

ARTICLE VI

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Condominium shall consist of the twelve (12) month period commencing on the date determined by the Board of Directors, which may thereafter be changed by the Board of Directors of the Unit Owners Association of the Condominium.

(b) Preparation and Approval of Budget. For each fiscal year, at least thirty (30) days before the commencement of the next fiscal year, the Board of Directors shall adopt a budget for the Condominium (the "Budget"). The Budget shall contain an estimate of the total amount which it considers necessary to pay the cost of utility services, maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses under The Condominium Act, these By-Laws or a resolution of the Association and which will be required during the ensuing fiscal year for the proper administration, operation, maintenance and repair of the Condominium and the rendering to the Unit Owners of all related services. The Budget may also include:

(i) The cost of maintenance or repair of any Unit if such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common Elements or to preserve the appearance of value of the Condominium or is otherwise in the interest of the general welfare of all Unit Owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and reasonable written notice to the Unit Owner of the Unit where the proposed maintenance or repair is to be performed and provided further that the cost thereof shall be assessed against the Unit where such maintenance or repair is performed. A statement for the amount of the

assessment shall be rendered promptly to the Unit Owner of the Unit; at which time the assessment shall become due and payable and shall constitute a continuing lien and obligation of the Unit Owner as provided in Article X of these By-Laws. The cost of the maintenance or repair of those parts of the Units to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement shall not be a cost controlled by the terms of this subsection (i).

(ii) Any amount necessary to discharge any lien or encumbrance levied against the Condominium, or any portion thereof, which may, in the judgment of the Board of Directors, constitute a lien against the Common Elements.

(iii) Such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Condominium, a general operating reserve, or reserves for contingencies and replacements.

(c) The Budget may also include a special assessment for Common Expenses benefitting fewer than all of the Units or caused by the conduct of fewer than all those entitled to occupy the same or by their licensees or invitees pursuant to Section 55-79.83.B of The Condominium Act, which may be specially assessed against the Unit or Units involved, in accordance with such reasonable provisions as may be made by the Board of Directors.

(d) Transmittal of Budget. The Board of Directors shall send to each Unit Owner a copy of the Budget, in a reasonably itemized form and which sets forth the amount of the Common Expenses payable by each Unit Owner, at least seven (7) days prior to the beginning of the fiscal year to which the Budget applies. The Budget shall constitute the basis for determining each Unit Owner's annual contribution for the Common Expenses of the Condominium.

Section 2. Assessments and Payment of Common Expenses.

(a) Except for those Common Expenses which may be specially assessed against a Unit or Units pursuant to the provisions of Subsection 1(C) of this Article VI and except for those Common Expenses specially assessed pursuant to Section 55-79.83(a) of The Condominium Act, the total amount of the estimated

funds required for the operation of the Condominium set forth in the Budget adopted by the Board of Directors shall be assessed against each Unit in accordance with its Common Element Interest. Each assessment shall be a lien against the respective Unit as provided in Section 55-79.84 of The Condominium Act. On or before the first day of each fiscal year and thereafter on or before the first day of each succeeding eleven (11) months of such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth (1/12) of its assessment for such fiscal year. Any amount accumulated in excess of the amount required for actual expenses and reserves may, if the Board of Directors deems it advisable, be credited according to each Unit Owner's Common Element Interest to the installments due in the succeeding months of that fiscal year.

(b) Repair and Replacement Reserve. The Board of Directors shall obtain on a regular basis from Unit Owners contributions to capital (the "Contributions"), which will be used to establish a replacement and repair reserve (the "Replacement Reserve"). Contributions shall be paid monthly and shall be in an amount designated from time to time by the Board of Directors and shall be conclusively deemed a Common Expense. All Contributions shall be deposited in an account with a lending institution, the accounts of which are insured by an agency of the United States of America, or, at the discretion of the Board of Directors, be invested in obligations of, or instruments which are fully guaranteed as to principal by, the United States of America. Contributions, at the discretion of the Board of Directors, may be invested in money market funds which, although not guaranteed by the United States of America, invest solely in the United States securities (or in state bonds which are backed in principal amount by the state). The Replacement Reserve may be expended only for the replacement and repair of the Common Elements, the replacement and repair of those parts of Units as to which the Board of Directors has all powers and responsibility with regard to maintenance, repair, renovation, restoration and replacement, and the replacement and repair of equipment of the Condominium as designated by the Board of Directors. The amounts allocated to the Replacement Reserve may be reduced by appropriate resolution of the Board of Directors, upon the

accumulation in the Replacement Reserve of a sum equal to the full replacement value of the items for which the Replacement Reserve is established. Full replacement value shall be annually determined by the Board of Directors for casualty insurance purposes. The proportional interest of any Unit Owner in any Replacement Reserve shall be considered an appurtenance of his or her Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it appertains and shall be deemed to be transferred with such Unit.

