

North Farm on the Bay Condominium

Consolidated Condominium Documents

This is a consolidated copy of the amended Declaration, By-laws and the Rules and Regulations through May, 2020, exclusive of the amendments for phasing of Units. Please note that this is an unofficial set of the condominium documents and is for informational purposes only.

NORTH FARM ON THE BAY

DECLARATION OF COVENANTS AND RESTRICTIONS

DECLARATION made this 18th day of December, 1973, by THE RHODE ISLAND LAND COMPANY, a Rhode Island corporation (hereinafter called the "Declarant").

WHEREAS, the Declarant is the owner of certain real property (defined hereinafter as the "Existing Property") located in the Town and County of Bristol and State of Rhode Island and

WHEREAS, the Declarant intends to develop the Existing Property as a residential community and to this end will build a real estate condominium project on part of the Existing Property (defined hereinafter as the "Phase I Condominium Property") and recreational and other common use facilities for the benefit of said condominium project on the remaining portion of the Existing Property (said remaining portion being hereinafter defined as the "Association Property");

WHEREAS, the Declarant desires to submit the Phase I Condominium Property to the provisions of Chapter 36 of Title 34 of the General Laws of Rhode Island, 1956, as amended, entitled "Condominium ownership act;"

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities in said residential community; and to this end desires to subject the Existing Property together with such Additional Property, as hereinafter defined, as may hereafter be added thereto (as provided in Article XVIII hereof) to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which are for the benefit of said property and each owner thereof; and

WHEREAS, the Declarant has organized North Farm on the Bay Recreation Association, Inc., a Rhode Island corporation, to (a) own, administer, maintain, repair, reconstruct and improve the Association Property, including any additions thereto, (b) administer, maintain, repair, reconstruct and improve the common area of said condominium project and of other possible residential developments on the Additional Property, (c) administer and enforce the covenants and restrictions contained herein, and (d) assess, collect and disburse the assessments and charges hereinafter created.

NOW, THEREFORE, the Declarant declares that the Phase I Condominium Property shall be subject to the provisions of Chapter 36 of Title 34 of the General Laws of Rhode Island, 1956, as amended, and that said Existing Property (including the Phase I Condominium Property), together with all buildings and improvements thereon, described in Schedule I hereof, and such Additional Property as may hereafter be made subject to this Declaration, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes hereinafter collectively referred to as "covenants and restrictions") set forth, as follows:

I. Name of Property.

The name by which the development of the Property, as defined in Section 2.22 hereof, shall be known is "North Farm on the Bay" and the name by which the Phase I Condominium Property, as defined in Section 2.20 hereof shall be known is "North Farm on the Bay Phase I".

II. Definitions.

The following words shall have the following meanings as used in this Declaration unless otherwise provided herein or unless otherwise required by the context:

2.1 "Act" shall mean Chapter 36 of Title 34 of the General Laws of Rhode Island, 1956, as amended, entitled the "Condominium ownership act, "as the same may be amended from time to time.

2.2 "Additional Property" shall mean that certain real property, together with all buildings and improvements now or hereafter located thereon, situated in the Town and County of Bristol and State of Rhode Island and more fully described in Schedule II attached hereto and made a part hereof, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith. Additional Property may be subject to this Declaration in accordance with the provisions of Article XVIII.

2.3 "Additional Unit" shall mean any Unit made subject to the provisions of this Declaration pursuant to the provisions of Article XVIII hereof.

2.4 "Annual Assessment" shall mean the assessment made by the Board of Governors with respect to each Unit for the payment of Common Expenses as described in Article XI.

2.5 "Approval of the Unit Owners" or "Approval by the Unit Owners" shall mean the approval of persons owning at least sixty-seven percent (67%) of all Units in the Condominium given at a duly called meeting of Unit Owners or by written agreement.

2.6 "Association" shall mean the North Farm on the Bay Recreation Association, Inc., a Rhode Island corporation, its successors and assigns, organized for purposes of owning the Association Property and operating, managing and maintaining the Property for the benefit of the Unit Owners.

2.7 "Association Property" shall mean that portion of the Property, including buildings and improvements thereon, which shall be owned by the Association, shown on a

recorded survey, and intended to be devoted to the common use and enjoyment of the Unit Owners. Association Property shall not be subject to the Act.

