

BYLAWS OF THE DUNSTAN CROSSING HOMEOWNERS ASSOCIATION

ARTICLE I
CREATION AND APPLICATION

Section 1.01 Creation. This corporation is organized under the Maine Nonprofit Corporation Act in connection the single family lots in the Dunstan Crossing Subdivision (the "Neighborhood Property") located in the Town of Scarborough, Maine now or hereafter submitted to the Dunstan Crossing Homeowners Declaration (the "Declaration") as recorded in the Cumberland County Registry of Deeds. The name of the corporation is the Dunstan Crossing Homeowners Association (the "Association").

The Neighborhood Property is also subject to the Dunstan Crossing Master Covenants of Covenant, Conditions and Restrictions dated May 17, 2007 as recorded in the Cumberland County Registry of Deeds as it may be amended from time to time (the "Master Covenants") establishing the rights and obligations of the Dunstan Crossing Master Association (the "Master Association").

This Association is a "Neighborhood Association" and the Declaration is a "Neighborhood Declaration" within the meaning of the Master Covenants.

Capitalized terms not otherwise defined in these Bylaws shall have the meanings as specified in the Declaration and in the Master Covenants.

The term "Neighborhood Property" as used herein shall include the Lots together with the buildings and improvements thereon, the Neighborhood Common Areas and all easements, rights and appurtenances belong thereto, and all other property, real, personal or mixed, intended for use in connection therewith now or hereafter submitted to or governed by the Declaration.

Section 1.02 Application. All present and future Lot Owners, mortgagees, lessees, licensees and occupants of the Lots, their employees, agents and customers, and any other persons who may enter upon the Neighborhood Property in any manner are subject to these Bylaws and to the Rules and Regulations, all as adopted, amended or altered from time to time by the Board of Directors of the Association (the "Board of Directors").

Section 1.03 Office. The principal office of the Association shall be located on or about the Neighborhood Property.

Section 1.04 Interpretation. In the event of any conflict or discrepancy between this Declaration or the Master Covenants, the Bylaws, the Rules and Regulations, and the Plat and Plans, the provisions of the Declaration and the Master Covenants shall govern.

ARTICLE II
PURPOSES AND POWERS OF THE ASSOCIATION

Section 2.1 Purposes. The purposes of the Association are to establish an association of Lot owners as a mutual benefit corporation pursuant to the Maine Non-Profit Corporation Act for the government, operation and maintenance of the Neighborhood Property under the Declaration; and

Section 2.2 Powers. In addition to all the powers, authority and responsibilities granted to or imposed upon this Association by the laws of the State of Maine, specifically including those set forth or referred to in the Maine Non-Profit Corporation Act, the Covenants and in the Master Covenants, all of

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which the Association shall have to the extent permitted by law and by the Declaration, the Association shall have the specific powers to:

- A. Adopt and amend Bylaws and Rules and Regulations;
- B. Adopt and amend budgets for revenues, expenditures and reserves, and to collect assessments for Neighborhood Common Expenses and Service Charges from Lot owners;
- C. Election of Association Officers and the designated Homeowner Directors in the Master Association
- D. Hire and terminate managers and other employees, agents, and independent contractors;
- E. Institute, defend, or intervene in litigation, arbitration, or administrative proceedings in its own name on behalf of itself or two (2) or more Lot owners on matters affecting the Neighborhood Property, and the Association shall be deemed to be the attorney-in-fact of each Lot owner for such purposes;
- F. Make contracts and incur liabilities;
- G. Regulate the use, maintenance, repair, replacement and modification of Neighborhood Common Areas;
- H. Cause additional improvements to be made as a part of the Neighborhood Common Areas, subject to the restrictions set forth herein;
- I. Acquire, hold, encumber and convey in its own name any right, title, or interest to real or personal Neighborhood Property;
- J. Grant easements, leases, concessions, and licenses for public utilities servicing or benefiting the Neighborhood Property through under or over the Neighborhood Common Areas;
- K. Impose and receive payments, fees, or charges for the use, rental, or operation of facilities located on the Neighborhood Common Areas;
- L. Impose charges and interest for late payment of Neighborhood Assessments and Service Charges and, after notice and an opportunity to be heard, impose reasonable penalties for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;
- M. Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid Neighborhood Assessments and Service Charges and assessments or resale certificates;
- N. Provide for the indemnification of its officers and Directors and maintain Directors' and officers' liability insurance;
- O. Pledge, assign and grant a security interest covering special assessments made for the purpose of raising funds for repairs, renovations, improvements and associated costs and expenses with respect to the Neighborhood Common Areas, subject to the approval of a majority in interest vote of the Lot Owners;
- P. Exercise any other powers conferred by Declaration or Bylaws;

- Q. Exercise all other powers that may be exercised pursuant to the Maine Nonprofit Corporation Act.