(c) Special Assessments. If extraordinary expenditures not originally included in the annual Budget become necessary during the year, the Board of Directors may at any time levy a special assessment ("Special Assessment"), which shall be assessed against the Units in proportion to the respective Common Element Interest of the Units. The Special Assessment may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any Special Assessment on all Unit Owners by a statement in writing giving the amount and reason therefor. Unless otherwise specified in the notice, the Special Assessment shall become effective with the next monthly payment which is due after the delivery or mailing of the notice of Special Assessment. All Unit Owners shall be obligated to pay the amount of the Special Assessment in the manner set forth in the notice.

Notwithstanding anything to the contrary herein contained, any Special Assessment in excess of fifteen percent (15%) of the total annual Budget of the Condominium in any twelve (12) month period shall be effective only with the approval of a majority of the Unit Owners.

(d) Initial Assessment. When the initial Board of Directors, elected or designated pursuant to these By-Laws, takes office, it shall determine the Budget for the period commencing thirty (30) days after its election or designation and ending on the last day of the fiscal year in which its election or designation occurs. Assessments shall be levied against the Unit Owners during such period as provided in subsection (a) of this Section. The Board of Directors will levy an "Initial Assessment" against the initial purchaser of a Unit at the time he or she settles on his

or her purchase contract. The Initial Assessment, in an amount equal to two (2) months of condominium assessments, shall be utilized for commencing the business of the Association and providing the necessary working funds for it. In addition to the foregoing Initial Assessment, the Board of Directors will levy against the initial purchaser at the time he or she settles on his or her purchase contract a partial monthly assessment payment, prorated from the date of settlement to the end of the month in which the settlement occurs.

(e) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual Budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and, in the absence of any annual Budget or adjusted Budget, each Unit Owner shall continue to pay the monthly charge at the then-existing monthly rate established for the previous fiscal year until the new annual or adjusted Budget is mailed or delivered.

(f) Accounts. All monies collected by the Board of Directors with respect to assessments against the Unit Owners may be commingled into a single account of the Condominium, but all monies shall be identified and accounted for in accordance with the respective Common Element Interest of each Unit Owner.

Section 3. Payment of Common Expenses. All Unit Owners shall be obligated to pay their respective shares of the Common Expenses assessed by the Board of Directors pursuant to the provisions of this Article VI, and such obligations not received by the 15th day of each month shall be in default. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his or her Unit subsequent to a sale, transfer or other conveyance of the Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter, including, but not limited to, his or her proportional share of the Common Expenses up to the time of conveyance, without prejudice to the purchaser's right to receive from the selling Unit Owner the amounts paid by the purchaser therefor. Any Unit Owner may be entitled to a statement from

the Board of Directors or Managing Agent setting forth the amount of the unpaid assessments against the Unit Owner pursuant to Section 55-79.84(H) of The Condominium Act. The statement must be furnished or made available within ten (10) days of the request. Any Mortgagee who comes into possession of a Unit by virtue of foreclosure or by deed of assignment in lieu of foreclosure or any purchaser at a foreclosure sale (a "Foreclosure Purchaser") shall take the Unit free of any claims for unpaid Common Expenses which accrue prior to the time such Mortgagee or Foreclosure Purchaser comes into possession of the Unit; provided, however, the Mortgagee or Foreclosure Purchaser shall be responsible for its *pro rata* share of the Unit's unpaid Common Expenses which are reallocated among all Units, *pro rata*, after the Mortgagee or Foreclosure Purchaser comes into possession of the Unit.

Section 4. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the date due for payment thereof.

Section 5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Board of Directors. Except as provided in Section 5(b)(1) below, the Board of Directors shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of a majority of the Board of Directors, such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements, including, without limitation, the fence identified in the Proffers, and Limited Common Elements, whether located inside or outside of the Units. The cost of such maintenance, repair and replacement shall be charged to all Unit Owners as a Common Expense. Provided, however, each Unit Owner shall be responsible for the cost of maintenance, repair and replacement which, in the opinion of a majority of the Board of Directors, is necessitated by the negligence, misuse or neglect of the Unit Owner or by the Unit Owner's failure to fulfill its duties under subsection (b) hereof.

(b) By the Unit Owner.

(1) Each Unit Owner shall keep his or her Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall perform all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his or her Unit. In addition, each Unit Owner shall be responsible for all damage to any other Unit(s) or to the Common Elements resulting from his or her failure to make any of the repairs required by this Section. Each Unit Owner shall perform his or her responsibilities in such manner as to not unreasonably disturb or interfere with the other Unit Owners and shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Board of Directors is responsible.

