

**SCHEDULE F
TO THE
DECLARATION
OF
THE ANCHOR CONDOMINIUM
VILLAGE OF LAKE GEORGE, NEW YORK 12845**

**BY-LAWS
OF
THE ANCHOR CONDOMINIUM**

**BY-LAWS
THE ANCHOR CONDOMINIUM**

TABLE OF CONTENTS

	Page
ARTICLE 1	1
Section 1.01	1
Section 1.02	1
Section 1.03	1
Section 1.04	1
ARTICLE II	1
Section 2.01	1
ARTICLE III	2
VOTING, MAJORITY OF OWNERS, QUORUM PROXIES, ABSENTEE BALLOTS	2
Section 3.01	2
Section 3.02	2
Section 3.03	2
Section 3.04	2
Section 3.05	2
Section 3.06	2
Section 3.07	2
Section 3.08	2
Section 3.09	3
Section 3.10	3
ARTICLE IV	3
MEETINGS OF OWNERS	3
Section 4.01	3
Section 4.02	3
Section 4.03	3
Section 4.04	3
Section 4.05	3
Section 4.06	4
Section 4.07	4
Section 4.08	4
Section 4.09	4

TABLE OF CONTENTS

	Page
Section 13.04 No Severance of Ownership	27
Section 13.05 Waiver of Right of Partition with Respect to Units Acquired by the Board of Managers	27
ARTICLE XIV AMENDMENT	27
Section 14.01 Amendments to By-Laws	27
ARTICLE XV COMPLIANCE	28
Section 15.01 Compliance	28
Section 15.02 Unit Owners Obligations for Compliance	28
Section 15.03 Remedies	28
Section 15.04 Costs and Expenses	28

TABLE OF CONTENTS

	Page
ARTICLE V BOARD OF MANAGERS	
Section 5.01 Number and Qualification	
Section 5.02 Nominations	
Section 5.03 Election and Term of Office	5
Section 5.04 Removal of Members of the Board of Managers	5
Section 5.05 Resignation of Members of the Board of Managers	5
Section 5.06 Vacancies	
Section 5.07 Powers and Duties	
Section 5.08 Meetings	
Section 5.09 Waiver of Notice	
Section 5.10 Quorum of Board of Managers	
Section 5.11 Compensation	
Section 5.12 Fidelity Bond	8
Section 5.13 Managing Agent	8
ARTICLE VI OFFICERS	9
Section 6.01 Designation	9
Section 6.02 Election of Officers	9
Section 6.03 Appointed Officers	9
Section 6.04 Resignation of Officers	9
Section 6.05 President	9
Section 6.06 Vice President	10
Section 6.07 Secretary	10
Section 6.08 Treasurer	10
Section 6.09 Duties of Officers May Be Delegated	10
Section 6.10 Agreements, Contracts, Deeds, Checks and Other Instruments	10
ARTICLE VII LIABILITY OF BOARD OF MANAGERS AND OWNERS; INDEMNIFICATION OF MEMBERS OF THE BOARD OF MANAGERS	
Section 7.01 Liability of the Board of Managers and Owners	11
Section 7.02 Right of Indemnification	11
Section 7.03 Other Rights of Indemnification	11
ARTICLE VIII COMMITTEES	12
Section 8.01 Committees Acting on Behalf of the Board of Managers	12
Section 8.02 Committees of Members	12
Section 8.03 Rules	12

TABLE OF CONTENTS

	Page	
ARTICLE 1X	COMMON CHARGES AND ACCOUNTS	12
Section 9.01	Determination of Common Charges	12
Section 9.02	Condominium Funds	13
Section 9.03	Operating Account	13
Section 9.04	Capital Reserve Account	13
Section 9.05	Other Accounts	14
ARTICLE X	RECORDS AND ANNUAL FINANCIAL REPORTS	14
Section 10.01	Records and Reports	14
Section 10.02	Annual Report	14
Section 10.03	Inspection of Records	14
Section 10.04	Availability of Records and Legal Documents	14
ARTICLE XI	THE CONDOMINIUM PROPERTY: USE, OPERATION, PRESERVATION, MAINTENANCE AND REPAIR	15
Section 11.01	Repairs and Maintenance Which are the Responsibility of the Board of Managers	15
Section 11.02	Repairs and Maintenance Which are the Responsibility of the Owners	15
Section 11.03	Repairs and Maintenance Which are the Responsibility of Non-Resident Unit Owners	16
Section 11.04	Quality of Maintenance and Repairs	16
Section 11.05	Right of Access	16
Section 11.06	Use of Units and Modifications and Alterations	17
Section 11.07	Use of Common and Limited Common Elements	17
Section 11.08	Rules of Conduct	18
Section 11.09	Abatement and Enjoinment of Violations	18
Section 11.10	Obligation and Lien for Cost of Enforcement	19
Section 11.11	Penalties	19
ARTICLE XII	INSURANCE AND RECONSTRUCTION	19
Section 12.01	Insurance to be Carried	19
Section 12.02	Insurance Review	22
Section 12.03	Repair or Reconstruction After Fire or Other Casualty	22
Section 12.04	Owner's Insurance	23
Section 12.05	Actions Which May Increase Insurance Rates Prohibited	23
Section 12.06	Insurance Trustee	24
Section 12.07	Permitted Mortgage	24
ARTICLE XIII	SELLING, MORTGAGING AND LEASING OF UNITS	25
Section 13.01	Selling, Mortgaging and Leasing of Units	25
Section 13.02	Owner Responsible for Tenant	26
Section 13.03	Mortgaging of Units and Notice to the Board of Managers	27

**SCHEDULE F
TO THE
DECLARATION
OF
THE ANCHOR CONDOMINIUM**

BY-LAWS

ARTICLE 1

NAME

Section 1.01 Name. The name of the Condominium is The Anchor Condominium, hereinafter referred to as the “Condominium”.

Section 1.02 Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property of the Condominium and have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York (the “Condominium Act”) as Schedule G to the Declaration.

Section 1.03 Personal Application. All present and future Owners, Mortgagees, lessees and occupants of Units and their employees, invitees and any other persons who may use the facilities of the Condominium in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations, as such may be amended from time to time.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the provisions of the Declaration, and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified and will be complied with.

Section 1.04 Office. The Office of the Condominium and the Board of Managers (the “Board”) shall be located at 1 Kurosaka Lane, Lake George, New York 12845.

**ARTICLE II
DEFINITIONS**

Section 2.01 Definitions. All capitalized words and terms herein shall have the meanings given them in the Declaration.

ARTICLE III
VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES, ABSENTEE BALLOTS

Section 3.01 Voting. The Authorized Voting Owner of a Unit in good standing shall be entitled to cast one (1) vote for each Unit owned, including the Commercial Units, at all meetings of Owners. The term "good standing" shall mean the Owner of a Unit is current in the payment of all Common Charges and Assessments and has no violations pending.

Section 3.02 Majority of Owners. The term "majority" shall mean fifty one percent (51%) of the Authorized Voting Owners in number and percent of interest, represented in person, by proxy or by absentee ballot.

Section 3.03 Quorum. Except as otherwise provided in these By-Laws, the presence, in person or represented by proxy or by an absentee (mail/fax/e-mail) ballot, of a majority of Owners as defined in Section 3.02 of this Article, shall constitute a quorum.

Section 3.04 Proxies. Proxies must be filed with the Secretary of the Board no later than three (3) days prior to the meeting at which the same are to be used. Such proxies shall only be valid for such meeting or subsequent adjourned meetings thereof. A notation of such proxies shall be made in the minutes of the meeting. The Board shall have the authority to circulate proxies to Owners for use at a meeting of Owners.

Section 3.05 Absentee (Mail/Fax/E-Mail) Ballot. All absentee ballots shall be in writing, signed and shall be filed with the Secretary of the Board no later than three (3) days prior to the meeting at which the same are to be used. Such absentee ballots shall only be valid for such meeting or subsequent adjourned meetings thereof. A notation of such absentee ballots shall be made in the minutes of the meeting. The Board shall have the authority to circulate absentee (mail/fax/e-mail) ballots to Owners for use at a meeting of Owners.