The Board of Directors of the Association shall manage the Neighborhood Common Areas and exercise all such powers on behalf of the Association, subject to the terms of these Bylaws, the Declaration and the Maine Non-Profit Corporation Act.

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

ARTICLE III.
ASSOCIATION OF OWNERS.

Section 3.1 Membership. The Association shall have two (2) classes of Members, Class A and Class B, defined as follows:

- (a) Class A Members. The Class A Members shall consist of the owners of each Lot located in the Property which has been submitted to the Declaration.

Initially there are no Class A votes. Once the Developer Control Period specified in the Declaration expires following the sale of 90% of all the single family lots approved by the Town of Scarborough that may be created under the Declaration (initially up to 125 lots, but which may increase to 280 Lots if potential condominium units become lots), each eligible Lot with Class A Members which is obligated to pay Neighborhood Assessments shall have one vote. As set forth herein, no Lot is obligated to pay Neighborhood Assessments or entitled to vote until commencing on the earlier of when it is first sold to a non-successor Developer or a residence built on a Lot is in fact occupied and used for residential use for 10 or more days, all specifically excluding however Lots owned, occupied or used by Developer for solely for construction purposes or a Lot on which the construction of a residence has not been substantially completed. Lots which have not been improved with a residence or for which certificate of occupancy has not been issued or which have not in fact been occupied for residential purposes are not liable to pay Neighborhood Assessments and shall not have a vote.

Class A Membership is transferable only as provided in the Declaration or these Bylaws. The Class A membership of a Lot owner shall terminate upon the conveyance, transfer or other disposition of his interest in the Lot, whereupon his membership and any interest in the assets of the Association shall automatically transfer to and be vested in the successor in ownership. Membership is otherwise non-transferable. A mortgage of a Lot or the grant of a security interest therein as security for an obligation shall not operate to transfer membership until a foreclosure of the mortgage or security agreement. The Association may but is not required to issue certificates of membership.

- (b) Class B Member(s). The Class B Member(s) shall be the Declarant as defined in the Declaration. The Class B Member(s) shall have ten (10) Class B votes. The rights of the Class B Members shall include the right to approve actions taken under the Declaration and these Bylaws, are specified hereinafter and in the Declaration, and to appoint and remove the Members of the Board of Directors during the Developer Control Period established under the Declaration.

The Developer shall have the right to appoint, remove and replace the Directors and Officers of the Homeowners Association until the first meeting of Members following the conveyance to a non-Developer of ninety percent (90%) of the all the approved Lots that Developer has the right to create within the land described in Exhibits A and B to the Declaration, which presently consist of up to 125 single family Lots based on existing governmental approvals but may include up to a total of 280 Lots. After termination of the Developer Control Period, the Class B Member shall have a right to disapprove actions of the Board of Directors, the Design Review Board and any committee, all until the Class B Membership terminates.

The Class B Member may voluntarily relinquish any or all of the foregoing rights from time to time by an instrument signed by all Class B Members and recorded in the Cumberland County Registry of Deeds referring to these Articles of Incorporation.

Within the Class B Members, decisions shall be made by majority Vote if there is more than one Declarant. If there is more than one Class B Member, then the Class B Votes shall be allocated based on the ratio the number of single family Lots potentially eligible to vote located on portions of the Property owned by such Declarant which may be created in accordance with the Master Subdivision Plan (even if a Lot consists only of an unimproved lot of land) to the total number of such residential dwelling Lots.

The Class B Membership shall terminate upon the earlier of:

- (i) sixty (60) days after the expiration of the Developer Control Period under the Declaration; or
- (ii) as of the specified effective date of when the Developer(s) surrenders its Class B Membership in whole or part as evidenced by an instrument signed by all Developers recorded in the Cumberland County Registry of Deeds specifically referring to these Articles.

The Developer at all times shall be entitled to cast the votes allocated to its Lots in any Neighborhood Association and act on behalf of the Association in the same manner as any other Member, even after the expiration of the Developer Control Period hereunder or under the Association's governing documents

Section 3.2 Annual Meeting. Meetings of the members shall be held annually each successive year on such date as may be established by the Board of Directors, or in the event that day is a legal holiday, then on the first day thereafter which is not a holiday, provided that the Board of Directors shall have the authority to alter the annual meeting date in its discretion from time to time if it determines that another meeting date is more convenient or appropriate. The annual meeting and any special meetings shall be held in the Town of Scarborough as may be designated in the Notice of Meeting.

