

CEDARS OF PORTSMOUTH CONDOMINIUM

BY-LAWS

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Purpose. The administration of the Condominium shall be governed by these By-Laws which are annexed to the Declaration of Condominium for Cedars of Portsmouth Condominium and are made a part thereof, and all present and future holders of any interest in the Condominium shall be members of Cedars of Portsmouth Condominium Associates which is a "condominium management association" organized and operated to provide for the acquisition, construction, management, maintenance and care of "association property" as those terms are defined in Section 528 of the Internal Revenue Code. No part of the net earnings of said Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of "association property") and other than by a rebate of excess assessments pursuant to Article V, Section 1(c) hereof) to the benefit of any Unit Owner.

2. Definitions. Capitalized terms not otherwise defined or in the Declaration shall have the meanings specified in Section 3 of the Condominium Act.

3. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property, and the use, occupancy, sale, lease or other transfer thereof. All present and future Owners, tenants, future tenants, their guests, licensees, servants, agents, employees and any other person who shall use the facilities of the Condominium, shall be subject to these By-Laws and to the Rules of the Condominium. The acceptance of a deed of conveyance or the entering into a lease or the act of occupancy of a Unit or any other portion of the Condominium shall constitute an acknowledgement that such Owner, tenant or occupant has accepted and ratified these By-Laws, the provisions of the Declaration and the Rules and will comply with them.

4. Office. The office of the Condominium and of the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II

UNIT OWNERS' ASSOCIATION

1. Composition. All of the Unit Owners, acting as a group in accordance with the Condominium Act, the Declaration and these By-Laws, shall constitute the "Unit Owners' Association," which shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the assessments for Common Expenses, arranging for the management of the Condominium and performing all of the acts that may be required to be performed by the Unit Owners' Association by the Condominium Act. Except as to those matters which the Act, the Declaration or these By-Laws specifically require to be performed by the vote of the Unit Owners, the administration of the Condominium shall be performed by the Board of Directors (as more particularly set forth in Article III).

2. Voting. Each Unit shall be entitled to cast a number of votes proportionate to its percentage of undivided interest in the Common Area. Since a Unit Owner may be more than one person; if only one of such persons is present at a meeting of the Association that person shall be entitled to cast the votes appertaining to that Unit. But if more than one of such persons is present, the votes appertaining to that Unit shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. As applied to a person which is not a natural person, the word "person" shall be deemed for the purposes of this Section to include, without limitation, any one natural person having authority to execute deeds on behalf of such person which is not a natural person and which is, either alone or in conjunction with another person or persons, a Unit Owner. Except where a greater number is required by the Condominium Act, the Declaration, or these By-Laws, a majority of the votes of Unit Owners present, in good standing and entitled to vote is required to adopt decisions at any meeting of the Unit Owners' Association. If the Declarant owns or holds title to one or more Condominium Unit, the Declarant shall have the right at any meeting of the Unit Owners' Association to cast the votes to which such Unit is entitled.

3. Place of Meeting. Meetings of the Unit Owners' Association shall be held at the principal office of the Condominium or at such other suitable place as may be designated by the Board of Directors and stated in the notice of the meeting.

4. Annual Meeting. The first annual meeting of the Unit Owners' Association shall be held on a date to be determined by the Declarant, which date shall be within one (1) year after the formation of the Association by the recordation of the Declaration. Notice of such meeting shall be given in accordance with the provisions of Section 6 of this Article II. At such meeting the persons designated by the Declarant shall resign as members of the Board of Directors, and all of the Owners, including the Declarant if the Declarant owns any Unit or Units, shall elect a new Board of Directors. Thereafter, the annual meetings of the Association shall be held on the same date of each succeeding year, or on such other date within a thirty (30) day period prior to such date, as may be designated by the Board of Directors and reflected in said notice. At such annual meetings the Board of Directors shall be elected by ballot of the Owners in accordance with the requirements of Section 4 of Article III. The foregoing notwithstanding until two (2) years after the date of recordation of this Declaration at the Rockingham County Registry of Deeds, or until Units representing three-fourths (3/4ths) of the Undivided Interests appertaining to submitted Units, whichever occurs first, have been legally conveyed by the Declarant by a Condominium Deed, the Declarant shall be entitled to elect a majority of the members of the Board of Directors. The Association may transact such other business as may properly come before them at such meetings.

5. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners' Association of so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Owners having not less than thirty percent (30%) of the votes of all Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

6. Notice of Meeting. It shall be the duty of the Secretary to mail, by United States mail, return receipt requested, a notice of each annual meeting or special meeting of the Owners, at least twenty-one (21) days in advance of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at the address of their respective Units or at such other address as each Owner may have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice.

7. Voting Requirements. An Owner shall be deemed to be in good standing and entitled to vote at any annual meeting or

at any special meeting of the Unit Owners' Association if, and only if, he shall have fully paid all assessments made or levied and due against him and his Condominium Unit by the Board of Directors as hereinafter provided, together with all interests, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his Condominium Unit, at least three (3) days prior to the date fixed for such annual or special meeting.

8. Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies in accordance with the provisions of Section 39 (IV) of the Condominium Act where the Unit Owner is more than one person, by or on behalf of all such persons.

