstein
Attorney at Law
My Commission Expires: _____

Print or type name of
Notary Public