Section 3.3 Special Meetings. Special meetings of the members may be held at any time upon the call of the Board of Directors, or upon the call of Forty percent (40%) or more in interest of the Lot owners, which call shall state the purpose of the meeting. Upon receipt of such call, the Secretary shall promptly send out notices of the meeting to all members of the Association.

Section 3.4 Notice of Meetings. A written notice of each meeting of the Association, stating whether it is an annual meeting or special meeting, the authority for the call of the meeting, the place and time of the meeting, and the items on the agenda (including the general nature of the proposed declaration or bylaw amendment, any budget charges and any proposal to remove an officer or director)

shall be sent by the President or Secretary or Assistant Secretary, if any, at least ten (10) days, but not more than sixty (60) days, before the date set for the meeting. Such notice shall be given to each member listed with the records of the Association as set forth below and to each Eligible Mortgage Holders if and as required by the Declaration:

- A. By hand delivering it to him, or
- B. By mailing it, postage prepaid, addressed to the member at the address of the Lot or any other address designated in writing by that member with the records of the Association.

The notice of any meeting shall state the time and place of the meeting, and the items on the agenda, including the general nature of any proposed Declaration or Bylaw amendments, any budget changes and any proposal to remove an officer or director. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall not invalidate the meeting.

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

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

- A. Roll call.
- B. Proof of notice of meeting or waiver of notice.
- C. Reading of minutes of preceding meeting.
- D. Reports of Officers.
- E. Report of Board of Directors.
- F. Report of committees.
- G. Election of the Board of Directors.
- H. Unfinished business.
- I. New business.
- J. Adjournment.

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

Section 3.8 Quorum. The presence at the beginning of any meeting of the Association, in person or by proxy of Lot owners whose aggregate voting interest constitutes more than fifty percent (50%) of the total interest therein shall constitute a quorum for the transaction of all business.

Section 3.9 Voting.

- A. Voting rights, if any, of each Lot are set forth in the Declaration. Any person, partnership, limited liability company, corporation, trust, or other legal entity or a combination thereof, owning any Lot (other than an interest held as security for an obligation) duly recorded in his or its name, which ownership shall be determined from the records of said Registry of Deeds, shall be a member of the

Association, and either, in person or by proxy, shall be entitled to vote for each Lot so owned at all meetings of the Association to the extent otherwise provided herein.

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

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

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

E. The Developer may exercise the Class A voting rights pertaining to any Lot to which it retains title. No vote pertaining to a Lot owned by the Association may be cast, and the voting interest of such a Lot shall not be deemed to be outstanding in determining the presence of a quorum or the percentage of approval needed to act.

F. Each Lot shall have the voting rights in the Association as specified in the Declaration. Any specified percentage vote refers to the aggregate percentage of such votes.

G. At any meeting at which a quorum is present, the affirmative vote of a majority of the voting interest of those present within a Class of Member shall determine any question except the election of Directors, unless a greater percentage vote is required by law, by the Declaration or by these Bylaws. In the election of Directors, those receiving the greatest number of votes, though less than a majority, shall be elected. To the extent required by the Act, for the purposes of amending the Declaration or these Bylaws, the percentage in interest within a Class shall be measured against the total voting interest regardless of whether or not such Lot owners are present.

H. Upon reasonable advance notice, Members may attend any meeting of the Association via a telephonic speakerphone at which they may hear and be heard by other members, but members wishing to attend in this manner shall be responsible for the costs of providing speakerphone services. The Association shall provide reasonable cooperation in arranging such services. The President's decision as to such matters shall be binding.

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

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

ARTICLE IV.
BOARD OF DIRECTORS.

Section 4.1 Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors initially composed of three (3) Directors initially appointed by the Developer as the Class B member. Upon the expiration of the Developer Control Period as defined in the Declaration, the Class A members entitled to vote shall elect seven (7) Directors, four for a term of two years and the balance for a term of one year, after which all Directors shall be elected for a term of two year; a majority of such Directors shall be an occupant of a Lot, or the owner or the spouse of an owner of a Lot, or if a Lot owner is a corporation, limited liability company, partnership, trust or estate, then an officer, director, member, manager, partner, trustee, beneficiary, agent or appointed personal representative thereof.

Section 4.2 Election and Term of Office. At the expiration of the initial term of office of each director, his successor shall be elected to serve a term of two (2) years; provided, however, that a director shall hold office until his successor has been elected.