Section 3.06 Voting Regulations. The Board may make such regulations, consistent with the terms of the Declaration, these By-Laws and the applicable laws of the State of New York, as it deems advisable for any meeting of Owners in regard to proof of ownership, evidence of the right-to-vote, the appointment and duties of inspectors of election, registration of Authorized Voting Owners for voting purposes, the establishment of representative voting procedures and such other matters concerning the conduct of meetings and voting as it shall deem appropriate.

Section 3.07 Corporate Owner. Any votes of a corporate Owner may be cast by the Authorized Voting Owner, who shall be an officer of such corporation.

Section 3.08 Joint or Common Ownership. If a Unit is owned by more than one (1) person as joint tenants, tenants by the entirety or as tenants in common, the persons owning such Unit shall file with the Secretary of the Board a certificate naming the Authorized Voting Owner and reach an agreement as to the matter being voted upon. If such certificate is not on file, the person or entity first named on the deed by which title is obtained shall be the person considered the Authorized Voting Owner.

Section 3.09 Fiduciary. A fiduciary shall be the Authorized Voting Owner with respect to any Unit owned in a fiduciary capacity.

Section 3.10 Majority Vote. All actions to be taken by Owners shall be by vote of a majority of Authorized Voting Owners, as defined in Section 3.02 herein, at a meeting at which a quorum, as defined in Section 3.03 herein, is present, except where in the Declaration or these By-Laws, or by law, a higher percentage vote, or other vote, is required.

ARTICLE IV MEETINGS OF OWNERS

Section 4.01 Annual Meetings. The first annual meeting will be held within approximately thirty (30) days from the date of Transfer of Control and shall occur at approximately the same date each succeeding year, or such other date as the Board may determine to be more convenient for the majority of Owners. The Owners may transact such business at such meeting as may properly come before them.

Section 4.02 Place of Meetings. Annual meetings of Owners shall be held at a suitable place convenient to the majority of Owners.

Section 4.03 Special Meetings. It shall be the duty of the President to call a special meeting of Owners, if so directed by resolution of the Board or upon a petition presented to the Secretary of the Board, signed by at least five (5) of the Authorized Voting 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.

Section 4.04 Notice of Meetings. It shall be the duty of the Secretary of the Board to mail, or cause to be mailed, by first class, postage prepaid, to each Owner of record at his or her Unit or at such other address as such Owner shall have designated by notice, in writing, to the Secretary of the Board, a notice of each annual or special meeting of Owners at least ten (10), but not more than thirty (30) days prior to such meeting stating the purpose thereof, as well as the time and place where it is to be held, notwithstanding the foregoing, if the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-Laws, the notice of the meeting shall also include a complete copy of the proposed amendment or amendments.

Section 4.05 Waiver of Notice. Whenever under any provisions of these By-Laws, the terms of any agreement or instrument, or law, the Condominium or any committee thereof is authorized to take any action after notice to any person or persons or after the lapse of the prescribed period of time, such action may be taken without notice and without the lapse of such period of time, if at any time before or after such action is completed the person or persons entitled to such notice or entitled to participate in the action to be taken or, in the case of an Owner, by his or her duly authorized attorney-in-fact, submit a signed waiver of notice of such requirements. The attendance of any Owner at a meeting, in person, without protesting prior to the commencement of such meeting the lack of notice of such meeting, shall constitute a waiver of notice by him or her.

Section 4.06 Waiver and Consent. Whenever the vote of Owners at a meeting is required or permitted by any provision of the Declaration, statutes or these By-Laws to be taken in connection with any action of the Owners, the meeting and vote of Owners may be dispensed with if all Authorized Voting Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 4.07 Adjourned Meetings. If any meeting of Owners cannot be organized because a quorum, in number and percent of interest, is not present in person, by proxy or absentee ballot, the Owners who are present, either in person, by proxy or absentee ballot, may adjourn the meeting to a date not less than ten (10) nor more than thirty (30) days from the date the original meeting was called. Notice of such adjourned meeting, other than announcement at the meeting, is not required. At such adjourned meeting, if a quorum is not present, the majority of those present in person or represented by proxy or absentee ballot, may vote upon any action and there shall be no need to further adjourn the meeting.

Section 4.08 List of Owners. A list of Owners, together with the percent of interest of each Owner, and Authorized Voting Owners as of the record date, certified by the Secretary of the Board, shall be produced at any meeting of Owners upon the request thereat or prior thereto of any Owner. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of Owners and/or Authorized Voting Owners to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be Authorized Voting Owners entitled to vote thereat may vote at such meeting. Such list will also certify, as of the date of the meeting, each Owner not in good standing.

Section 4.09 Order of Business at Meetings. The order of business at all meetings of the Unit Owners shall follow Roberts Rules of Order.

ARTICLE V BOARD OF MANAGERS

Section 5.01 Number and Qualifications. The affairs of the Condominium shall be governed by a Board of Managers. The Board of Managers shall consist of five (5) members, four (4) of which shall be elected and one (1) of which will automatically be the Owner of the commercial Unit or its representatives. The majority of the Board of Managers must be Owner-occupants who are unrelated to the Sponsor and the Principals of the Sponsor. Owner-occupants and non-resident Owners, including the Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing, i.e., purchase as a home as opposed to as an investment. Notwithstanding the foregoing, one (1) member may be the Owner of a commercial Unit.

The Sponsor will have control of the Board of Managers for four (4) years from the date of the first closing or whenever all the residential Units have been sold, whichever is sooner.

Section 5.02 Nominations. Nominations for election to the Board shall be made by a

Nominating Committee or the Board of Managers if there be no Nominating Committee. Nominations may also be made from the floor at the Meeting of Owners or by write-in. The Nominating Committee, or the Board of Managers, as the case may be, shall make as many nominations for election to the Board as it shall, in its sole discretion, determine, but not less than the number of vacancies as are to be filled by the votes of Owners.

Section 5.03 Election and Term of Office. At the first annual meeting of Owners the first Owner Board shall be elected by the Owners. The terms of office of the members of the Owner-elected Board shall be two (2) years or until their successors are elected, except that the term of office of the four (4) members elected at the first annual meeting of Owners, two (2) shall be for two (2) years and two (2) shall be for one (1) year.

Section 5.04 Removal of Members of the Board of Managers. At any regular or Special Meeting of Owners, any one (1) or more of the members of the Board elected by the Owners may be removed with or without cause by a majority of the Authorized Voting Owners (other than the Sponsor) and a successor may then and there or thereafter be elected by Owners to fill the vacancy thus created. Any member of the Board whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

The Board may remove a member of the Board for failure to be in good standing with regard to payment of Common Charges, Assessments or other charges resulting from violations of the Rules and Regulations, and/or absence from three (3) consecutive duly called Board meetings, unless such absence is due to illness.

Section 5.05 Resignation of Members of the Board of Managers. A member of the Board may resign at any time by giving written notice to the President and/or Secretary of the Board. Unless otherwise specified in the letter of resignation, the resignation shall take effect immediately upon receipt thereof and acceptance of the resignation shall not be necessary to make it effective.

Section 5.06 Vacancies. Board member vacancies caused by any reason other than the removal of a member thereof by a vote of the Authorized Voting Owners, shall be filled by a vote of a majority of the remaining members of the Board at a Special Meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board to fill the unexpired term of the member being replaced or until a successor is elected by the Owners at a duly called meeting.

Section 5.07 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board by the Owners. Such powers and duties of the Board shall include, but shall not be limited to, the following:

- a. Determining and levying of annual Common Charges to cover the cost of Common Expenses required for the operation of the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property. The Board may

increase the Common Charges or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, without a vote by the Owners. These charges will be assessed in the same manner as the Common Charges as set forth in Section 11.01 of Article XI of the Declaration, except that in the case of a Limited Common Element, the Board may assess the Owner of the Unit to which such Limited Common Element is appurtenant, an additional assessment for the repairs, maintenance and replacement of such Limited Common Element, if such is the result of the Owner of such Unit failing to make such repairs, maintenance and/or replacement upon ten (10) days written notice from the Board, payable in such manner as may be established by the Board in its sole discretion.