9. Quorum. A quorum shall be deemed to be present throughout any meeting of the unit owners' association until adjourned if persons entitled to cast more than 33 1/3 percent of the votes are present at the beginning of such meeting.

10. Order of Business. The order of business at all meetings of the Unit Owners' Association may be as follows: (a) roll call; (b) recitation of proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) election of directors, if applicable; (h) unfinished business; and (i) new business, any of which may be waived.

11. Conduct of Meeting. The President, or his designate, shall preside over all meetings of the Unit Owners' Association and the Secretary shall keep the minutes of the meeting and record in a Record Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Unit Owners' Association when not in conflict with the Declaration, these By-Laws or the Condominium Act.

ARTICLE III

BOARD OF DIRECTORS

1. Powers and Duties. The affairs and business of the Condominium shall be managed by a Board of Directors (sometimes hereinafter referred to as the "Board") which shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not by the Condominium Act or by these By-Laws directed to be exercised and done by the Unit Owners' Association. The

Board of Directors shall have the power from time to time to adopt any Rules deemed necessary for the enjoyment of the Condominium provided that such Rules shall not be in conflict with the Condominium Act, the Declaration or these By-Laws. The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters which might arise between meetings of the Board of Directors. In addition to the general duties imposed by these By-Laws, the Board of Directors shall have the power to, and be responsible for, the following:

(a) Preparation of an annual budget, in which there shall be established the assessment of each Owner for the Common Expenses;

(b) Making assessments against Owners to defray the Common Expenses of the Condominium, establishing the means and methods of collecting such assessments from the Owners, collecting said assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property. Unless otherwise determined by the Board of Directors, the annual assessments against each Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.

(c) Providing for the operation, care, upkeep, replacement and maintenance of all of the Common Area and services of the Condominium.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Area, and providing services for the Property, and where appropriate, providing for the compensation of such personnel and for the purpose or use of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment, if purchased, shall be deemed the common property of the Owners.

(e) Making and amending Rules respecting the use of the Property and enforcing by legal means the provisions of the Declaration, these By-Laws and such Rules, and bringing any proceeding which may be instituted on behalf of the Owners.

(f) Obtaining and carrying insurance against casualties and liabilities, as provided in Article VI of these By-Laws, and paying the premium cost thereof and making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and

restoration of, the Property, in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty.

(g) Keeping books with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Condominium. The said books shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the time and in the manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same shall be audited at least once a year by an outside auditor employed by the Board of Directors who shall not be a resident of the Condominium, or an Owner therein. The cost of such audit shall be a Common Expense. A copy of the annual audit report shall be supplied to any first mortgagee of any Unit in the Condominium who requests the same in writing to the Secretary.

(h) To do such other things and acts not inconsistent with the Condominium Act and with the Declaration which it may be authorized to do by a resolution of the Unit Owners' Association.

2. Managing Agent. The Board of Directors may employ, or contract with, a professional manager or management firm ("Manager") for a fee or compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in Section 1 of this Article III. The Board of Directors may delegate to the Manager all of the powers granted to the Board of Directors by these By-Laws; provided that any actions by the Manager with respect to the powers set forth in paragraphs (b) and (f), of Section 1 of this Article III shall require the written consent of the Board of Directors. The term of any employment contract for a Manager may not exceed two (2) years, and any such employment contract shall provide, inter alia, that such agreement may be terminated without cause upon no more than ninety (90) days advance notice.

3. Number of Directors and Initial Selection of Board. The Board of Directors shall be composed of five (5) persons. Until the election of the Board of Directors takes place at the first annual meeting of the Unit Owners' Association as provided in Section 4 of Article II, the Board of Directors shall consist of such persons as shall have been designated by the Declarant. Thereafter, anything in these By-Laws to the

contrary notwithstanding until two (2) years after the date of recordation of this Declaration at the Rockingham County Registry of Deeds, or until Units representing three-fourths (3/4ths) of the Undivided Interests appertaining to submitted Units, whichever occurs first, have been conveyed by the Declarant by a Condominium Deed, a majority of the members of the Board of Directors shall be selected and designated by the Declarant. The Declarant shall have the right in its sole discretion to replace such Directors as may be so elected and designated by it, and to select and designate their successors. The Declarant may relinquish its right hereunder at any prior time. Directors shall consist only of Owners or spouses of Owners, or, where a person which is an Owner is not a natural person, any natural person having authority to execute deeds in behalf of such person.

4. Election and Term of Office. At the first annual meeting of the Unit Owners' Association five (5) directors shall be elected. The term of office of two (2) directors shall be fixed at one (1) year and the term of office of three (3) directors shall be fixed at two (2) years. Subject to the provisions of Section 3 above, at the expiration of the initial term of office of each respective director, each successor shall be elected at subsequent annual meetings of the Unit Owners' Association to serve a term of two (2) years. The directors shall hold office until their respective successors have been elected and hold their first meeting.

5. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the Unit Owners' Association shall be held within ten (10) days after the annual meeting at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present thereat.

6. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each twelve month period after the annual meeting of the Unit Owners' Association. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least five (5) business days prior to the day named for such meeting, except that no notice shall be required for a regular meeting held immediately after, and at the same place as, the annual meeting of the Association.

7. Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) business days' notice to each director. Such notice shall be given personally or by mail, telephone, or telegraph, and such 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 on the written request of at least three (3) directors.