Section 4.3 Powers and Duties. The Board of Directors shall generally act on behalf of the Association, shall have all powers and duties necessary or appropriate for the administration of the affairs of the Association, and shall have all powers referred to in the Declaration, the Bylaws or otherwise provided under the Maine Nonprofit Corporation Act, as either may be amended from time to time, except those matters which by law, by the Declaration or by these Bylaws specifically reserved to the members.

Section 4.4 Other Duties. In addition to other duties imposed by these Bylaws or by duly adopted resolutions of the members of the Association, the Board of Directors shall be responsible for the following:

- A. Election of the officers of the Association;
- B. Management and administration of the Property, the Association's Neighborhood Property and the Neighborhood Common Areas, including the maintenance, repair and replacement thereof;
- C. Determination and collection of assessments for Neighborhood Common Expenses, and Service Charges from the owners and the regulation of its fiscal affairs;
- D. Establishment of reserves for the maintenance, repair and replacement of Neighborhood Common Areas and for contingencies.
- E. Appointment and dismissal of the personnel and agents for the maintenance and operation of the Common Areas, and to fix the terms of their engagement and their compensation and authority; and
- F. Designation of executive and other committees.

Section 4.5 Manager or Management Agent, Employees, Generally. The Board of Directors may employ on behalf of the Association a management agent or manager at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Sections 4.4 and 6.2 of these Bylaws.

Section 4.6 Appointment and Vacancies. Until the expiration of the Developer Control Period, the Developer shall appoint replacement Directors in the event of vacancies in the Board of Directors. Thereafter, a vacancy caused by the expiration of a Director's term, the removal of a Director by a vote of the members, or by the expiration of the Developer Control Period shall be filled by vote of the vote of the remaining Directors. Vacancies in the Board of Directors prior to the expiration of the term of a director shall be filled by vote of the vote of the remaining Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4.7 Removal of Directors. Following the expiration of the Developer Control Period, at any regular meeting or special meeting duly called, any one or more of the Directors may be removed with or without cause by two-thirds (2/3) vote of the members, with or without cause. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting, but the members' decision shall be final.

Section 4.8 Compensation. No compensation shall be paid to Directors for their services as Directors or in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the members before or after the services are undertaken.

Section 4.9 Annual Meeting. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Association and at the same place; no further notice shall be necessary in order legally to constitute such meeting.

Section 4.10 Regular Meetings. Regular meetings of the Board of Directors (other than the annual meeting) may be held at such time and place as shall be determined, from time to time, by the Board. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by delivery to his Lot, or by telephone or email, at least Ten (10) days prior to the day named for such meeting.

Section 4.11 Special Meetings. Special meetings of the Board of Directors may be called by the President on Ten (10) days' notice to each Director, given personally or by delivery to his Lot, or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice upon the written request of Two (2) or more Directors.

Section 4.12 Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 4.13 Board of Directors' Quorum. At all meetings of the Board of Directors, at the presence at the beginning of a meeting of at least three Directors or of the majority of Directors then in office, whichever is less, shall constitute a quorum for the transaction of business. The acts of the majority of the Directors present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, a quorum is not present, the majority of those present may adjourn the meeting

from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4.14 Unanimous Action. Unless otherwise expressly provided by law, any action which may be taken at a meeting of the Directors may be taken without a meeting if all of the Directors sign written consents, setting forth the action taken or to be taken, at any time before or after the intended effective date of such action. Such consents shall be filed with the minutes of Directors' meetings and shall have the same effect as a unanimous vote.

ARTICLE V. OFFICERS.

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

Section 5.2 Election of Officers. The principal officers of the Association shall be elected annually by the Board of Directors at the annual meeting and shall hold office at the pleasure of the Board.

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

Section 5.4 President. The President shall be the chief executive officer of the Association and shall be a Director. He shall preside at all meetings of the Association and of the Board of Directors.

Section 5.5 Treasurer. The Treasurer shall be responsible for keeping financial records and accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall also, in the absence of the President, exercise the powers and perform the duties of the President. He shall be responsible, subject to the direction of the Board of Directors, for the preparation and dissemination to the members of all financial reports, budgets and notices required, and for the preparation and signing, if necessary, of all financial reports or tax returns required to be filed by the Association.