2.8 "Board of Governors" shall mean those persons elected from time to time as members of the Board of Governors of the Association pursuant to this Declaration and the Articles of Incorporation and By-laws of the Association and their successors in office.

2.9 "Building" shall mean any residential, service or recreational structure, swimming pool, tennis court or other improvement now or hereafter constructed on the Property.

2.10 "By-laws" shall mean the By-laws of the Association set forth in Schedule V attached hereto, as the same may be amended from time to time pursuant to the terms thereof.

2.11 "Common Area" shall mean and include all of the Property (including the Limited Common Area) except the Association Property and the Units, including, without limitation, roofs, foundations, pipes, ducts, flues, floors, ceilings, chutes, conduits, wires and other utility installations to the outlets, perimeter walls to the interior unfinished surfaces thereof, regardless of locations; balconies, courtyards, Parking Spaces, walkways, gardens, recreational areas and facilities which are now or hereafter contained within the Common Area; all installations of power, lights, gas, hot and cold water, storm and sanitary plumbing, existing for common use, and all other parts of the Common Area necessary or convenient to its existence, maintenance and safety or normally in common use and all areas and facilities designated as "common areas and facilities" in the Act.

2.12 "Common Expenses" shall mean all costs, expenses and other liabilities (a) in connection with ownership, administration, management, maintenance and repair of the Association Property, (b) in connection with the administration, management, maintenance and repair of the Common Area, (c) incurred by the Board of Governors in connection with the exercise of its rights or the performance of its duties and obligations hereunder, (d) determined

by the Unit Owners to be common expenses or (e) declared to be common expenses by the provisions of this Declaration or the By-laws.

2.13 "Common Profits" means the excess of all receipts of assessments and other payments to the Board of Governors, including insurance proceeds and condemnation awards after the deduction of all Common Expenses and amounts reserved for payment of Common Expenses.

2.14 "Declarant" shall mean NFD Company, a Rhode Island limited partnership, and its successors and assigns.

In furtherance of the foregoing, each and every reference to the term "Declarant" contained within the Declaration shall, from and after the Effective Date, mean NFD Company, a Rhode Island limited partnership, as aforesaid, and its successors and assigns.

2.15 "Declaration" shall mean this Declaration as the same may be amended from time to time.

2.16 "Existing Property" shall mean that certain parcel of real property, together with all buildings and improvements now or hereafter located thereon, situated in the Town and County of Bristol and State of Rhode Island and more fully described in Schedule I attached hereto and made a part hereof, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith. The Existing Property shall consist of the Phase I Condominium Property (described in Schedule III) and the Association Property located within the Existing Property (described in Schedule IV).

2.17 "Limited Common Area" shall mean that portion of the Common Area, including all balconies, special corridors, stairways and enclosed gardens, courtyards, storage areas and Parking Spaces adjacent to or associated with one or more particular Units, intended for the exclusive use of such Units and more particularly identified on the Survey. All areas of

the Property which do not fall within the above definition of Limited Common Area or Association Property or of the Unit itself, shall be deemed to be Common Area which is not limited Common Area.

2.18 "Parking Space" shall mean an indoor or outdoor parking area, adjacent to or associated with one particular Unit and intended for the exclusive use of such Unit and more particularly identified on the Survey. A Parking Space shall be Limited Common Area.

2.19 "Person" shall mean any individual, partnership, joint venture, corporation or other entity.

2.20 "Phase I Condominium Property" shall mean that certain part of the Existing Property described in Schedule III attached hereto and made a part hereof, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith. Phase I Condominium Property shall constitute a condominium project under the Act. All areas of the Existing Property which are not Phase I Condominium Property are Association Property.

2.21 "Plans" shall mean the plans and specifications of the improvements constructed or to be constructed on the Property, a true and correct copy of which shall be kept on the Property by the Board of Governors and a summary of which is set forth in Schedule VI attached hereto and made a part hereof.

2.22 "Property" shall mean the Existing Property and all or any part of the Additional Property made subject to this Declaration in accordance with Article XVIII hereof.

2.23 "Record" with respect to any document shall mean the recordation thereof in the Records of Land Evidence of the Town of Bristol, Rhode Island.