8. Waiver of Notice. Before or within ten (10) days 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.

9. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum 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.

10. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a director by a vote of the Unit Owners' Association shall be filled by vote of the majority of the remaining directors, at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum of the Board; and each person so elected shall be a director for the remainder of the term of any directors so replaced; provided, however, that the vacancy of any director designated by the Declarant pursuant to a right of the Declarant to make such designation shall be filled by the Declarant.

11. Removal of Directors. A director may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Unit Owners' Association at which a quorum is present, by an affirmative vote of a majority of the votes represented and voting. Any director whose removal has been proposed by the Owners shall be given at least

ten (10) days' notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, no person selected and designated by the Declarant as a member of the Board of Directors may be removed without the consent of the Declarant and in such event the Declarant shall select and designate his successor.

12. Compensation. No director shall receive any compensation from the Condominium for acting as such.

13. Conduct of Meetings. The President, or, in his absence, a president pro tem elected by the Board, shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of the meeting of the Board of Directors recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings, which minutes shall be filed in the Record Book of the Condominium.

14. Report of Board of Directors. The Board of Directors shall present at each annual meeting, and when called for by vote of the said Unit Owners' Association at any special meeting of the Association, a full and clear statement of the business and condition of the Condominium.

15. Fidelity Bonds. The Board of Directors may require that all officers, agents (including the Manager) and employees of the Unit Owners' Association handling or responsible for funds furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense.

16. Dispensing with Vote. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed in the minutes of the proceedings of the Board of Directors.

17. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the Directors from and against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Owners unless any such contract shall have been made in bad faith, due to willful misconduct or contrary to the provisions of the Declaration or of these By-Laws. It is intended that

the members of the Board of Directors shall have no personal liability (except as Owners) with respect to any contract made by them on behalf of the Owners, unless made in bad faith, due to willful misconduct or contrary to such provisions. It is also intended that the liability of any Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his Undivided Interest bears to the Undivided Interests of all of the Owners. Every written agreement made by the Board of Directors or by the Manager on behalf of the Owners shall, if obtainable, provide that the members of the Board of Directors or the Manager, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owners), and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his Undivided Interest bears to the Undivided Interests of all Owners. The Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding whether or not based in contract, by reason of the fact that he is or was a Director, or officer, against expenses (including attorneys' fees), judgment, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding unless he acted in bad faith, was guilty of willful misconduct or acted contrary to the provisions of the Declaration or these By-Laws.

ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Condominium shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Board. The Board may appoint such other officers as in its judgment may be necessary. With the exception of the President, no officer need be a member of the Board. The offices of Treasurer and Secretary may be held by the same person.

2. Election of Officers. The officers of the Condominium shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board. Any vacancy in any office shall be filled by the Board at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in

their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

4. President. The President shall be the chief executive officer; he, or his designate, shall preside at meetings of the Unit Owners' Association and, if present, at meetings of the Board of Directors and shall be an ex officio member of all committees; he shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Board are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the office of president of a stock corporation organized under the laws of the State of New Hampshire.

5. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Unit Owners' Association, shall record the minutes of all proceedings in the Record Book of the Condominium and shall perform like duties for committees when required. He shall keep the Record Book current and in his custody. He shall give, or cause to be given, notice of all meetings of the Unit Owners' Association, the Board and committees and shall perform such other duties as may be prescribed by the Board or President. The Secretary shall compile and keep current at the principal office of the Condominium, a complete list of the Owners and their last known post office address. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days.

6. Treasurer. The Treasurer shall have the custody of all funds and securities that are not under the control of the Manager, and, with the assistance of the Manager, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all moneys and other valuable effects in such depositories as may be designated by the Board. He shall disburse funds as ordered by the Board, and render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Condominium.

7. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium for expenditures or obligations shall be executed by any person or persons designated by the Board of Directors.

8. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V

OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Assessments Against Owners.

(a) Fiscal Year. The fiscal year of the Condominium shall consist of the twelve-month period commencing on January 1 of each year and terminating on December 31 of the same year, except that the first fiscal year shall begin at the date of organization and terminate on December 31. The fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

(b) Preparation and Approval of Budget. Each year the Board of Directors shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Area and any parts of the Units which it is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Declaration, these By-Laws or a resolution of the Unit Owners' Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Owners of all related services. Such budget shall also include such reasonable reserves as the Board of Directors considers necessary to provide a general operating reserve, and reserves for contingencies and replacements. The Board of Directors shall make reasonable efforts to send to each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by the Owner, at least fifteen (15) days in advance of the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Owner's contribution for the Common Expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Owner of a completed Unit in proportion to the number of votes in the Unit Owners' Association appertaining to his Unit,

and shall be a lien against each Owner's Condominium Unit in accordance with the Condominium Act. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Owner shall be obligated to pay to the Association one twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions. Within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply to all Owners an itemized income and expense statement. The amount accumulated in excess of the amount required for actual expense and budgeted reserves shall, in the discretion of the Board of Directors, either be rebated to the Owners in accordance with each Owner's vote in the Unit Owner's Association by crediting same to the next successive monthly installments due from Owners under the then current fiscal year's budget, until exhausted, or shall be added to reserves. Any net shortage shall, if the Board of Directors deems it advisable, be added according to each Owner's votes in the Unit Owners' Association to the installments due in the succeeding six (6) months after the rendering of the accounting.