- b. Establishing and maintaining such bank accounts as may be required for the operation of the Condominium.
- c. Collecting, using and expending Common Charges and other assessments collected to maintain, care for and preserve the Building and the Common and Limited Common Elements as provided in the Declaration.
- d. Operating and maintaining of the Common and Limited Common Elements.
- e. Employing and terminating employees and independent contractors, purchasing supplies and equipment, entering into contracts and generally having the powers of manager in connection with the matters set forth herein.
- f. Contracting for the management of the Condominium pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of a managing agent.
- g. Contracting for repairs, additions and improvements to, or alterations of, the Property, and restoration of the Property in accordance with the provisions of these By-Laws and/or the Declaration after damage or destruction by fire or other casualty, as a result of condemnation or eminent domain proceedings, or as a result of the Board determining such repairs are reasonably necessary.
- h. Entering into and upon the Units when necessary and at as little inconvenience to the occupant as possible in connection with the maintenance, care and preservation of the Property.
- i. Causing emergency repairs to be made to Units owned by Purchasers who have purchased Units for investment purposes, at the sole expense of the Owners of such Units.
- j. Purchasing or leasing or otherwise acquiring in the name of the Board, or its designee, corporate or otherwise, on behalf of all Owners, Units offered for sale (whether on account of foreclosure or otherwise), for lease or surrendered by their Owners, to the Board.

- k. Obtaining and maintaining insurance for the Property, including the Units, pursuant to the provisions of Article XII of these By-Laws.
- l. Selling, leasing, mortgaging, repairing, maintaining, voting the votes appurtenant to, or otherwise dealing with Units acquired by the Board or its designee, corporate or otherwise, on behalf of all Owners.
- m. Approving the leasing of Units pursuant to Article XIII of these By-Laws.
- n. Bringing and defending actions by or against more than one Owner which are pertinent to the operation of the Condominium and bringing actions on behalf of Owners as provided for in Section 339-dd of the Real Property Law of the State of New York or in the Declaration.
- o. Borrowing money on behalf of the Condominium when required in connection with the operation, care, repair, upkeep and maintenance of the Common Elements, provided that there is adequate income available through the annual Common Charges and/or Special Assessment to repay the loan.
- p. Adopting reasonable Rules and Regulations covering the operation and use of the Property. Such Rules and Regulations shall be binding upon the Owners when the Board has adopted them, by resolution, in writing. A copy of such rules shall be delivered to each Owner and/or occupant.
- q. Collecting delinquent assessments by suit or otherwise, abating nuisances and the enjoinder and/or seeking of damages from Owners for violations of the Rules and Regulations herein referred to, of the Declaration or these By-Laws by such Owner, such Owner's family members, lessees, licensees or other invitees.
- r. Establishing reserves for the repair and replacement of the Common and/or Limited Common Elements, together with fixtures and equipment therein. The amount of such reserves shall be as the Board deems to be sufficient to meet the reasonable requirements of existing or proposed capital replacements and/or improvements.
- s. Complying with any change in New York Law as such may affect the Condominium.
- t. Pursuant to Section 339-y.2. of Article 9-B of the Real Property Law (the Condominium Act), acting as an agent of each Owner who has given written authorization to seek administrative and judicial review of a real estate tax assessment made pursuant to Title One-A of Article Five and Title One of Article Seven of the Real Property Tax Law of New York State, may retain legal counsel on behalf of all Owners for which it is acting as agent and to charge all such Owners a prorated share of expenses, disbursements and legal fees for which charges the

Board shall have a lien pursuant to Section 339-z of Article 9-B of the Real Property Law of the State of New York.

Section 5.08 Meetings. Regular and special meetings of the Board shall be held as follows:

- a. **Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the members of the Board, but at least one (1) such meeting shall be held each quarter during each fiscal year. Notice of meetings of the Board open to all members shall be sent to all Owners at least five (5) days prior to the day set for such meeting. Owner's wishing to address the Board at such meetings shall send written notice to the Board no less than three (3) days prior to the meeting. The Board may hold executive meetings at such intervals as necessary to carry on the obligations of the Board.
- b. **Special Meetings.** Special meetings of the Board may be called by the President or any two (2) members of the Board on five (5) days notice to each member of the Board either personally, by mail, e-mail or fax, which notice shall state the time, place and purpose of the meeting. Special meetings shall be called by the President or Secretary of the Board in a like manner and on like notice on the written request of at least two (2) members of the Board.

Section 5.09 Waiver of Notice. Before or at the beginning of any meeting of the Board any member of the Board may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by members of the Board at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the members of the Board are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 5.10 Quorum of Board of Managers. At all meetings of the Board of Managers a simple majority of the members shall constitute a quorum for the transaction of business, and the acts of a simple majority of the members of the Board present at a meeting at which a quorum is present, shall be the acts of the Board. If, at any meeting of the Board, 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 at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice. However, if after the first adjourned meeting a quorum is not present at the duly called adjourned meeting, action of a simple majority of those present may take such action on the business appearing on the agenda as may be agreed upon by those present.

Section 5.11 Compensation. No member of the Board shall receive any compensation for acting as such. Any member may be reimbursed for his or her actual reasonable expenses incurred in the performance of his or her duties, providing prior approval has been granted by resolution of the Board. A member who serves the Board in any other capacity, however, may receive compensation therefore if otherwise entitled thereto, providing prior approval has been

granted by resolution of the Board.

Section 5.12 Fidelity Bond. The Board shall obtain adequate fidelity bond for all officers and employees of the Condominium, including the managing agent if there be one, handling or responsible for the Condominium funds as set forth in Article XII of these By-Laws.

Section 5.13 Managing Agent. The Board may contract, in the name of the Condominium, with a managing agent, at a compensation established by the Board, to perform such duties and services as the Board may authorize, but not necessarily be limited to, the following:

- a. Repair and maintenance of the Condominium Common and Limited Common Elements, facilities and equipment.

The Board may delegate to the managing agent such other duties as may be permitted by law, the Declaration or these By-Laws. Any management agreement entered into with a managing agent, as an independent contractor, shall provide that the managing agent carry his or her own liability insurance in such amounts as the Board shall deem adequate. The managing agent shall be covered by the Condominium's fidelity bond. The agreement shall also provide that such agreement maybe terminated by the Board, without penalty, upon not more than ninety (90) days notice. No such management agreement shall be for a term of more than two (2) years, shall not be renewable without the consent of both parties and may not be assigned without prior written consent of the Board.

ARTICLE VI OFFICERS

Section 6.01 Designation. The principal officers of the Board shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by and from the Board members. The Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as, in its judgment, may be necessary. The Secretary or the Treasurer may also be a Vice President.

Section 6.02 Election of Officers. The officers of the Board shall be elected annually by the Board at its first meeting after the annual meeting. Officers so elected by the Board shall hold office until the next annual meeting of Owners or until Board member successors are elected.

Section 6.03 Appointed Officers. Officers may be appointed, from time to time, by the Board and shall hold office for such terms as the Board shall determine. Appointed Officers will be non-voting members of the Board.

Section 6.04 Resignation of Officers. Any officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein. The acceptance of such resignation shall' not be necessary to make it effective.

Section 6.05. President. The President shall be the chief executive officer of the Condominium. He or she shall preside at all meetings of Owners and the Board. He or she shall have all the general powers and duties which are usually vested in the office of President of an

association, including, but not limited to, the power to appoint committees from among the Owners, from time to time, as he or she may, in his or her discretion, decide is appropriate to assist in the conduct of the affairs of the Condominium. The President may not also simultaneously hold any other office.

Section 6.06 Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in place of the President on an interim basis. The Vice President shall also perform such other duties as shall, time to time, be imposed upon such officer by the Board or by the President.

Section 6.07 Secretary. The Secretary shall keep, or cause to be kept, the minutes of all meetings of the Owners and of the Board; shall record, or cause to be recorded, all votes and the minutes of all proceedings in a book to be kept for that purpose; shall have charge of such books and papers as the Board may direct; shall give, or cause to be given, notice of all meetings of Owners and special meetings of the Board; and shall, in general, perform all the duties incident to the office of Secretary. The Secretary may also be a Vice President.

Section 6.08 Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping, or cause to be kept, full and accurate financial records and the preparation of all required financial data. The Treasurer shall be responsible for depositing, or cause deposits to be made, of all monies and other valuable effects in the name of the Condominium, in such depositories as may, from time to time, be designated by the Board, and shall, in general, perform all the duties incident to the office of Treasurer. The Treasurer may also be a Vice President.

Section 6.09 Duties of Officers May Be Delegated. In the event of the absence or disability of any officer of the Board, or in the event of a vacancy in any office, or for any other reason that the Board may deem sufficient, the Board, except as otherwise provided by law, may temporarily delegate the powers or duties of any officer to any other officer or to any member of the Board, other than the President.