Section 5.6 Secretary. The Secretary shall keep and certify the minutes of all meetings of the Board of Directors or of the Association, shall give all notices as provided by these Bylaws, and shall have other powers and duties as may be incidental to the offices of Secretary, given him by these Bylaws or assigned to him from time to time by the Directors. If the Secretary or any assistant secretary shall not be present at any meeting, the presiding officer shall appoint a secretary pro tempore who shall keep the minutes of such meeting and record them in the books provided for that purpose. The Secretary shall be responsible for the filing of all reports and documents required to be filed by the Association with any governmental agency.

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

Section 5.8 Amendments to Declaration. The Secretary shall prepare amendments to the Declaration and the President and Secretary shall execute the certificate for recording on behalf of the Association.

ARTICLE VI
FISCAL AFFAIRS AND ADMINISTRATION.

Section 6.1 Accounting. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with customary accounting principles and practices. Within ninety (90) days after the close of each fiscal year, the Association shall furnish its Members with a statement of the income and disbursements for such prior fiscal year and a balance sheet as of the close of that year.

Generally, the Association shall keep minutes of the proceedings of its Members, Board of Directors and committees having any of the authority of the Board of Directors and shall keep at its registered office or principal office in this State a record of the names and addresses of its Members entitled to vote.

In accordance with the Maine Nonprofit Corporation Act, all books and records of the Association may be inspected by any officer, Director or Member or by an officer's, Director's or Member's agent or attorney, for any proper purpose at any reasonable time, as long as the officer, Director or Member or the officer's, director's or Member's agent or attorney gives the Association written notice at least 5 business days before the date on which they wish to inspect and copy any books or records. The Association's financial records shall also be available for examination by Unit Owners, their mortgagees and their duly authorized agents and accountants at reasonable times on at least 5 days written notice. The only proper purpose for which a Member may inspect and copy books or records under this section is the purpose of enabling the Member to fulfill duties and responsibilities conferred upon Members by the Association's Articles of Incorporation or these Bylaws of the Association or by law. The Association may require the Officer, Director or Member or the officer's, director's or member's agent or attorney to pay the reasonable cost of the copies made and may impose reasonable restrictions on the use or distribution of the records by such a person.

The Association's financial records shall also be available for examination by mortgagees and their duly authorized agents and accountants at reasonable times on at least 5 business days written notice.

Section 6.2 Budget and Assessments.

A. The Board shall cause a proposed annual budget to be prepared based on its estimate of annual income and expenses. Within thirty (30) days of the adoption of the proposed budget, the Board shall send a summary of such budget to each member. The Board shall call a meeting of the members to review the budget; unless at that meeting the budget is rejected by Sixty-Seven percent (67%) in interest of all voting members, the budget shall be deemed to have been ratified. Unless the budget is rejected, the members shall pay the amounts specified in the proposed budget adopted by the Board.

B. The budget shall include the amount required by the Association to meet its expenses for each fiscal year or such other fiscal period as it deems appropriate, including but not limited to the following items:

- i. Management and administration expenses;
- ii. The cost of operation, repairs, maintenance, replacement, and improvements of the Neighborhood Common Areas and such parts of the Lots which the Association is responsible for the maintenance repair and replacement of;

- iii. The cost of such insurance, bonds, services and utilities as may be furnished by the Association, other than such items for which a service charge is assessed;
- iv. The establishment and maintenance of adequate working capital and reserves including general operating reserves, reserves for contingencies, for losses not covered due to insurance deductibles for which the Association is responsible, and reserves for periodic maintenance, repair and replacement of the Neighborhood Common Areas the Association is obligated to maintain, all to be held in a segregated fund in a Maine financial institution;
- v. Such other expenses of the Association as may be approved by the Board of Directors including operating deficiencies, if any, for prior periods, and
- vi. Such other expenses as may be set forth in the Master Covenants or the Declaration.

(collectively the "Neighborhood Expenses")

C. Until an annual budget is adopted by the Board, the members shall continue to pay that monthly amount of Assessments which had been previously established; any delay or failure to estimate, to deliver or to adopt such budget shall not waive or release such obligation. The Association may send periodic statements to members showing the amount of assessments due, but each member shall pay his Assessments promptly when due regardless of whether such a statement is sent.

D. Each member shall pay his share of Assessments and assessments without setoff or deduction, which shall be an amount equal to the total Association budget, net of other income and Service Charges as defined herein, multiplied by his respective common expense liability. Each member shall become liable to the Association, and a lien shall arise against his Lot for his entire fractional share of the assessments at the commencement of the pertinent fiscal period. Each member may pay his share of the Assessments in monthly installments on or before the first day of each and every month during such period, provided, however, that if any such installment is not paid when due, then if not paid upon Twenty (20) days written notice of default, the entire remaining balance thereof shall immediately become due and payable in full.