2.24 "Rules and Regulations" shall mean the Rules and Regulations set forth in Schedule VII attached hereto, as the same may be amended from time to time pursuant to the provisions of Section 7.7 hereof.

2.25 "Special Assessment" shall mean the assessment made by the Board of Governors with respect to each Unit for the payment of Common Expenses as described in Article XI.

2.26 "Survey" shall mean that certain plan entitled "Record of Survey Map for North Farm on the Bay" dated November 19, 1973, and Recorded in Drawer 12 on December 18, 1973.

2.27 "Town" shall mean the Town of Bristol, Rhode Island.

2.28 "Unit" shall mean those parts of the Property intended for any type of independent residential use, including one or more rooms or spaces located in one or more floors (or part or parts of floors) in a Building.

2.29 "Unit Owner" shall mean the owner or owners of (a) the fee simple interest in and to a Unit, (b) an undivided interest in the fee simple estate of all or part of the Common Area, and (c) one share of stock in the Association.

III. Descriptions.

3.1 Existing Property. The Existing Property is described in Schedule I attached hereto and is also shown on the Survey.

3.2 Phase I Condominium Property. The Phase I Condominium Property is described in Schedule III attached hereto and is also shown on the Survey.

3.3 Buildings. Said condominium project on the Phase I Condominium Property consists or will consist of thirteen Buildings. The principal material to be used in each such Building shall be wood. The height of each such Building shall vary, but shall not exceed

forty-five feet in height. The number of Units in each such Building is shown on the Survey. The proposed location of each Building shall be substantially as shown on the Survey, provided that the Declarant may change the location of the Buildings on the Association Property.

3.4 Units. The unit number of each Unit, the Building in which it is located, its approximate area and the number of rooms contained therein are set forth in Exhibit A attached hereto and made a part hereof. Each Unit has immediate access to the sidewalks adjacent thereto.

3.5 Common Area. The Common Areas are described in Section 2.11 and are shown on the Survey.

3.6 Limited Common Area. The Limited Common Areas are described in Section 2.17 and are shown on the Survey.

3.7 Parking Space. The Parking Spaces are described in Section 2.18 and are shown on the Survey, provided that in addition to the Parking Spaces shown on the Survey, the Declarant may, until the last Unit is sold on the Phase I Condominium, designate by a recorded instrument additional Parking Spaces for any Unit on the Phase I Condominium Property. Each Unit shall have associated with it not less than two Parking Spaces, at least one of which shall be covered. Upon the request of a Unit Owner, the Declarant, if still the manager for the Property, or the Association shall construct a covering over any other Parking Space associated with the Unit Owner's Unit. The cost of such covering and the construction thereof shall be paid by such Unit Owner and shall constitute a Special Assessment against his Unit. A Unit Owner may exchange or sell the exclusive right to a Parking Space to another Unit Owner by Recording an instrument to that effect and by filing a copy thereof with the Association; provided, however, such sale or exchange shall not cause any Unit to have less than two Parking Spaces associated with it, one of which shall be covered. The legal description of each Parking Space shall consist

of the identifying number or symbol of such Parking Space as shown on the Survey.

Wheresoever reference is made to any Parking Space in any instrument or otherwise, a Parking Space may be legally described by its identifying number or symbol as shown on the Survey and every such description shall be deemed good and sufficient for all purposes.

3.8 Association Property. The Association Property located within the Existing Property is described in Schedule IV attached hereto and made a part hereof. The Association Property is also shown on the Survey.

IV. Value and Percentage Ownership of Common Area within Phase I Condominium Property and Voting Rights of Phase I Condominium Unit Owners.

4.1 Value and Ownership. The value of the Common Area and each Unit within the Phase I Condominium Property and the percentage of undivided interest of each Owner of a Unit within the Phase I Condominium Property in and to said Common Area are set forth in Exhibit B attached hereto and made a part hereof. In the event that Additional Property is made subject to this Declaration in accordance with Article XVIII hereof the undivided interest in the Common Area within the Phase I Condominium Property owned by each Owner of any Unit located on the Phase I Condominium Property shall remain as set forth in Exhibit B.