(d) Reserves. The Board of Directors shall build up and maintain an adequate operating reserve for replacement of the Common Area, which shall be funded by regular monthly payments as provided for in subsection (c). At the end of each fiscal year, all funds accumulated during such year for reserves for replacement of Common Area shall be placed in a separate bank account, segregated from the general operating funds, and used only for such purposes. If for any reason, including nonpayment of any Owner's assessment, the reserves are inadequate, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Owners according to their respective votes in the Unit Owners' Association and which 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 such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due not more than ten (10) days after the delivery or mailing of such notice of further assessment. All Owners shall be obligated to pay the adjusted amount or, if the additional assessment is not payable in installments, the amount of such assessments. The declarant shall establish a working capital fund at least equal to two (2) months' estimated common charges for each unit. Any amounts paid into this fund should not be considered as advance payments of regular assessments. Each unit's share of the working capital fund should be collected at the time the sale of the unit is closed and then should be transferred to the owners'

association for deposit to a segregated fund. Within sixty (60) days after closing has been held for the first unit, the developer or sponsor should pay each unsold unit's share of the working capital fund to the owners' association.

(e) Initial Assessment. When the first Board of Directors takes office, it shall determine the budget, as defined in this section, for the period commencing upon the recording of this Declaration at the Rockingham County Registry of Deeds and ending on the last day of the fiscal year in which their election occurs. Assessments shall be levied against the Owners during said period as provided in paragraph (c) of this section. The Board of Directors may establish an initial operating reserve through special assessments of each Owner upon purchase of his Condominium Unit from the Declarant..

(f) 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 an Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until ten (10) days after a statement has been mailed or delivered, showing the monthly payment which is due under the new annual or adjusted budget.

2. Payment of Common Expenses. All Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V. No Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or employment of any of the Common Area or by abandonment of his Unit. The purchaser of a Condominium Unit or other acquiring Owner by virtue of any transfer or other conveyance shall be jointly and severally liable with the transferring Owner for all unpaid assessments against the latter of his proportionate share of the Common Expenses up to the time of the conveyance without prejudice to the acquiring Owner's right to recover from the transferring Owner the amounts paid by the acquirer therefor; provided, however, that any such acquiring Owner or transferring Owner shall be entitled to a recordable statement from the Board of Directors or the Manager setting forth the amount of the unpaid assessments against the transferring Owner and such acquiring Owner shall not be liable for, nor shall the Condominium Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth, and failure to furnish or make available such a statement within

seven (7) days from receipt of such request shall extinguish the lien for unpaid assessments. Payment of a fee of Ten Dollars (\$10.00) or the maximum allowable under the Condominium Act, whichever is greater, shall be required as prerequisite for issuance of such a statement. If a mortgagee of a first mortgage of record or other purchaser of a Condominium Unit obtains title to the Condominium Unit as a result of foreclosure of a first mortgage, or through the enforcement of any other remedies provided for in the mortgage, or by virtue of a deed in lieu of foreclosure, such mortgagee or purchaser, his successor and assigns, shall not be liable for the payment of any Commons Expenses assessed prior to the acquisition of title to said Unit by said mortgagee or purchaser pursuant to the aforesaid remedies, and the Condominium Unit shall not be subject to a lien for same. The unpaid share of Common Expenses assessed prior to the acquisition of title to such Unit by such mortgagee or purchaser pursuant to the aforesaid remedies shall be collectible from all Owners, including the purchaser of first mortgagee, in proportion to their respective votes in the Unit Owners' Association.

3. Maintenance and Repair.

(a) By the Board of Directors. Except as otherwise provided in Section 4(b) below, the Board of Directors shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of an Owner, or of a person gaining access with said Owner's actual or implied consent, in which case expense shall be charged to such Owner), of all of the Common Area and Limited Common Area whether located inside or outside of the Units, and whether now existing or hereafter constructed, and shall be responsible for all maintenance, repairs, and snow removal of the Easement to the Premises, the cost of which shall be assessed to all Owners as a Common Expense.

(b) By the Owner. Except for the portions of his Unit required to be maintained, repaired and replaced by the Board of Directors, each Owner shall be responsible for the maintenance, repair and replacement, at his own expense, of his Unit, and any part thereof, including but not limited to, any interior walls, finished interior surface of ceiling and floors; bathroom fixtures and appliances, and those parts of the heating and air conditioning, plumbing and electrical systems which are wholly contained within his Unit and serve no other. Each Owner shall be responsible for performing the normal maintenance for any Limited Common Area which is appurtenant to his Unit, including keeping it in a clean and sanitary condition and free and clear of snow, ice and any accumulation of water, and shall make, at his own expense, all

repairs thereto, beyond normal maintenance, caused or necessitated by his negligence, misuse or neglect. Each Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition, 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. In addition, each Owner shall be responsible for all damage to any and all other Units or to the Common Area resulting from his failure to make any of the repairs required to be made by him by this section. Each Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Owner shall promptly report to the Board of Directors, or the Manager, any defects or need for repairs for which the Board of Directors is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation, 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.

