

employees, agents and independent contractors;

(4) Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the CIC;

(5) Make contracts and incur liabilities;

(6) Regulate the use, maintenance, repair, replacement and modification of Common Elements;

(7) Cause additional improvements to be made as a part of the Common Elements;

(8) Acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property, but Common Elements in the CIC may be conveyed or subjected to a security interest only pursuant to the provisions of the Declaration;

(9) Grant easements, leases, licenses and concessions through or over the Common Elements;

(10) Impose and receive any payments, fees or charges for the use, rentals or operation of the Common Elements and for services provided to Unit Owners;

(11) Cause to be placed or kept in effect liability insurance on Common Elements;

(12) Impose charges for late payment of Assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, By-Laws and Rules and Regulations of the Association;

(13) Impose reasonable charges for the preparation and recordation of Amendments to the Declaration or



statements of unpaid Assessments;

(14) Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance as desirable;

(15) Assign its right to future income, including the right to receive Common Expense Assessments, but only to the extent the Declaration expressly so provides;

(16) Exercise any other powers conferred by the Declaration or By-Laws;

(17) Exercise all other powers that may be exercised in this State by legal entities of the same type as the Association;

(18) Exercise any other powers necessary and proper for the governance and operation of the Association, and;

(19) Employ and retain such professionals and other experts whose services may be reasonably required to effectively perform these duties.

C. Board Members: Subject to other provisions of the Declaration, the Board shall be generally empowered as follows:

(1) Except as otherwise provided in the Declaration or the By-Laws, the Board may act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise (i) if appointed by the Declarant, the care required of fiduciaries of the Unit Owners; and (ii) if elected by the Unit Owners, ordinary and reasonable care.

(2) The Board may not act on behalf of the Association to amend the Declaration, to terminate the CIC or to



elect members of the Board or determine the qualifications, powers and duties, or terms of office of Board members, but the Board may fill vacancies in its membership for the unexpired portion of any term.

(3) Within thirty (30) days after adoption of any proposed budget for the CIC, the Board shall provide a summary of the budget to all the Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Unless at that meeting a majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

(4) Subject to subsection (E), there shall be an initial period of Declarant control of the Association during which Declarant or persons designated by it, may appoint and remove Association officers and members of the Board. The period of Declarant control terminates no later than the earlier of:

- (i) Sixty days after conveyance of seventy-five per cent (75%) of the Units that may be conveyed to Unit owners other than Declarant;
- (ii) Two years after Declarant has ceased to offer Units for sale in the ordinary course of business; or
- (iii) Two years after any right to add new Units was last exercised.

Declarant may voluntarily surrender the right to appoint and remove members of the Board before termination of that period, but



in that event, Declarant may require for the duration of the period of Declarant control that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before it becomes effective.

(5) Not later than sixty (60) days after conveyance of twenty-five per cent (25%) of the Units which may be conveyed to Unit Owners other than Declarant, at least one member and not less than twenty-five per cent (25%) of the members of the Board must be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty per cent (50%) of the Units which may be conveyed to Unit Owners other than a Declarant, not less than thirty-three and one-third per cent (33-1/3%) of the members of the Board must be elected by Unit Owners other than the Declarant.

(6) Except as otherwise provided in this Declaration, not later than the termination of any period of Declarant control, the Unit Owners shall elect a Board of six (6) members, at least a majority of which must be Unit Owners. The Board shall elect all officers. The Board members and officers shall take office upon election.

(7) Notwithstanding any provision of the Declaration or the By-Laws to the contrary, the Unit Owners, by a two-thirds (2/3) vote of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Board with or without cause, other than a member appointed by the Declarant.



(8) If entered into before the Board elected by the Unit Owners pursuant to subsection (F) takes office, (i) any management contract, employment contract or lease of recreational or parking areas or facilities; (ii) any other contract or lease between the Association and Declarant or an affiliate of a Declarant; or (iii) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the Board elected by the Unit Owners pursuant to subsection (F) takes office upon not less than ninety days' notice to the other party. This subsection does not apply to: (i) the termination of any lease which would terminate the CIC or reduce its size; or (ii) a proprietary lease.

(9) Unless the By-Laws or Declaration specify a larger percentage, a quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty per cent (50%) of the votes on that Board are present at the beginning of the meeting.

D. By-Laws: The By-Laws of the Association, and all amendments thereof, in addition to other matters, provide and shall provide:

(1) That the number of members of the Board is to be three (3) in number until Declarant control is relinquished, then the Board shall consist of six (6) members;

(2) Election by the Board of a president, treasurer, secretary and other officers of the Association;

(3) The qualifications, powers and duties, terms



of office and manner of electing and removing Board members and officers and filling of vacancies;

(4) The delegation by the Board or officers of duties to other persons or to a managing agent;

(5) Which of its officers may prepare, execute, certify and record Amendments to the Declaration on behalf of the Association; and,

(6) A method for amending the By-Laws.

E. CIC Upkeep: Except to the extent otherwise provided by the Declaration, the Association is responsible for maintenance, repair, replacement and upkeep of the Common Elements. The Declarant alone is liable for all expenses in connection with real estate subject to the development rights. No other Unit Owner and no other portion of the CIC is subject to a claim for payment of those expenses.

F. Association Meetings: A meeting of the Association shall be held at least once each year. Special meetings of the Association may be called by the president; a majority of the Board; or by Unit Owners having twenty per cent (20%) of the votes in the Association. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the secretary or other officer specified in the By-Laws shall cause notice to be hand-delivered or sent postage prepaid by United States Mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed



amendment to the Declaration or By-Laws, any budget changes and any proposal to remove an officer or member of the Board.

G. Association Meeting, Quorum and Voting: Unless the By-Laws or Declaration provide otherwise, a quorum is present throughout any meeting of the Association if persons entitled to cast twenty per cent (20%) of the votes that may be cast for election of the Board are present in person or by proxy at the beginning of the meeting. Voting at a meeting where a quorum is present shall be cast as follows:

(1) Members of the Association shall be entitled to one vote for each Unit in which they hold the interest required for membership. Allocation of votes is generally formulated as the principle "one vote for one Unit."

(2) If only one of several owners of a Unit is present at a meeting of the Association, that owner is entitled to cast the vote allocated to that Unit. If more than one of the Owners are present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit.

(3) The vote allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly-executed proxy. A Unit Owner may revoke a proxy given pursuant to this subsection only by actual notice