4.2 Voting. Notwithstanding anything to the contrary contained in this Declaration, the owner or owners of each such Unit shall be entitled to cast one (1) vote per Unit on any matter on which a Unit Owner is entitled to vote pursuant to this Declaration or the By-laws.

V. Use of Buildings and Units.

5.1 The Buildings containing Units and the Units are to be used solely for living purposes as residences.

5.2 The Buildings designated as part of the Association Property and Common Area are to be used for the benefit of the Unit Owners, the furnishings of services and facilities for which the same are reasonably intended and for the enjoyment to be derived therefrom and for such other purposes as may be determined from time to time by the Association.

5.3 The Buildings containing Limited Common Area are to be used, to the extent of the Limited Common Area, by the Unit Owner to whose Unit such Limited Common Areas relate, for the furnishing of services and facilities to such Unit Owner for which the same are reasonably intended.

VI. Association; Management.

6.1 Shares and Shareholders. The total number of shares of stock which the Association shall have authority to issue is five hundred (500). Every person who is a record owner of a fee or undivided fee interest in any Unit which is a part of the Property shall be the owner of one share of stock of the Association; provided, however, no person who holds an interest in a Unit merely as security for the performance of an obligation shall be deemed to be a stockholder of the Association; and provided, further, that no Unit shall have more than one share associated with it, whether or not it shall be owned by one or more persons. Ownership of a Unit shall be the sole qualification for being a holder of the stock of the Association, and stock ownership shall be pertinent to and may not be separated from ownership of a Unit.

6.2 Issuance of Shares, Stock Power. Upon the purchase of a Unit, the Unit Owner thereof shall be issued one share of stock by the Association. Contemporaneously with the receipt of such share the Unit Owner shall execute a stock power in blank which shall empower the Association to transfer the share to any subsequent Unit Owner. In accordance therewith, upon the sale of any part of the fee of any Unit, the Association shall cancel or cause to be cancelled the share outstanding in connection with such Unit and shall issue a new share to

the new Owner of such Unit. All stock certificates shall be held by the Association in trust for the Unit Owners.

6.4 Voting Rights. Each share of stock shall entitle the owner or owners thereof to one vote. When more than one person is the owner of a share, all of the owners of such share shall notify the Association in writing who of such owners shall exercise the right to vote; provided, however, in no event shall more than one vote be cast with respect to any Unit. The owner or owners of any share may delegate his or their right to vote to any tenant of the Unit owned by such owner or owners by notifying the Association in writing that such delegation has been made.

6.5 Administration. The responsibility for the administration, maintenance, repair, replacement, improvement and operation of the Property shall be exercised by the Association in accordance with the provisions of this Declaration, the Articles of Incorporation of the Association and the By-laws.

6.6 Duties of Board of Governors. The Board of Governors shall have all powers, rights, duties and obligations necessary for the administration of the Association, including, without limitation, all powers, rights, duties and obligations set forth in this Declaration, the Articles of Incorporation of the Association and the By-laws. The Board of Governors shall keep accurate records, financial and otherwise, of the affairs of the Association; shall borrow such amounts as they deem necessary to carry out their duties, provided, however, without the Approval of the Unit Owners the total debts of the Association, including the amounts of such borrowings, outstanding at any time shall not exceed the total of the projected aggregate Annual Assessment for the current year; shall authorize the execution of such leases, contracts and other agreements as may be necessary for the administration of the Property and any residential community thereon, including without limitation the condominium project on the

Phase I Condominium Property; shall authorize the purchase of such supplies, materials, equipment and furniture as they deem necessary; shall have the right to pay, compromise or adjust any or all taxes and assessments levied against any property belonging to the Association; shall direct all expenditures, and select, appoint, remove and establish the salaries of such officers and employees as they may determine; shall maintain the Association Property and Common Area as specified herein; and otherwise do all things which may be necessary in connection therewith. The Association shall employ the services of a professional management company to manage the affairs of the Association and may employ such attorney, accountants, architects and other experts as it may deem necessary in connection with its actions hereunder.