4. Additions, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the Common Area shall require additions, alterations or improvements costing in excess of Three Thousand Dollars (\$3,000.00) during any period of twelve (12) consecutive months, and the making of such additions, alterations or improvements shall have been approved by a Majority of the Owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing Three Thousand Dollars (\$3,000.00) or less during any period of twelve (12) consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute part of the Common Expenses. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent (80%) of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of a limited number of Owner or Owners requesting the same, such requesting Owners shall be assessed therefor in such proportions as they jointly approve, or, as determined by the Board of Directors.

5. Additions, Alterations or Improvements by Owners. No Owner shall make any structural addition, alteration or improvement in or to his Unit, or to his Limited Common Area, without the prior written consent thereto of the Board of Directors. No Owner shall paint, decorate or otherwise change

the external appearance of his Unit, including the doors and windows, or of any fence, or of any exterior surface of the Building, without the prior written consent thereto of the Board of Directors. The Board of Directors shall be obligated to answer any written request by an Owner for approval of such proposed structural addition, alteration or improvement or such external change within thirty (30) days after such request, and its failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement or change. The provisions of this Section 6 shall not apply to Condominium Units owned by the Declarant until such Units have been initially conveyed by the Declarant.

6. Restrictions on Use of Units. To assist the Condominium in providing for congenial occupancy and the protection of the value of the Units, it is necessary that the Board of Directors have the right and authority to exercise reasonable controls over the use of the Units. Violation of the enumerated prohibitions in Section 3(h) of the Declaration shall not be permitted, and the Board of Directors is hereby authorized to take all steps necessary to prevent or discontinue any violations thereof, all at the expense of the violator.

7. Rights of Access. An Owner shall grant a right of access to his Unit to the Board of Directors or the Manager, or to any other person authorized by the Board for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or Common Area, or for the purpose of performing installation, alterations or repairs to the mechanical or electrical services or other Common Area in his Unit or elsewhere in the building, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Owner. In case of any emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

8. Rules. Rules concerning the operation and use of the Common Area may be promulgated and amended by the Board of Directors, provided that such Rules are not contrary to or inconsistent with the Condominium Act, the Declaration or these By-Laws. Copies of the Rules shall be furnished by the Board of Directors to each Owner prior to the time when the same shall become effective.

ARTICLE VI

INSURANCE

1. Insurance Required. Pursuant to Section 43 of the Condominium Act, the Board of Directors shall obtain (i) a

master casualty policy affording fire and extended coverage in an amount equal to the full replacement value of the structures within the Condominium; (ii) a master liability policy covering the Association, the Board, the Manager and agents or employees of the foregoing with respect to the Condominium, and all Owners and other persons entitled to occupy any portion of the Condominium; (iii) Blanket Fidelity Bond Insurance; and (iv) such other policies as specified hereinbelow, which insurance shall be governed by the following provisions to the extent obtainable or possible:

(a) Fire insurance with standard extended coverage endorsement, vandalism and malicious mischief endorsements insuring all the buildings in the Condominium including without limitation all such portions of the interior of such buildings as are for insurance purposes normally deemed to constitute part of the building and customarily covered by such insurance, such as heating and air conditioning and other service machinery, interior walls, all finished wall surfaces, ceiling and floor surfaces including any wall-to-wall floor coverings, bathroom fixtures, including appliances which are affixed to the buildings, and heating and lighting fixtures, except for improvements made by individual Owners which exceed a total value of One Thousand Dollars (\$1,000.00) and are not reported to the insurer, such insurance to be in an amount at least equal to the replacement value of the buildings and to be payable to the Board as trustee for the Owners and their mortgagees as their respective interests may appear.

(b) Public liability insurance in such amounts as the Board may from time to time determine, but in no event shall the limits of liability be less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage per occurrence, insuring the Association and all individuals referred to in Section 1(ii) above, against any liability to anyone, and with cross liability coverage with respect to liability claims of any one insured thereunder against any other insured thereunder. This insurance, however, shall not insure against individual liability for negligence occurring within a Unit or within the Limited Common Area to which a Unit has exclusive use.

(c) Workmen's compensation insurance as required by law.

(d) Such other insurance as the Board may determine.

2. General Insurance Provisions.

(a) The Board shall deal with the insurer or insurance agent in connection with the adjusting of all claims

covered by insurance policies provided for under Paragraph 1 above and shall review with the insurer or insurance agent, at least annually, the coverage under said policies, said review to include an appraisal of improvements within the Condominium, and shall make any necessary changes in the policy provided for under Paragraph (1)(a) above (prior to the expiration date set forth in any agreed amount endorsement contained in said policy) in order to meet the coverage requirements of such Paragraph.

(b) The Board shall be required to make every effort to see that all policies of physical damage insurance provided for under Paragraph 1 above: (i) shall contain waivers of subrogation by the insurer as to claims against the Association, its employees and agents, members of the Board, the Manager, Owners and members of the family of any Owner, except in cases of arson and fraud; (ii) shall contain a waiver of defense of invalidity or prejudice on account of the conduct of any of the Owners over which the Association has "no control"; (iii) shall contain a waiver of defense of invalidity or prejudice by failure of the insured, or Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or Owners collectively, have no control; (iv) shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days written notice to all of the insureds thereunder and all mortgagees of Units in the Condominium; (v) shall provide that in no event shall the insurance under said policies be brought into contribution with insurance purchased individually by Owners or their mortgagees; (vi) shall exclude policies obtained by individual Owners for consideration under any "no other insurance" clause; and (vii) shall provide that until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any Unit, the mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents, or employees, nor cancelled for nonpayment of premiums.