E. If any member shall fail or refuse to pay to the Association when due his share of the assessments or any other Service Charges, user fees and penalties, thereafter the amount thereof shall bear interest at the rate of Eighteen percent (18%) per annum or such other rate as may be set by vote of the Board prior to the date on which the payment came due. Such Assessments and Service Charges with such late charges as may be determined by the Board of Directors, interest and all costs of collection, including reasonable attorneys' fees, shall constitute a lien on the Lot of such member. Recording of the Declaration constitutes record notice and perfection of the lien for Assessments, Service Charges, user fees, including penalties, late charges, interest and costs of collection. The Association may record a notice from time to time stating the amount and nature of the lien signed by an officer or director of the Association or by an agent authorized by the Board of Directors but such recorded notice is not necessary to establish or perfect the lien.

F. If such payments are not received within thirty (30) days after they become due, the Board may exercise and enforce any and all rights and remedies provided in the Declaration or these Bylaws or otherwise available at law or in equity for the collection of all unpaid amounts and, if available, all possessory remedies against the delinquent owner's Lot under the Forcible Entry and Detainer Laws of Maine, as amended from time to time. In any action to foreclose the lien for Assessments, assessments, Service Charges, user fees, late charges, penalties, interest, and costs of collection including reasonable attorneys' fees a, the Association may act in the same manner as any mortgagee of real property. The Association shall have the power to bid and acquire such Lot at a foreclosure sale and to lease, mortgage,

convey, or otherwise deal with the Lot. Suit to recover a money judgment for unpaid Assessments, assessments, Service Charges, user fees and penalties due to the Association, with interest and all costs and reasonable attorneys' fees, may be maintained without foreclosing upon or waiving the lien securing the same.

The lien is extinguished unless action to enforce the lien is started within Three (3) years after the full amount of the assessment becomes due.

Section 6.3 Service Charges. Service charges (other than Neighborhood Common Expenses) may be assessed separately to each Lot or group of Lots benefited thereby and shall be paid by the Lot owner within Fifteen (15) days of deposit in the U. S. Mail or hand delivery, and shall constitute a lien on the Lot of the same status as a lien for Assessments set forth in Section 6.2.

Section 6.4 Revised and Special Assessments. If at any time the Board shall determine the amount of the Assessments to be inadequate, whether by reason of a revision in its estimate of expenses or income, the Board may adopt and deliver to the members at least thirty days prior to the date on which it becomes effective, a revised estimated annual budget for the balance of such fiscal year and thereafter monthly Assessments shall be determined and paid on the basis of such revision, subject to the rights of the Lot Owners to reject such amendment by a two thirds (2/3) in interest vote at a meeting of the members called within such 30 day period at the request of 40% in interest request of the Lot Owners.

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

Section 6.5 Fiscal Year. The fiscal year of the Association shall be such as may from time to time be established by the Board of Directors.

Section 6.6 Capital Improvements. The approval of a majority in interest of all the members shall be required to make a capital improvement to the Neighborhood Common Areas in an amount in excess of Thirty-five percent (35%) of the aggregate Assessments against all the members over the prior fiscal year, exclusive of Service Charges and user fees, and in such event the cost thereof shall be assessed to all Lot owners as a Common Charge.

Section 6.7 Use of Lots. All Lots shall be utilized in accordance with the provisions of the Master Covenants, Bylaws, Declaration, and Rules and Regulations.

Section 6.8 Enforcement of Declaration and Bylaws. Every Lot owner shall pay to the Association promptly on demand all costs and expenses, including reasonable attorneys' fees and expenses incurred by or on behalf of the Association, in collecting any delinquent Assessments, assessments, Service Charges, damages or fees due from such Lot, foreclosing its lien for assessments, collecting any penalties imposed hereunder, or enforcing any provisions of the Master Covenants, Declaration, these Bylaws, or the Rules and Regulations against such owner or any occupant of such Lot.

Section 6.9 Rules and Regulations. In order to assist the peaceful and orderly use and enjoyment of the buildings and Neighborhood Common Areas, the Board of Directors may from time to time adopt, modify, and revoke, in whole or in part, such further reasonable rules and regulations governing the Property as it may deem necessary, including, but not limited to, methods and procedures for enforcing compliance with the Declaration and Bylaws. Such Rules and Regulations upon adoption, and every amendment, modification, and revocation thereof, shall be sent promptly to each Lot and shall be binding upon all members of the Association and all persons present on the Property.