Section 6.10 Agreements, Contracts, Deeds, Checks and Other Instruments.

- a. All agreements, contracts, deeds, leases, checks and other instruments in the name of the Condominium shall be executed by two (2) officers of the elected Board or such other person or persons so designated by the Board.
- b. All contracts and other agreements entered into on behalf of the Condominium shall contain, among other provisions, those provisions set forth in Section 7.01 b. of Article VII of these By-Laws.
- c. All contracts and other agreements shall be in the name of the Condominium as set forth in Article VII of these By-Laws.

ARTICLE VII

**LIABILITY OF BOARD OF MANAGERS AND OWNERS;
INDEMNIFICATION OF MEMBERS OF THE BOARD OF MANAGERS**

Section 7.01 Liability of the Board of Managers and Owners.

- a. The members of the Board 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 members of the Board against all contractual liability to others arising out of contracts made by the Board in the name of the Condominium, unless any such contracts shall have been made in bad faith or contrary to the provisions of the Declaration or these By-Laws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Condominium. It is also intended that the liability of any Owner arising out of any contract made by the Board shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interests of all the Owners in the Common Elements.

- b. Every contract agreement or commitment made by the Board or by the managing agent or the manager, in the name of the Condominium shall provide that the members of the Board, or the managing agent, 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 or her interest in the Common Elements bears to the interest of all Owners in the Common Elements.

Section 7.02 Right of Indemnification. Each member of the Board, whether or not then in office, and any person whose testator or intestate was such a member, shall be indemnified by the Condominium for the defense of, or in connection with, civil or criminal actions or proceedings, or appeals therein arising from actions as a Board member, in accordance with and to the fullest extent permitted by law.

Section 7.03 Other Rights of Indemnification. The right of indemnification herein provided shall not be deemed exclusive of any other rights to which any such member or officer of the Board or other person may now or hereafter be otherwise entitled and specifically, without limiting the generality of the foregoing, shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any such member or officer of the Board or other person in any such action or proceeding to have assessed or allowed in his or her favor, against the Condominium or otherwise, his or her costs and expenses incurred therein or in connection therewith or any part thereof.

ARTICLE VIII COMMITTEES

Section 8.01 Committees Acting on Behalf of the Board of Managers. The Board may, by resolution or resolutions, passed by a majority of the members of the Board, designate one or more committees, which, to the extent provided in said resolution or resolutions, shall have, and may exercise, the powers therein set forth. However, no such committee shall have or be given the power to: (i) determine the Common Charges and expenses required for the affairs of the Condominium; (ii) adopt or amend the Rules and Regulations covering the details of the operation and use of the Property; or (iii) obligate the Condominium to any financial obligations. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Committees established by resolution of the Board shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 8.02 Committees of Members. The committees of the Condominium may be such committees as the Board shall deem desirable from time to time and shall serve in an advisory capacity only and make recommendations to the Board for action.

Section 8.03 Rules. Each committee may adopt rules of its own government not inconsistent with the terms of the resolution of the Board designating the committee or the rules adopted by the Board.

ARTICLE IX COMMON CHARGES AND ACCOUNTS

Section 9.01 Determination of Common Charges. The Board shall, from time to time, but at least annually, fix and determine the budget or budgets representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send: (i) a copy of the proposed budget or budgets to all Owners at least thirty (30) days prior to the adoption thereof; and (ii) a copy of the adopted budget or budgets and any supplements thereto to every Owner. The Board shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the Common and Limited Common Elements and any other operating expenses, as well as charges to cover any deficits from prior years without a vote of Owners. Except as may be otherwise provided for in Article XI of the Declaration, all Unit Owners will be charged pro-rata in accordance with their respective Common Interests as compared to the combined Common Interests of all the Units for Common Charges and Special Assessments based on a budget which reflects the Common and/or Limited Common Elements usage applicable to all Units. However, any Unit having appurtenant Limited Common Elements requiring maintenance or other services, including water usage not common to other Units, may be charged additional assessments for such additional maintenance and/or other services.

Notwithstanding the foregoing, the Board may allocate and apportion expenses for Limited Common Elements to Owners of Units having special or exclusive availability or use of the Common Elements to which such expenses have been applied. All Owners are obligated to pay all Common Charges or assessments required in the annual or interim budgets adopted by the Board, to meet annual expenses for the operation of the Condominium, including reserves for

capital replacements, together with any special assessments.

Payments shall be made monthly in advance, payable on the first (1st) of each month, or at such other times as may be established by the Board. Special assessments, should such be required, shall be levied and paid at such intervals as may be determined by the Board.

The Sponsor may not exercise veto power over expenses required to comply with applicable laws or regulations, or to remedy any notice of violation, or to remedy any work ordered by an insurer, annual or interim budgets adopted by the Board to meet annual expenses for the operation of the Condominium, including reserves for capital replacements, together with any special assessments that may be required to meet these financial obligations.

Section 9.02 Condominium Funds. The funds of the Condominium shall be deposited in the name of the Condominium with such banks, trust companies or other insured depositories as the Board may, from time to time, designate. All checks, notes, drafts and other negotiable instruments of the Condominium shall be executed by any two (2) officers of the elected Board. No officers, employees or agents of the Condominium, alone or with others, shall have power to make any checks, notes, drafts or other negotiable instruments in the name of the Condominium or to bind the Condominium thereby, except as provided in these By-Laws.

Section 9.03 Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited all monthly Common Charges and special assessments as fixed and determined for all Units. Disbursements from said account shall be for the general needs of the operation, including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the Condominium, for the purchase, lease, sale or other expenses resulting from the purchase or lease of Units. Applicable funds designated for Reserves, shall be transferred to an interest-bearing, federally insured Reserve Account.

Section 9.04 Capital Reserve and Working Capital Accounts. Any funds collected or designated by the Board as reserves or working capital for the replacement of capital items shall be segregated from all other funds of the Condominium in one or more separate federally interest-bearing accounts. This shall not preclude the Board from segregating other portions of the Condominium funds in separate accounts for specific purposes (e.g. reserves for non-capital items) or otherwise.

Section 9.05 Other Accounts. The Board shall maintain such other accounts as it shall deem necessary to carry out its purposes.

ARTICLE X RECORDS AND ANNUAL FINANCIAL REPORTS

Section 10.01 Records and Reports. The Board, or the Managing Agent if there be one, shall keep detailed records of the actions of the Board, minutes of the meetings of the Board,

minutes of the meetings of the Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges and each special assessment, if any, against such Unit, the date when due, the amounts paid thereon, the date such payment was made and the balance remaining unpaid, including late charges and interest.

Section 10.02 Annual Report. An annual report of the receipts and expenditures of the Condominium shall be rendered by the Board of Managers to all Owners within four (4) months from the end of each fiscal year. In the event that any substantial irregularities or any defalcation are noted, the Board shall promptly engage a certified public accountant to audit all books and records and provide a copy of such audit to Owners. In addition, when called for by a vote of the Owners at any special meeting of the Owners, the Board shall furnish to the Owners, a full and clear statement of the business conditions and affairs of the Condominium.

The cost of the services of a certified public accountant and other services required by this Section 10.02 and these By-Laws shall be a Common Expense.

Notwithstanding the foregoing, during the time the Sponsor is in control of the Board, the Sponsor, at the Sponsor's sole expense, shall provide all Owners with a certified audited financial statement prepared by an independent certified public accountant.

Section 10.03 Inspection of Records. Every Owner, or his or her representative or Mortgagee, shall be entitled to examine the books and records of the Condominium during regular business hours upon reasonable notice to the Board and/or the managing agent if there be one, but in no event more than quarterly.

Section 10.04 Availability of Records and Legal Documents. The Board and/or managing agent if there be one, shall make available for inspection, upon reasonable notice and during normal business hours, to existing and prospective purchasers, lessees, and mortgagees, mortgage insurers and mortgage guarantors, current copies of the Declaration, these By-Laws, Rules and Regulations and any amendments thereto, current budget and any interim budget, schedule of assessments and any other books, records and financial statements of the Condominium. The Board and/or the managing agent may furnish copies of such documents to such parties and may charge a reasonable fee to cover the cost of furnishing such copies.