3. Individual Policies. Any Owner and any mortgagee may obtain at his own expense additional insurance (including a "condominium unit-owner's endorsement" for improvements and betterments to a Unit made or acquired at the expense of the subrogation provision as that set forth in Section (2)(b) of this Article VI. It is recommended that each Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a "tenant's Homeowners Policy" or

equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like.

(a) Each Owner may obtain additional insurance for his own benefit and at his own expense. No such policy shall be written so as to decrease the coverage under any of the policies obtained by the Board pursuant to Paragraph 1(a) above, and each Owner hereby assigns to the Board the proceeds of any such policy to the extent that any such policy does in fact result in a decrease in such coverage, said proceeds to be applied pursuant to the terms hereof as if produced by such coverage. Copies of all such policies (except policies covering only personal property, owned or supplied by individual Owners) shall be filed with the Association.

(b) Each Owner should obtain insurance for his own benefit and at his own expense insuring all personal property presently or hereafter located in his Unit or Limited Common Area, any floor coverings, appliances and other personal property not covered in the master policy, and all improvements to his Unit which exceed a total value of One Thousand Dollars (\$1,000.00) and which are not reported to the Board.

(c) Each Owner, prior to commencement of construction of such improvements, shall notify the Board of all improvements to his Unit (except personal property other than fixtures) which exceed a total value of One Thousand Dollars (\$1,000.00) and upon receipt of such notice, the Board shall notify the insurer under any policy obtained pursuant to Paragraph 1(a) hereof, of any such improvements.

(d) Each Owner should obtain liability insurance with respect to his ownership and/or use of his Unit.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

1. When Repair and Reconstruction are Required. Subject to the provisions of Paragraph 3(p) of the Declaration, in the event of damage to or destruction of all or part of the buildings in the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the damages or destroyed portion of the buildings. Notwithstanding the foregoing, each Owner shall have the right to supervise the redecorating work in his own Unit.

2. Procedure for Reconstruction and Repair.

(a) Immediately after a fire or other casualty causing damage to a building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the damage to a condition as good as that existing before such casualty provided that if a casualty causing damage is limited to a single unit, then it shall be the responsibility of that Unit Owner to obtain estimates of the cost of replacement as aforesaid. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments in sufficient amounts to provide payment of such costs shall be made against the Owners in proportion to their respective votes in the Unit Owners' Association.

(c) Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the damaged building was originally constructed.

(d) Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction is substantially in accordance with original plans and specifications under which the damaged building was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the building (as reconstructed) shall stand.

3. Disbursements of Construction Funds.

(a) The net proceeds of insurance collected on account of casualty and the funds collected by the Board of Directors from assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair by the Board of Directors.

(b) The construction fund shall be paid by the Board of Directors in appropriate progress payments, to such contractors, suppliers and personnel engaged in performing the work or supplying materials or services for the repair and reconstruction of the buildings as are designated by the Board of Directors.

(c) It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in the construction fund after the payment of all of the cost of the reconstruction and repair for which the fund is established, such balance shall be distributed to the Owners.

(d) When the damage is to both Common Area and Units, the insurance proceeds shall, to the extent practical, be applied first to the cost of repairing the Common Area and the balance to the cost of repairing the Units.

ARTICLE VIII

SALES, LEASES AND ALIENATION OF UNITS

1. No Severance of Ownership. No Owner shall execute any deed, lease, mortgage, or instrument conveying or mortgaging the title to his Unit without including therein the undivided interest of such Unit in the Common Area, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, lease, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. Except to the extent otherwise expressly provided by the Declaration, these By-Laws or the Condominium Act, the undivided interest in the Common Area allocated to any Unit shall not be altered and any purported transfer, encumbrance, or other disposition of that interest without the Unit to which it appertains shall be void. No lease may be executed by a unit owner for a term less than thirty (30) days.

2. Payment of Assessments. No Owner shall be permitted to convey, mortgage, sell, lease, give or devise his Unit unless and until he (or his personal representative) shall have paid in full to the Board of Directors all unpaid Common Expenses heretofore assessed by the Board of Directors with respect to this Unit, except as provided in Section 2 of Article V, and shall have satisfied all unpaid liens with respect to his Unit, except mortgages. The Board of Directors shall promptly furnish to any Owner (or his devisee or personal representative) requesting the same in writing pursuant to this section, a recordable statement certifying whether or not such Owner is then obligated for any outstanding assessments previously levied against that Owner's Unit and the amount, if any, then outstanding. In the event that the Unit is subject to outstanding expenses previously levied against such Unit,

the statement shall certify any waiver of, or failure or refusal to exercise the right of the Unit Owners' Association to prevent the disposition of such Unit, in all cases where the Association allows such disposition. Failure or refusal to furnish, within seven (7) days of receipt of such request by the Board or Manager, such a statement shall make the above-mentioned prohibition inapplicable to any such disposition of the Unit. Any such statement shall be binding on the Association, the Board of Directors and every Owner. Payment of a fee not exceeding the maximum amount allowable under the Condominium Act may be required as a prerequisite to the issuance of such a statement.