Section 6.10 Right of Entry. Upon such prior notice as is possible under the circumstances, the manager and any person authorized by the Board of Directors shall have the right to enter any Lot in case of any emergency originating in or threatening such Lot or adjoining Neighborhood Common Areas whether or not the owner or occupant is present at the time, and upon prior notice to enter any Lot at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the Neighborhood Common Areas thereon or accessible therefrom.

Section 6.11 Title. Every Lot owner shall promptly record in the Registry of Deeds the deed, assignment, or other conveyance to him of his Lot or other evidence of his title thereto and file such evidence of his title with the Association, and the Secretary shall maintain such information in the records of the Association.

Section 6.12 Insurance and Fidelity Bonds.

A. The Association shall maintain insurance as required by the Declaration and Master Covenants and such other insurance as the Board of Directors of the Association may determine is appropriate.

B. The Board of Directors shall require all officers and employees of the Association handling or responsible for corporate funds to furnish adequate fidelity bonds in the amount of the maximum funds that will be in the custody of the Association or any management agent at any time but not less than three (3) months Assessments plus the amount of the Association's reserve account balance. The premiums on such bonds shall be paid by the Association. All such policies shall require at least twenty (20) days notice of cancellation.

C. It shall be the responsibility of each Lot owner to procure adequate insurance covering the improvements on any Structures, appliances, fixtures, betterments or improvements thereto installed by the owner.

ARTICLE VII
SALE, LEASE, RENTAL OR OTHER TRANSFER OF A LOT

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

Section 7.2 Leasing Restrictions.

A. No portion of any Lot (other than the entire Lot) shall be leased for any period and no Lot may be leased for a term of less than six (6) months.

No Lot owner shall rent or lease a Lot other than in accordance with a written form of lease which contains the following provisions:

- (i) requiring the tenant to comply with the Declaration, these Bylaws, and Rules and Regulations;
- (ii) providing that failure to comply constitutes a default under the lease;
- (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the Lot owner after Thirty (30) days' prior written notice to the Lot owner, in the event of a default by the lessee in the performance of the lease, and

- (iv) in the event that the payment of Assessments and/or Service Charges or other amounts due to the Association becomes more than 30 days past due, the Association may require the Tenant to pay directly to the Association the rent on the Lot in an amount of up to the balance of current and delinquent Assessments and other unpaid amounts outstanding, subject to the rights of any recorded first mortgage or Eligible Mortgage Holder which has exercised an assignment of rents. The Association's notice to the Tenant shall be conclusive and binding on the Tenant as to the Tenant's obligation to pay the rent directly to the Association and as to the amount of Assessments and other fees due. The Lot owner shall have ten days after such notice is sent to file any objection with the Board of Directors, which objection must be in writing and signed under oath under the pains and penalties of perjury, must contain a short and plain statement of any alleged errors by the Association, and shall include copies of cancelled checks or other written evidence of objection or miscalculation of the amounts due. The Lot owner must state what amounts, if any, which the owner admits is owed to the Association.

Any lease or tenancy shall be in writing. The foregoing provisions shall be deemed to be automatically incorporated into any lease and into the terms of any tenancy or other agreement for the occupancy of a Lot.

Each Lot owner of a Lot shall, promptly following the execution of any written lease of a Lot, forward a true copy thereof to the Board of Directors.

The foregoing provisions of this paragraph shall not apply to an institutional lender in possession of a Lot as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

B. In the event a guest or tenant of a Lot fails to comply with the provisions of this Declaration, the Master Covenants the Bylaws, Rules and Regulations or the lease, then, in addition to all other remedies which it may have, the Association may notify the Owner of such violation(s) and demand that the same be remedied through the Owner's efforts within a reasonable time after such notice in the judgment of the Directors.

If such violation(s) is(are) not remedied within said period, then the Owner shall thereafter, at his own cost and expense, immediately institute and diligently evict his tenant or guest on account of such violation(s). In the event the Owner fails to so act promptly, then the Board shall have the right, but not the duty, to institute and prosecute such election as attorney-in-fact for the Owners and at the Owner's sole cost and expense, including all legal fees incurred. Said costs and expenses shall be due and payable upon demand by the Association and shall be deemed to constitute a lien on the particular Lot involved, and collection thereof may be enforced by the Board of Directors in the same manner as the Board is entitled to enforce collection of Service Charges and common charge assessments.