ARTICLE XI THE CONDOMINIUM PROPERTY: USE, OPERATION, PRESERVATION, MAINTENANCE, REPAIR

Section 11.01 Repairs and Maintenance Which are the Responsibility of the Board of Managers. All maintenance, repairs and replacement to the Common and Limited Common

Elements of the Property, including, but not necessarily limited to, the exterior side of the Unit entry doors, windows, terraces, the common stairways, doors leading to and from common areas, the lobby/entry area walls, floors and ceilings, elevators and elevator shafts, exterior walls of the Building, roof members, parking garage, overhead garage doors, and the terrace, railings, parapet, vents, garage exhaust fans and air-intakes at the roof level, and the foundations, sidewalks, ramps and steps, as well as all maintenance, repairs and replacements of any pipes, wires, conduits, connections, fittings, and public utility lines, including, without limitation, so much of any pipes, wires, conduits and public utility lines as are located in the Common Elements and serve one or more Units shall be a Common Expense.

The Board of Managers shall cause to have repaired all plumbing stoppages and electrical repairs occurring in the Common Elements. The Board shall also contract to provide snow removal from sidewalks and ramps, parking areas and any other areas of ingress or egress to and from the Building and the grounds.

In the event maintenance, repair and/or replacement of such Limited Common Elements set forth in Section 11.02 of these By-Laws involves structural or extraordinary maintenance, repairs or replacements, such as leaks that are not caused by acts or omissions of the Owner having direct and exclusive access thereto, shall be a Common Expense.

Section 11.02 Repairs and Maintenance Which are the Responsibility of the Owners.

- a. Every Owner must promptly perform all maintenance and repairs within his or her Unit, which, if not performed, would affect the Building, the Common and/or Limited Common Elements and/or other Units. Every Owner is expressly responsible for the damages and liabilities that his or her failure to do so may engender.
- b. All repairs of internal installations of the Unit, such as water connections, gas, electric, telephone, air conditioners, water closets, doors, windows, fixtures, appliances and all other accessories that are a part of the Unit and service only such Unit, together with all decorating (painting, wallpaper and flooring) shall be at the sole expense of the Owner of such Unit, including the air conditioning condenser located on the roof and servicing only such Unit. Skylights, if any, installed at the request of the Owner, as an option, shall be the sole responsibility of the Owner, including the repair of damage resulting from any leakage.
- c. In the event an Owner fails to make any maintenance or repairs occurring within such Owner's Unit which is necessary to protect any of the Common or Limited Common Elements, or any other Unit, the Board shall have the right to have such maintenance or repairs performed within ten (10) days of the Owner's receipt of written notice, or oral or written notice of shorter duration in the event of an emergency, and to charge the Owner for the cost of all such maintenance and/or repairs.
- d. Any maintenance, repair or replacement necessary which is occasioned by a negligent or willful act or omission of an Owner, a lessee of such Owner, or by any family member of such Owner or such Owner's lessee, or other invitee, shall be made at the cost and expense of the Owner. If such maintenance, repair or replacement is

performed by the Board of Managers, it shall not be regarded as a Common Expense, but shall rather be considered a special expense allocable to the specific Unit and such cost shall be added to the Common Charges of the Owner of such Unit and, as a part of those Common Charges, shall constitute a lien on the Unit to secure the payment thereof.

- e. The Owner/occupant of a Unit shall be responsible for keeping the terrace appurtenant to his or her Unit free of all debris and snow, including drains, if any.

Section 11.03 Repairs and Maintenance Which are the Responsibility of Non-Resident Unit Owners. Any Owner of a Unit leasing such Unit is required to furnish landlord services for the lessee, as should be provided for in the lessee's lease, together with the lessee's responsibility to maintain the terrace appurtenant to the leased Unit and the assigned parking space. In the event such Owner fails to provide the required landlord/tenant services, the Board shall have the right to require such Owner to deposit with the Board, such amount as the Board deems necessary to cover the cost of providing such services. Such deposits shall be held in a segregated account for the benefit of such Owner.

Section 11.04 Quality of Maintenance and Repairs. All repairs, painting and maintenance shall be carried out in such manner so as to conform with the exterior materials, style and color initially installed, as near as practicable, taking into account the fact that, because of time passing, it may not be possible or economically feasible to obtain the materials or quality of workmanship necessary to conform to the materials and style of the structure as it was originally built. In such event, changes must be submitted to the Board for approval prior to any work being performed as set forth in Article VIII of the Declaration.

Section 11.05 Right of Access. An Owner, or occupant, shall be deemed to have granted a right of access to his or her Unit and/or appurtenant Limited Common Elements to the Board, or its designee, for the purpose of correcting any condition originating in such Unit and/or appurtenant Limited Common Element and threatening another Unit and/or appurtenant Limited Common Element or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common or Limited Common Elements in such Unit or elsewhere in a Building, or to correct any condition which violates the building codes, the cost of which shall be a Common Expense. Requests for entry will be made in advance and any such entry will be at a time reasonably convenient to the Owner or occupant. In case of an emergency, such right of entry shall be immediate, whether the Owner or occupant is present at the time or not. Any damage to the entry door or lock, incurred as a result of an emergency entry, shall be a Common Expense without liability for damages or trespass by reason of such entry thereof and the Owner or occupant of such Unit shall indemnify the Board of Managers and all other Owners and shall hold all harmless against any loss or liability of any kind or character whatsoever arising from or as a result of any such actions.

Each Owner shall provide a key or keys to the Board for use of entry in the event of an emergency. The Board shall secure such key or keys in a locked key box located in a secured area within the Building.

Section 11.06 Use of Units and Modifications or Alterations.

- a. All Units shall be utilized for residential purposes only, except for the one (1) Unit located at the first level of the Building, which shall be utilized for commercial purposes only pursuant to Section 5.05 of the Declaration.

An Owner shall not make any structural modification or alterations to his or her Unit, or installations located therein, without prior written approval by the Board. Plans and specifications shall be submitted to the Board in accordance with Article VIII of the Declaration.

Section 11.07 Use of Common and Limited Common Elements.

- a. An Owner and/or occupant shall not place, or cause to be placed furniture, boxes or other objects in the Common Areas.
- b. The Common and Limited Common Elements shall be used only for intended use.
- c. Tarps of any color shall not be used to cover any items on any terrace or balcony.
- d. Terraces and balconies may not be used for storage of any kind. Only typical patio/porch furniture and accessories may be placed on terraces and balconies and shall be removed in the winter to allow for the clearance of snow from such terraces and balconies.
- e. The Owner and/or occupant of each Unit shall be responsible for the removal of snow from the terrace and balcony appurtenant to such Unit and for keeping drains, if any, open and free of all debris and ice and snow.
- f. Barbecuing equipment in good condition will be permitted on the terraces and balconies providing that the terrace and balcony is maintained in a sanitary condition and the barbecuing equipment kept a reasonable distance from the walls of the Building when in use. Any damage resulting from barbecuing to the terrace and balcony and/or the exterior walls of a Building shall be repaired at the sole expense of the Owner of the Unit.
- g. Bicycles are not allowed to be transported through the Common Elements, including by way of the elevator, and are to be stored in the bicycle rack in the garage area and/or such area as may be so designated by the Board.
- h. All signage for commercial Units shall be approved by the Board prior to the Owner of such Unit submitting the signage to the Design Review Commission.

Section 11.08 Rules of Conduct. Rules and Regulations concerning the use of the Units and the Common and Limited Common Elements may be promulgated by the Board. Copies of such Rules and Regulations shall be furnished by the Board to each Owner no less than ten (10) days prior to the time when the same shall become effective. Any Owner leasing his or her Unit is

obligated to make the lessee fully aware of these By-Laws, the Declaration, Rules and Regulations, resolutions, or decisions, and any amendments thereto and shall be solely responsible for the actions of such lessee as those actions pertain to the Condominium and the use of the Common and Limited Common Elements.

No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is the source of unreasonable disturbance to its occupants or which interfere with the peaceful possession or proper use of the Property by its occupants.

No unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the sole expense of the Owner responsible for the violation or the Board through Common Charges and/or Special Assessments, whichever shall have the obligation to cure the violation.