ARTICLE IX

AMENDMENT TO BY-LAWS

1. Amendments. Except as otherwise provided in the Condominium Act and herein, these By-Laws may be modified or amended either (i) by a vote of at least sixty-seven percent (67%) of the Owners cast in person or by proxy at a meeting duly held in accordance with the provisions hereof, provided that Notice of the proposed amendment shall have been given to each Owner simultaneously with the notice of such meeting, or (ii) pursuant to written instrument or instruments duly executed by at least sixty-seven percent (67%) of the Owners; provided, however, that (a) Section 4 of Article II, and Section 3 of Article III, insofar as they relate to the election of members of the Board of Directors by the Declarant, (b) Section 2 or Article II, insofar as its provides that the Declarant, so long as it is the Owner of one or more Units, may vote the votes appurtenant thereto, and (c), this Section 1 of Article IX, may not be amended without the consent in writing of the Declarant, so long as the Declarant shall be an Owner.

Furthermore, notwithstanding the foregoing, so long as the Declarant is the Owner of one or more Units, no amendment to the By-Laws or Rules may be adopted which could interfere with the construction, display, sale, lease, or other disposition of such Unit or Units.

2. Recording. A modification or amendment of these By-Laws shall become effective only when it has been duly evidenced in accordance with the provisions of Section 34 (IV) of the Condominium Act.

3. Conflicts. No modification or amendment of these By-Laws may be adopted which shall be inconsistent with the provisions of the Condominium Act or with the provisions of the Declaration. A modification or amendment once adopted and

recorded as provided for herein shall then constitute part of the official By-Laws of the Condominium and all Owners shall be bound to abide by such modification amendment.

4. Approval of Mortgagees. These By-Laws contain provisions concerning various rights, priorities, remedies and interests of the eligible mortgagees of Units. Such provisions in these By-Laws are to be construed as covenants for the protection of the eligible mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, all eligible mortgagees, with respect to which the Board has received notice pursuant to Article X below, shall be given thirty (30) days notice of all proposed material amendments, and no material amendment or modification of these By-Laws impairing or affecting the rights, priorities, remedies or interests of an eligible mortgagee, shall be adopted without the prior written consent of such mortgagee. If there is more than one eligible mortgagee holding mortgages on the Units, it shall be sufficient for this purpose to obtain the written consent of the eligible mortgagee or eligible mortgagees holding first mortgages on fifty-one percent (51%) or more of the Units encumbered by mortgages.

ARTICLE X

MORTGAGES

1. Notice to Board. An Owner who mortgages his Condominium Unit shall notify the Board of the name and address of his mortgagee, and shall file a conformed copy of the mortgage with the Board. The Board shall maintain suitable records pertaining to such mortgages.

2. Notice of Unpaid Assessments for Common Expenses. The Board whenever so requested in writing by a mortgagee of a Condominium Unit, shall promptly report any then unpaid assessments for Common Expenses due from, or any other default by, the Owner of the mortgaged Condominium Unit.

3. Notice of Default. The Board shall give written notice to an Owner of any default by the Owner in performance of any obligations under the Act, Declaration or By-Laws, and, if such default is not cured within thirty (30) days, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board. No suit or other proceeding may be brought to foreclose the lien for any ground rent, other Impositions or assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days written notice to the holder of the first mortgage on the Unit which is the subject matter of such suit or proceeding.

4. Notice of Damage. The Board of Directors shall notify: (i) the mortgagee of a Unit whenever damage to the Unit covered by the mortgage exceeds One Thousand Dollars (\$1,000.00) and the Board is made aware of such damage; and (ii) all mortgagees whenever damage or loss to or taking of, the Common Area exceeds Ten Thousand Dollars (\$10,000.00).

5. Examination of Books. Each Owner and each mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but, with respect to Owners, not more often than once a month.

ARTICLE XI

NOTICE

1. Manner of Notice. All notices, demands, bills, statements or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage prepaid, (i) if to an Owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Secretary, or (ii) if to the Unit Owners' Association, the Board of Directors or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Condominium Act.

ARTICLE XII

COMPLIANCE AND DEFAULT

1. Relief. Each Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these By-Laws, and the Rules and any amendments of the same. A default by an Owner shall entitle the Unit Owners' Association acting through the Board of Directors or the Manager to the following relief:

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these By-Laws, and the Rules

shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these By-Laws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners' Association, the Board of Directors, the Manager, or, if appropriate, by any aggrieved Owner.

(b) Additional Liability. Each Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his tenants, guests, agents, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

(c) Costs and Attorneys' Fees. In any proceeding arising out of any alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees as may be determined by the Court.

(d) No Waiver of Rights. The failure of the Unit Owners' Association, the Board of Directors, or of an Owner to enforce any right, provision, covenant, or condition which may not constitute a waiver of the right of the Association, the Board of Directors, or any Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors, or any Owner pursuant to any term, provision, covenant or condition of the Declaration or the Rules shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, these By-Laws or the Rules, or at law or in equity.