(2) The Unit Owner of any Unit to which a Limited Common Element is appurtenant (if any) shall perform the normal maintenance for such Limited Common Element including, without limitation, keeping it in a clean, safe and sanitary condition and shall also make all repairs thereto caused by his or her negligence or misuse or neglect. All structural repairs or replacements of Limited Common Elements not due to negligence or misuse by the Unit Owner shall be made by the Board of Directors as a Common Expense.

(3) The Unit Owner of any Unit to which a front stoop, porch or stairway connects, shall keep such stoop, porch or stairway in a clean, safe and sanitary condition including, without limitation, the removal of any snow or debris. Neglect of this responsibility by the Unit Owner may result in a charge by the Association pursuant to the terms of these By-Laws. All structural repairs or replacements of stoops, porches or stairways not due to the neglect of the Unit Owner shall be made by the Board of Directors as a Common Expense.

(4) Any Unit Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) Chart of Maintenance Responsibilities.

Notwithstanding the general provisions for maintenance set forth in subsections (a) and (b) above, specific maintenance responsibilities and the costs attributable thereto shall be determined pursuant to the Chart of Maintenance Responsibilities attached as Attachment "A" hereto and made part hereof by reference.

(d) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar in design to the original construction and installation (unless such design was faulty or defective) and shall be of first-class quality. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 6. Additions, Alterations or Improvements by Board of Directors.

Except for the initial Board of Directors established pursuant to Article III, Section 1, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing a sum in excess of fifteen percent (15%) of the total annual Budget for any consecutive twelve (12) month period, the making of such additions, alterations or improvements must be approved by at least the number of Units representing a majority of the Common Element Interests.

Subject to the provisions of Article VI, Section 2(d) of these By-Laws, any additions, alterations or improvements to the Condominium costing a sum equal to or less than fifteen percent (15%) of the total annual Budget for any consecutive twelve month period may be made by the Board of Directors without the approval of the Unit Owners, and the cost thereof shall constitute a Common Expense.

Notwithstanding the foregoing, if in the opinion of a majority of the members of the Board of Directors, such additions, alterations or improvements to the Condominium are exclusively or substantially exclusively for the benefit of the Unit Owner(s) requesting the same, the requesting Unit Owner(s) shall be assessed therefor in such proportions as the requesting Unit Owner(s) jointly approve or, if they are unable to agree, in such proportions as determined by the Board of Directors.

Section 7. Additions, Alterations, or Improvements by the Unit Owners. No

Unit Owner shall make or cause to be made any structural addition, alteration or improvement in or to a Unit without the prior written consent of the Board of Directors. No Unit Owner shall paint or cause to be painted or altered all or any portion of the exterior of any Unit, including, without limitation the doors and windows without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement to the Unit within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors, without, however, incurring any liability on the part of the Board of Directors or any of them individually 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 the Mortgagees of the respective affected Units, the Board of Directors and any affected Unit Owner, a Unit may be sub-divided or altered so as to relocate the boundaries between such Unit and any adjoining Units. The Secretary, at the cost of the Unit Owner, shall record any necessary amendment to the Declaration to effect such action as provided in Sections 55-79.69 or 55-79.70 of The Condominium Act. The provisions of this Section 7 shall not apply to Units owned by the Declarant until deeds of conveyance for such Units shall have been recorded.

Section 8. Easements in Favor of Association.

(a) Easements are reserved to the Association through each of the Units for the benefit of any adjoining Unit as may be required for structural repair and maintenance of electrical lines and conduits, gas lines, heating, air conditioning and

ventilating ducts, water lines, drain pipes and other appurtenances to such utility system in order to adequately serve each of the Units.

(b) There is reserved to the Association or its delegate, the right of entry to any Unit and an easement for access therein, as provided by Section 55-79.79(a) of The Condominium Act, when and as necessary, in connection with any repairs, maintenance, landscaping or construction for which the Association is responsible or for which any Unit Owner is responsible hereunder. Any damage caused by such entry shall be repaired at the expense of the Association; provided, however, that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

(c) The Board of Directors may charge each Unit Owner for the expense of maintenance, repair or replacement to the Common Elements and to any part of a Unit which the Association is responsible for maintaining and repairing, that is rendered necessary by the Unit Owner's act or omission or the act, or omission of any member of his or her family, household, employee, agent, licensee, guest or lessee. The payment and collection of any charge made pursuant to this subsection 8(c) shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws and The Condominium Act.

Section 9. Tenant Eviction. If the tenant of any Unit shall breach his or her lease by failing to comply with any of the terms of the Declaration, these By-Laws and the Rules and Regulations, the Board of Directors may require the Unit Owner to secure the eviction of the tenant.

Section 10. Annual Audit. An audit of the accounts of the Association shall be made annually by an independent public accountant retained by the Board of Directors and who shall not be a resident of the Condominium or a Unit Owner. The cost of the audit shall be a Common Expense.