Section 11.09 Abatement and Enjoinment of Violations. The violation of any Rules or Regulation adopted by the Board, or the breach of any of these By-Laws contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these By-Laws or the Declaration: (i) to enter the Unit in which, or as to which, such violation or breach exists and to summarily 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 shall not hereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or (iii) to establish a penalty in accordance with Section 11.10 below. If, after thirty (30) days written notice to the Unit Owner of any such violation or breach, and if the Board has failed to take any action to remedy such violation or breach, then one or more aggrieved Owners shall have the right to enjoin, abate or remedy the continuance of any such breach by appropriate legal proceedings at law or in equity.

Prior to exercising such right, the Board shall, if reasonably possible, notify the Owner of the Unit involved and provide a reasonable amount of time for the cure of such violation or breach. An Owner is responsible for the actions of family members, tenant and tenant's family members, guest, clients or other invitee as such pertain to the rules and regulations of the Condominium.

All rights, remedies and privileges granted to the Board and to aggrieved Owners herein shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising such right or rights from exercising such other and additional rights, remedies or privileges as may be granted by the Declaration, these By-Laws or the Rules and Regulations, as such may be amended from time to time, or at law or in equity.

Section 11.10 Obligation and Lien for Cost of Enforcement. If an action is successfully brought to extinguish a violation of any rule or regulation adopted by the Board or to successfully enforce the provisions of the Declaration or these By-Laws, or the Rules and Regulations, the cost of such action, including legal fees, shall become a binding personal obligation of the Owner

responsible for the violator. Such cost shall also be a lien upon the Unit of the responsible Owner.

Section 11.11 Penalties. In addition, or as an alternative to an action at law or suit in equity, the Board may, with respect to any violation of the Declaration or these By-Laws or any Rules and Regulations of the Condominium or of any committee of the Condominium, and after affording the Owner responsible for the alleged violator a reasonable opportunity to appear and be heard, establish monetary and non-monetary penalties, the amount and severity of which shall be reasonably related to the violation and to the aim of deterring similar future violations by the same or any other person. Monetary penalties imposed against an Owner shall be deemed an assessment against the Unit of such Owner and, as such, shall be a charge and continuing lien upon such Unit, shall constitute a personal obligation of the Owner, and shall be collectible in the same manner as Common Charges and special assessments under these By-Laws and the Declaration, as the By-Laws and Declaration may be amended from time to time.

ARTICLE XII INSURANCE AND RECONSTRUCTION

Section 12.01 Insurance to be Carried. The Board shall obtain and maintain (i) fire and casualty insurance for full replacement cost of the Building and the Units, exclusive of the personal contents of the Units; (ii) umbrella catastrophe insurance; (iii) liability insurance; (iv) Directors' and Officers' liability insurance; (v) fidelity bond, and (vi) loss of income.

The Board may also obtain such other insurance as it shall deem necessary or desirable from time to time.

The coverages shall be as follows:

- a. Fire and Casualty. The policies shall cover the interests of the Condominium, the Board and all Owners and Mortgagees as their interests may appear. Coverage shall be for the full replacement cost of the Building, including the garage area, and all Units and other improvements (without deduction for depreciation) excluding the land, with an initial deductible of \$5,000. However, a higher deductible may be required at such future time to obtain adequate insurance for full replacement cost, under the "single entity" concept, i.e. covering the Units as initially built, including fixtures, kitchen appliances, any other appliances that may have been initially installed by the Sponsor, installations or additions comprising a part of the Building from the exterior surfaces of the perimeter walls and ceilings of the individual Units, floors of the individual Units, as initially installed, in accordance with the plans and specifications on file with the Condominium or replacements thereof by the individual Owner.

The policy shall have the following provisions, endorsements and coverages: (i) "special coverage"; (ii) Ordinance and Law, including debris removal, contingent liability from building laws endorsement, increased cost of construction and vandalism; (iii) malicious mischief; (iv) windstorm; (v) water damage; (vi) inflation guard; (vii) coverage for loss of Common Charges from Owners forced to vacate because of fire or other insured-against casualty; (viii) waiver of any right to claim by way of subrogation against individual

Owners and the members of their households and families, lessee, the officers of the Board and individual members of the Board; (ix) an exclusion from the "no other insurance" clause of individual Owners' policies so that the insurance purchased by the Board shall be deemed primary coverage and any policies obtained by individual Owners or Mortgagees shall be deemed excess coverage and that the insurance obtained by the Board shall in no event be brought into "contribution" with insurance purchased by individual Owners or Mortgagees; (x) a provision that the policy cannot be cancelled, invalidated or suspended because of the act or negligence of someone over whom the insured has no control; (xi) cross-liability giving the Owners the right to sue the Board of Managers and vice versa with the insuring company agreeing to defend the defendant; (xii) a provision that the policy may not be cancelled (except for the non-payment of premium which shall be cause for cancellation upon ten (10) days written notice), substantially modified, invalidated or suspended, without at least thirty (30) days prior written notice to all of the insured, including all Mortgagees of Units reported to the insurance carrier or its agent, any deductible shall apply only to each occurrence rather than to each item of damage; (xiii) a provision that adjustment of loss shall be made with the Board, with its written consent; (xiv) a provision that any right of the insurer to elect to restore damage in lieu of cash settlement may not be exercised without the written consent of the Board; and (xv) the policy shall contain the standard New York mortgage clause in favor of each Mortgagee of a Unit which shall provide that any loss shall be payable to the Mortgagee as its interest shall appear, subject, however, to the loss payment provisions in favor of the Board of Managers set forth in this Section 12.01 and/or Section 12.02 of these By-Laws. If available, ordinance and law coverage shall also be obtained up to the full replacement cost of a Building, including the garage area, as may be practical.

Prior to obtaining any new fire and casualty insurance policy, the Board should obtain an appraisal as to the full replacement value (without deduction for depreciation) of the improvements on the Property (exclusive of land, foundations and improvements made by present or prior Owners or occupants) for the purpose of determining the amount of fire and casualty insurance to be effected pursuant to this Section.

The proceeds of all policies of physical damage insurance shall be payable to the Condominium to be applied by the Board for the purpose of repairing, restoring or rebuilding, unless otherwise determined by the Owners as hereinafter set forth. The policy must provide that any right of the insurer to elect to restore damage in lieu of cash settlement may not be exercised without the consent of the Board. The obligation to restore or reconstruct after damage due to fire or other casualty supersedes the customary right of a Mortgagee to have the proceeds of insurance coverage applied to the mortgage indebtedness.

Each Owner and such Owner's known Mortgagee shall be named insured on the policy and shall receive, at the time of purchase and at the time a new policy is obtained or an existing policy renewed, a certificate evidencing proof of insurance coverage. Duplicate originals of the policy and of all renewals of the policy shall be furnished to all known Mortgagees.

- b. Liability. The liability insurance shall cover the Board, the officers of the Board, the

managing agent, if any, and all Owners, but not the liability of Owners arising from occurrences within such Owner's Unit or within any Limited Common Elements exclusive to such Owner's Unit. The policy shall include the following endorsements: (i) comprehensive general liability, including libel, slander, false arrest, and invasion of privacy; (ii) personal injury; (iii) medical payments; (iv) cross-liability under which the rights of a named insured under the policy shall not be prejudiced with respect to such insured's action against another named insured; (v) "severability of interest" precluding the insurer from denying coverage to an Owner because of negligent acts of the Board or any other Owner; (vi) contractual liability; (vii) hired and non-owned vehicle coverage; (viii) liability for the property of others; (ix) host liquor liability coverage with respect to events by The Condominium; (x) deletion of the normal products exclusion with respect to events sponsored by the Condominium; (xi) a provision that the policy may not be cancelled, substantially modified, invalidated or suspended, without at least thirty (30) days prior written notice to all of the insured, including all Mortgagees of Units reported to the insurance carrier or its agent, any deductible shall apply only to each occurrence rather than to each item of damage, except for non-payment of premium, which shall be cause for cancellation upon ten (10) days written notice; and (xii) a provision that adjustment of loss shall be made with the Board. This limit shall be no less than \$1,000,000.