(e) Interest. In the event of default by any Owner against him which continues for a period in excess of thirty (30) days, such Owner shall be obligated to pay interest in the amounts due at the highest rate permitted by law, or at twelve percent (12%), whichever is less, per annum from the due date thereof. In addition, the Board of Directors shall have the

authority to impose a late payment charge on such defaulting Owners in an amount not to exceed Fifteen Dollars (\$15.00), or six cents (\$.06) per dollar on any amount so overdue, whichever is greater.

(f) Abatement and Enjoinment of Violations by Owners. The violation of any Rule adopted by the Board of Directors, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration shall give the Board of Directors or the Manager the right, in addition to any other rights set forth in these By-Laws: (a) 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 Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors or Manager shall not thereby be deemed guilty in any manner of trespass; (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or (c) to suspend or limit the right of the Owner committing the violation to use any part of the Common Area during the continuance of such violation.

2. Lien for Assessments.

(a) The total annual assessment of each Owner for the Common Expenses or any special assessment levied pursuant to these By-Laws, is hereby declared to be a lien levied against the Unit of such Owner as provided in (including without limitation the priority provisions set forth in Section 46 thereof) the Condominium Act, which lien shall be effective when perfected in accordance with said Act.

(b) In any case where an assessment against an Owner is payable in installments, upon a default by such Owner in the payment of any single installment, which continues for ten (10) days after written notice of such default has been sent to the Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner by the Board of Directors or Manager. The Association, in order to perfect such lien, shall file before the expiration of six (6) months from the time that the delinquent assessment (or installment, where such assessment is payable in installments) became due and payable in a memorandum in the Rockingham County Registry of Deeds in the form and manner prescribed in the said Act.

(c) The lien assessments shall include interest, costs and attorneys' fees as provided in Section 1 of this

Article XII and may be foreclosed in the manner provided by the laws of the State of New Hampshire for the foreclosure of power of sale mortgages or by suit brought in the name of the Board of Directors, acting on behalf of the Unit Owners' Association. During the pendency of such proceedings or suit the 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.

(d) Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the same, and foreclosure shall be available without bringing suit to recover a money judgment.

ARTICLE XIII

RESALE BY PURCHASER

1. In the event of any resale of a condominium unit or any interest therein by any person other than the Declarant, the prospective unit owner shall have the right to obtain from the owner's association, prior to the contract date of the disposition, the following:

(a) Any unit owner or purchaser of a condominium unit, having executed a contract for the disposition of the same, shall be entitled upon request to a recordable statement setting forth the amount of unpaid assessment currently levied against that Unit;

(b) A statement of any capital expenditures and major maintenance expenditures anticipated by the Unit Owners' Association within the current or succeeding two (2) fiscal years;

(c) A statement of the status and amount of any reserve for the major maintenance or replacement fund and any portion of such fund earmarked for any specified project by the Board of Directors;

(d) A copy of the income statement and balance sheet of the Unit Owners' Association for the last fiscal year for which such statement is available;

(e) A statement of the status of any pending suits or judgments in which the Unit Owners' Association is a party defendant;

(f) A statement setting forth what insurance coverage is provided for all Unit Owners by the Unit Owners' Association

and what additional insurance coverage would normally be secured by each individual Unit Owner; and

(g) A statement that any improvements or alterations made to the Unit, or the Limited Common Areas assigned thereto, by the prior Unit Owner are not known to be in violation of the Condominium instruments.

2. The principal officer of the Unit Owners' Association shall furnish the statements prescribed by this Article upon the written request of any prospective Unit Owner within ten (10) days of receipt of such request.

ARTICLE XIV

COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Compliance. These By-Laws are set forth in compliance with the requirements of the Condominium Act (herein sometimes referred to as the "Act").

2. Severability. These By-Laws are set forth to comply with the requirements of the State of New Hampshire. In case any of the By-Laws are in conflict with the provisions of any of its statutes, the provisions of the statutes will apply. If any provisions of these By-Laws or any action, sentence, clause, phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws, shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

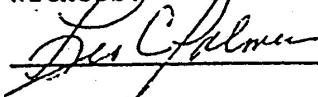
3. Waiver. No restriction, condition, obligation or provision of these By-laws shall be deemed to have been abrogated or waived by any reason of any failure or, failures to enforce the same.

4. Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

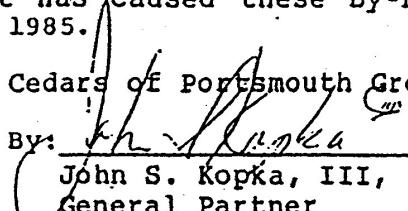
5. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, Declarant has caused these By-Laws to be executed this 15th day of May, 1985.

Witness:

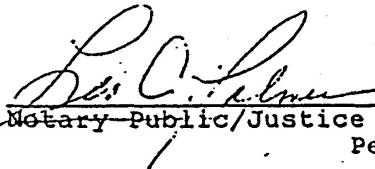

Lee Palmer

Cedars of Portsmouth Group

By: 
John S. Kopka, III,
General Partner

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

On this 15th day of May, 1985, before me, the undersigned officer, personally appeared the above-named John S. Kopka, III, General Partner of Cedars of Portsmouth Group, a New Hampshire General Partnership, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same as said General Partner for the purpose therein contained.



Lee C. Palmer
Notary Public/Justice of the
Peace