Section 7.3 Liability for Assessments, Etc. In the transfer of a Lot, the grantee of the Lot shall be jointly and severally liable with the grantor for all unpaid Assessments and Service Charges, penalties, fees, interest and costs of collection outstanding at the time of the grantor's transfer, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. However, any such grantee or proposed purchaser under a purchase and sale contract upon written request and upon payment of such fee as may be set by the Directors may obtain a statement from the Board of Directors setting forth the amount of unpaid, assessments, and Service Charges against the Lot, and the grantee shall not be liable for, nor shall the Lot conveyed be subject to a lien for any, Assessments, and Service Charges arising before the statement date in excess of the amount therein set forth.

ARTICLE VIII
EXECUTION OF INSTRUMENTS.

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

ARTICLE IX
GENERAL ADMINISTRATION

Section 9.1 Easements, Etc. The Association is authorized and empowered to grant such easements, rights-of-way, leases and licenses for sewer lines and sewage disposal facilities, water lines, electrical cables, telephone cables, television cables and antennas, gas lines, storm drains, underground conduits, fire escapes and alarms, such other purposes related to the provision of public services, and utilities to the Property and for recreational purposes as may be considered desirable, necessary or appropriate by the Board of Directors for the orderly maintenance, improvement and preservation and enjoyment of the Neighborhood Common Areas or for the preservation of the health, safety, convenience and welfare of the owners of the individual Lots upon at least Thirty (30) days' notice to the members unless a special meeting of the members is called within such period and the members vote to reject such grant. No such rights may be created through any Lot without the written consent of the owners thereof.

Section 9.2 Utility Services/Limitation of Liability. The Association shall not be liable for the failure of water supply, sewage disposal systems, electricity, telephone, or other services to be obtained by the Association or paid for out of the Assessments or Service Charge funds, or for injury or damages to persons or property caused by the elements or by the owner of any Lot or by any other person, or resulting from electricity, water, snow or ice which may leak, fall or flow from or settle on any portion of the Common Areas or from any roof, wire, pipe, drain, conduit, appliance or equipment, even if due the alleged fault or negligence of the Association.

The Association shall not be liable to the owner of any Lot for loss or damage, by theft, or otherwise, of property which may be stored upon or in any Lot or in any of the Common Areas, even if due the alleged fault or negligence of the Association.

No set-off, diminution or abatement of Common Charges, shall be claimed or allowed for the expense, damage or discomfort arising from the making of repairs or improvements to the Common Areas or facilities or to any Lot, or from any action taken by the Association to comply with any law, ordinance, or order of any other governmental authority.

ARTICLE X
LIABILITY OF DIRECTORS AND OFFICERS.

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

Section 10.2 Indemnification. The Association shall indemnify any person who was or is threatened to be made a party against any actual, threatened, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact he is or was an officer, director, agent or employee of the Association against all expenses including reasonable counsel fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection

therewith, excepting, however, such matters in which such person is finally adjudged by a court of competent jurisdiction to have acted with willful misconduct or gross negligence towards the Association or absent a final adjudication thereof, excepting such matters in which the Board of Directors (excluding any interested Director) determines any such person acted with willful misconduct or gross negligence. This right to indemnification shall be in addition to any other power of the Association to indemnify as permitted by law. The Association may also maintain insurance on behalf of any person who is or was a director, officer, agent or employee of the Association against any liability asserted against him and incurred by him in such capacity or arising out of his status as such, whether or not the Association would otherwise have the power or duty to indemnify him.

Section 10.3 Claims. Claims against the Association, the Board of Directors or the officers, employees or agents thereof in their respective capacities as such, or the Property as a whole, shall be directed to the Board of Directors of the Association, which shall promptly give written notice thereof to the Lot Owners and the Eligible Mortgage Holders and the Mortgagees of Lots, and such complaints shall be defended by the Association. The Lot Owners shall have no right to participate in such defense other than through the Association.

ARTICLE XI
BY-LAWS.

Section 11.1 Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by vote of Sixty-Seven percent (67%) or more of the members of the Association at a meeting duly called for the purpose, PROVIDED, HOWEVER, that these Bylaws shall always contain those particulars which are required by the Maine Non-profit Corporation Act, as amended from time to time to the extent applicable by law to this Association; and PROVIDED, FURTHER, that no modification of or amendment to the Bylaws shall be valid, until a certificate of the amendment is executed to evidence the propriety of such amendment or modification by the Secretary and President of the Association. Such certificate shall be recorded in the Registry of Deeds. If there is more than one class of Members with voting rights, then each

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

Bylaws Dunstan Home Owners 3-22-2007.doc
4/24/2007

Received
Recorded Register of Deeds
May 17, 2007 02:06:04P
Cumberland County
Pamela E. Lovley