- c. Umbrella (Excess) Liability. The Board may obtain a policy with a minimum of \$5,000,000.00 Excess Liability. This policy should include, if available, excess Directors' and Officers' Liability and provide \$10,000.00 Retained Limit.
- d. Directors' and Officers' Liability. The Directors' and Officers' Liability Insurance shall cover the "wrongful" acts of a member of the Board or officer of the Board. The policy shall be on a "claims made" basis so as to cover all prior officers and members of the Board, and any deductible provision shall apply only to each occurrence rather than to each item of damage. The policy shall provide for "participation" by the Condominium or by the members of the Board or officers of the Board only to the minimum extent permitted by law or applicable governmental regulation. This coverage shall be no less than \$1,000,000.00.
- e. Fidelity Bond. The fidelity bond shall cover all members of the Board, officers and employees of the Condominium (if any) who handle Condominium funds. The bond shall name the Condominium as Obligee, and shall be in an amount of not less than twenty-five percent (25%) of the Condominium's annual budget, plus reserves, in the custody and/or control of the Board, but in no event less than a sum equal to three (3) months' aggregate Common Charges on all Units, plus reserves. It shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression and shall provide that the bond shall not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Board. For the first year this shall be no less than \$50,000.00/\$50,000.00. In the event the Board hires a property manager the Condominium shall add the manager to the Condominium's bond.
- f. Workers' Compensation. In the event the Condominium has employees, Workers'

compensation insurance shall be obtained covering such employees of the Condominium.

- g. No Liability for Failure to Obtain Above Coverages. The Board shall not be liable for failure to obtain any of the coverages required by this Section or for any loss or damage resulting from such failure, if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at demonstrably unreasonable cost.
- h. Deductible Amounts. The deductible amount shall be a common expense, provided, however, that the Board may assess any deductible amount necessitated by the gross negligence or wantonly malicious act of an Owner or other person invited into the Property against such Owner. The Condominium may pay the deductible portion for which an Owner is responsible, and the amount so paid, together with interest and costs of collection (including attorneys' fees) shall be a charge and continuing lien upon the Unit involved, shall constitute a personal obligation of the Owner, and shall be collectible in the same manner as Common Charges and assessments under the Declaration and these By-Laws and as further set forth in Section 12.03 herein.
- i. Loss of Income. The loss of income insurance shall apply for no less than twenty-four (24) months in the event of a casualty.

Section 12.02 Insurance Review. The Board should review all insurance coverages for adequacy at least once a year with the insurance agent of record.

Section 12.03 Repair or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building or Common or Limited Common Elements as a result of fire or other casualty (unless seventy-five percent (75%) or more of the Units are destroyed or substantially damaged and seventy-five percent (75%) or more of the Authorized Voting Owners in number and in Common Interest do not duly and promptly resolve not to proceed with repair and restoration), the insurance proceeds, if any, shall be payable to the Condominium. The Board shall notify all Mortgagees of such Units as indicated on the records of the Condominium and shall arrange for the prompt repair and restoration of the Building (including any damaged Units), and the Board shall disburse the proceeds of all Condominium insurance claims to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board shall assess all Owners for such deficit and for a completion bond for such deficit as part of the Common Charges.

If there shall have been a repair or restoration pursuant to the first paragraph of this Article, and the amount of the insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds may be deposited in the Condominium reserve account for future improvements.

If seventy-five percent (75%) or more of the Units are destroyed or substantially damaged as determined by the Board and seventy-five percent (75%) or more of the Authorized Voting Owners

in number and in Common Interest do not duly and promptly resolve to proceed with repair and restoration, then and in that event the Property, or so much thereof as shall remain, shall be subject to an action for partition upon the suit of any Owner or lienor, as if owned in common pursuant to Section 339-ee of Article 9-B of the Real Property Law of the State of New York or any successor provision as then in effect. In such event, the net proceeds of sale, together with the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among all Owners in proportion to their respective common interests, provided, however, that no payment shall be made to an Owner until there has first been paid off out of his or her share of such fund all liens on his or her Unit. Whenever in this Article the words "promptly repair" are used, it shall mean repairs are to begin, weather permitting, not more than sixty (60) days from the date the Board notifies the Owners that the proceeds of insurance is sufficient to pay the estimated costs of such work have been received; or not more than ninety (90) days after the Board notifies the Owners that such funds are insufficient to pay said estimated costs and advises them of the amount of the required completion bond, if necessary, or not more than sixty (60) days from the date of receipt by the Board of insurance funds on account of such damage or destruction, and wherever the words "promptly resolve" are used, it shall also mean not more than sixty (60) days from the date of receipt of said insurance funds.

Section 12.04 Owner's Insurance. Each Owner shall, at such Owner's expense, obtain adequate insurance covering fixtures, installations or additions comprising a part of the Unit not initially installed in accordance with the original plans and specifications, as well as their personal property, together with personal liability insurance for occurrences arising from within the Owner's Unit and/or Limited Common Elements appurtenant to such Unit. Additionally, each Owner shall obtain not less than \$2,500 coverage, or such other amount as may, from time to time, be the deductible for the Condominium insurance, for such Owner's share of any loss of assessment charged during the policy period against such Owner by the Condominium or any deductible on an insurance claim resulting from such Owner's and/or Owner's lessee's negligence. Depending on the type of Unit Owner's Policy, it may be required to purchase an endorsement which would cover the deductible of the master policy.

Commercial Unit Owners and/or occupants shall obtain and maintain business liability insurance in an amount not less than \$1,000,000.00, plus no less than \$1,000,000.00 umbrella, workers' compensation and New York State Disability.

Each Owner shall provide to the Board evidence of the insurance required herein on an annual basis, naming the Condominium as additional insured.

Section 12.05 Actions Which May Increase Insurance Rates Prohibited. Under no circumstances shall an Owner permit or suffer anything to be done or left in such Owner's Unit or appurtenant Limited Common Elements, if any, which will increase insurance rates on such Unit or on any other Unit or on the Common or Limited Common Elements.

Section 12.06 Insurance Trustee. In the event of a loss in excess of Five Hundred Thousand and 00/100 Dollars (\$500,000.00), the insurance proceeds shall be deposited with a trustee (the "Insurance Trustee"), in accordance with the following provisions:

- a. The Insurance Trustee shall be a bank or trust company designated by the Board and having a capital surplus and undivided profits of not less than One Hundred Million and 00/100 Dollars (\$100,000,000.00) and a rating of "B/AA" or better by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.
- b. The holders of institutional mortgage liens (each, an "Institutional Mortgage") against three (3) or more Units may, upon notice to the Board, require that the holders of Permitted Mortgages (as such term is defined in Section 12.07 below) be permitted to select the Insurance Trustee. In the event that any holder of a Permitted Mortgage makes such election, notice shall be given to all holders of Permitted Mortgages at the addresses on file with the carrier of the casualty insurance. Within fifteen (15) business days of receipt of such notice, each holder of an Institutional Mortgage may appoint a representative (a "Mortgage Representative"). Within thirty (30) days thereafter, the Mortgage Representatives shall meet and an Insurance Trustee shall be selected by the holders of Permitted Mortgages holding the majority of the principal amount of Institutional Mortgages present at such meeting. The vote at such meeting shall be binding upon the holders of all Institutional Mortgages if the Mortgage Representatives present at such meeting hold the majority of the principal amount of all Institutional Mortgages encumbering Units of the Condominium as of the date of such casualty.
- c. The Board shall pay the fees and disbursements of any Insurance Trustee, and such fees and disbursements shall constitute a Common Expense.

12.07 Permitted Mortgages. As used herein, the term "Permitted Mortgage" means any mortgage encumbering a Unit or Units which is permitted to be placed thereon pursuant to Article XIII hereof. Notwithstanding anything to the contrary set forth in said Article XIII, each Owner may mortgage his Unit to a bank, trust company, insurance company, savings and loan association or any institutional or non-institutional lender, including, without limitation, the seller of a Unit; provided, that: (a) such mortgage be substantially in the form of the New York statutory form of mortgage, except for such changes or additions as may be required to permit a lender to make the loan; (b) the Board is notified in writing of the making of such mortgage; and (c) the Owner making such mortgage first satisfied all unpaid liens against his Unit (other than Permitted Mortgages).

ARTICLE XIII SELLING, MORTGAGING AND LEASING OF UNITS

Section 13.01 Selling, Mortgaging and Leasing of Units. Any Unit and any Limited Common Elements appurtenant thereto, together with its undivided interest of the Common Elements, may be conveyed by its Owner free of any restriction subject only to the following:

- a. No Owner shall convey, sell, mortgage, pledge, hypothecate or lease his or her Unit, Units, unless and until all due and unpaid Common Charges, special assessments and/or other charges against such Unit shall have been paid to the Board of Managers. However, such unpaid Common Charges may be paid out of the proceeds of the sale of the Unit or by the Grantee. Further, an Owner may convey his or her Unit and Common Interest appurtenant thereto, to the Board of Managers on behalf of all Owners free of any cost to the Board and/or Condominium and upon such conveyance such Owner shall not be liable for any Common Charges thereafter accruing against the Unit.

- b. The Owner of any Unit except a mortgagee that acquires a Unit as a result of a foreclosure or a deed in lieu thereof shall give the Board thirty (30) days prior written notice of any conveyance or sale of his or her Unit and shall comply with the following:
 - (1) Supply the transferee, pledgee or Mortgagee with a copy of the Declaration, By-Laws, Rules and Regulations and all amendments thereto, and the current budget and most recent financial statements of the Condominium.
 - (2) Supply the transferee, pledgee or Mortgagee with certifications, signed by a member of the Board or the managing agent if there be one, that:
 - (aa) All Common Charges, special assessments and any other charges have been paid in full; and
 - (bb) the survey of the Condominium property has not materially changed, or, if there have been material changes, a certification as to such changes.
 - (3) Cause the transferee to execute, acknowledge and deliver to the Board a Power of Attorney in the form originally signed by the Owner.
 - (4) Comply with all statutes, ordinances and governmental rules and regulations in effect at the time of the conveyance, sale, pledge or mortgage.
 - (5) In the case of mortgage, the Unit Owner shall furnish the Board, in writing, the name and address of the Mortgagee.

- c. All renting or leasing of Units shall be in accordance with the provisions set forth in these By-Laws and the Declaration. The Unit Owner leasing his or her Unit must be in good standing, with no outstanding violations, and notify the Board at least ten (10) days, in advance, providing the Board, in writing, the name(s) of the lessee(s), family composition, make of car and license number, and evidence, in writing, signed by the lessee(s) that they have been given the Condominium's rules and regulations and acknowledging that they have no pets and will abide by the "no

pet rule" as such applies to lessees.

The leasing of any Unit in violation of these By-Laws, the Declaration or the Rules and Regulations, as such may be amended from time to time, shall be voidable at the option of the Board of Managers.

Section 13.02 Owner Responsible for Tenant.

- a. The Owner of a Unit leased shall be responsible for the full compliance by the lessee of the Declaration, the By-Laws and Rules and Regulations and such Unit Owner shall be solely responsible for providing the lessee with all rules and regulations of the Condominium as such apply to the lessee's occupancy at the time of the signing of the lease and prior to occupancy by the lessee.
- b. Violations by the lessee shall be subject to monetary penalties established by the Board, from time to time, payable by the Owner of the Unit occupied by the lessee in violation. Monetary penalties imposed for violations shall be liens upon the Owner and such Owner's Unit, collectible in the same manner as Common Charges as set forth in Article XI of the Declaration. All litigation costs, violation assessments and other fees related to the tenancy are the sole responsibility of the Owner of the Unit occupied by such lessee.
- c. Should a lessee, or any member of such lessee's family, client or invitee be in violation of the Declaration, these By-Laws, Rules and Regulations, as such may be amended from time to time, the Board shall so notify the Owner of the Unit occupied by the lessee in violation, in writing, by certified or registered mail, return receipt. If the violation is not cured within five (5) business days from receipt by the Owner of notice, or if eviction proceedings commenced by such Owner are not diligently pursued, the Board may pursue any and all remedies available by law. The cost of any such proceedings by the Board shall be an additional lien upon the Owner of the Unit and such Owner's Unit, collectible in the same manner as Common Charges as set forth in Article XI of the Declaration.
- d. An Owner leasing his or her Unit has the responsibility, as the "landlord" to provide all services to the tenant as required by the New York State Tenant-Landlord Act and/or the Multi-Family or Multiple Dwelling Law, as such may apply.

Section 13.03 Mortgaging of Units and Notice to the Board of Managers. An Owner shall have the right to mortgage his or her Unit without restriction other than all unpaid Common Charges, special assessments and/or other charges must be paid in full and such Owner shall notify the Board, in writing, of the name and address of the Mortgagee.

Section 13.04 No Severance of Ownership. No Owner shall execute any deed, mortgage or other instrument conveying or encumbering title to his or her Unit without including the

appurtenant Common Interests, assigned garage parking space and storage locker (if any), it being the intention hereof to prevent severance of the Common Interest and/or Limited Common Elements from the Unit. However, an Owner may convey separately non-assigned garage parking spaces which were purchased by said Owner in addition to the garage parking space assigned to the Unit. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed to include the interest or interests so omitted even though the latter shall not be expressly mentioned or described. No part of the appurtenant Common Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant Common Interests of all Units. No Owner may commit the use of the handicap parking spaces in the garage area or the parking deck area to a prospective purchaser. These spaces must remain Common Elements and as such cannot be assigned. An Owner selling his or her Unit to a prospective purchaser requiring a handicap parking space, must notify the Board prior to signing a purchase agreement.

Section 13.05 Waiver of Right of Partition with Respect to Units Acquired by the Board of Managers, or its Designee, on Behalf of all Owners as Tenants in Common. In the event that a Unit shall be acquired by the Board, or its designee, on behalf of all Owners as tenants in common, all such Owners shall be deemed to have waived all rights of partition with respect to such Unit and its appurtenant Common Interests and Limited Common Elements.

ARTICLE XIV AMENDMENT

Section 14.01 Amendments to By-Laws. Except as hereinafter provided otherwise, these By-Laws may be modified, altered, amended or added to at any duly called meeting of Owners in the same manner as the Declaration, in accordance with Section 13.01 of the Declaration. No modification of, or amendment to, these By-Laws shall be valid unless set forth in an amendment to the Declaration and such amendment is duly recorded in the office of the Warren County Clerk.

ARTICLE XV COMPLIANCE

Section 15.01 Compliance. Pursuant to Section 339-j of Article 9-B of the Real Property Law, each Unit Owner shall comply strictly with these By-Laws, the Declaration and Rules and Regulations as such may be amended from time to time and decisions adopted pursuant thereto. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable on behalf of the Unit Owners, or, in a proper case, by an aggrieved Unit Owner. In any case of flagrant or repeated violation by a Unit Owner, he or she may be required by the Board of Managers to give sufficient surety or sureties for his or her future compliance with these By-Laws, the Declaration, rules, regulations, resolutions and decisions.

Section 15.02 Unit Owners Obligations for Compliance. Each Unit Owner shall be deemed the person in control of the Unit owned by him or her. Such Owner shall be responsible for the actions of all family members, lessees, members of lessees' family, guests and all other invitees,

as such actions relate to the use of such Owner's Unit, the Common and Limited Common Elements and shall be responsible for such persons' compliance with the Declaration, these By-Laws, Rules and Regulations, resolutions and decisions.

Section 15.03 Remedies. The remedies specifically granted to the Board in the Declaration, these By-Laws and/or Article 9-B of the Real Property Law of New York State shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Board or such designee, as the case may be. Further the exercise of any remedy shall not operate as a waiver, or preclude the exercise, of any other remedy.

Section 15.04 Costs and Expenses. All costs and expenses incurred by the Board in connection with the abatement, enjoinder, removal or cure of any violation, breach or default committed by a Unit Owner or the violator such Owner is responsible for as set forth in Section 14.02 herein, shall be the sole responsibility of such Owner and shall be immediately payable. Such costs and expenses, if not made payable immediately, shall bear late charges at the rate of ten dollars (\$10.00) per month. All sums payable by a Unit Owner to the Condominium shall, for all purposes herein, constitute assessments payable and collectible in the same manner as Common Charges as set forth in Article XI, Section 11.04 of the Declaration.

Section 15.04 Costs and Expenses. All costs and expenses incurred by the Board in connection with the abatement, enjoinder, removal or cure of any violation, breach or default committed by a Unit Owner or the violator such Owner is responsible for as set forth in Section 14.02 herein, shall be the sole responsibility of such Owner and shall be immediately payable. Such costs and expenses, if not made payable immediately, shall bear late charges at the rate of ten dollars (\$10.00) per month. All sums payable by a Unit Owner to the Condominium shall, for all purposes herein, constitute assessments payable and collectible in the same manner as Common Charges as set forth in Article XI, Section 11.04 of the Declaration.

789758