6.7 Indemnification. Notwithstanding the duty of the Association to maintain, repair and replace the Association Property and Common Area, neither the Association nor any member of the Board of Governors nor any employee or agent of the Association shall be liable for injury or damage caused by any latent condition of the Association Property or Common Area or for injury caused by acts of God, Unit Owners or other persons. Without limiting the foregoing provisions of this Section 6.7, each person who at any time is or shall have been a Governor, officer, manager, agent and employee of the Association, or a stockholder purporting to act on behalf of the Association, or is or shall have served at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Association to the extent provided in the By-laws.

6.8 Books and Records. The Board of Governors shall keep and maintain two copies of the Plans, this Declaration, the By-laws, the rules and regulations adopted pursuant to the By-laws, all records of receipts of disbursements arising from the operation of the Property, all records of meetings of the Board of Governors, an assessment roll more fully set forth in Section 11.9 hereof and such other books and records as may be necessary in the efficient

administration of its duties. Such books and records shall be maintained at the office of the Association and shall be available for inspection during reasonable business hours by any Unit Owner. A written report summarizing the receipts and disbursements of the Association shall be given by the Association to all Unit Owners at least once annually.

VII. Ownership of Units and Common Areas.

7.1 Ownership. Each Unit, together with its undivided interest in the Common Area shall for all purposes constitute real property which may be owned in fee simple which may be conveyed, transferred and encumbered in the same manner as any other real property, subject to the provisions of this Declaration. Subject to Section 3.7, the undivided interest of each Unit Owner in the Common Area and his exclusive right to use the Limited Common Area associated with his Unit are deemed to be permanent in character and shall not be separated from the Unit to which it appertains without the consent of all Unit Owners and all mortgagees affected, and such interest shall be deemed to be conveyed or encumbered or released from liens together with such Unit even though such interest is not expressly mentioned or described in such conveyance or other instrument. Nothing contained in this Section 7.1 shall be deemed to prohibit a Unit Owner from leasing his Unit or his right to use any Limited Common Area consisting solely of Parking Space to any other Unit Owner; provided, however, that any lease of a Parking Space shall not be binding upon the purchaser of the Unit to which the Parking Space is associated if such Unit Owner would not have the right to use two Parking Spaces, at least one of which is covered. Each Unit Owner shall be entitled to the exclusive ownership and possession of his Unit, subject to the provisions of the Act and this Declaration. Each Unit shall include all the space within the boundaries thereof as shown in the Plans.

7.2 No Partition. No portion of the Common Area shall be divided, and no right to partition thereof shall exist, except as provided in Section 12.9 or in Section 13.3.

7.3 Use of Common Areas and Association Property by Unit Owners. Each Unit Owner may use the Common Area and Association Property in accordance with the purpose for which it is intended without hindering or encroaching upon the lawful rights of the other Unit Owners and subject to the terms of this Declaration and the Rules and Regulations.

7.4 Use of Limited Common Area. The Limited Common Area shall be used only by the owner of a Unit to which such Limited Common Area is appurtenant and his assigns as permitted by Section 7.1 in accordance with the terms of this Declaration and the Rules and Regulations.

7.5 Delegation of Rights; Rental Regulations. With the prior written approval of the Board of Governors, which approval shall not be unreasonably withheld, a Unit may be leased in its entirety, but not in part, for a period of not less than six (6) months, once in any twelve (12) month period, subject to the following terms and conditions:

(1) No more than seventeen percent (17%) or fifty-one (51) of the units at Condominium may be leased at any one time. In the event that this limitation has been met, the Board of Governors shall notify the Unit Owner and the Unit Owner shall not be permitted to lease his/her Unit. All applications for the lease of the Unit shall be granted upon a first come/first serve basis. In administering the foregoing, those Units which are leased as of the date of the adoption of this amendment shall be deemed a "Grandfathered Unit" and shall be permitted to continue to be leased provided that the Unit continues to be owned by the current Unit Owner(s) and the Unit is not occupied for any period after the adoption by this amendment provision by the Unit Owner.

A Unit Owner suffering from a financial or personal hardship, which renders the Unit Owner unable to reside in their Unit, may apply to the Governors to lease their Unit even

though the above limitation has been met. In such cases the Governors, in their sole discretion, shall be authorized to permit the Unit Owner to lease the Unit.

(2) Prior to occupancy by a tenant (including any leases executed after the date of adoption of this Amendment by a Grandfathered Unit), the Unit Owner shall submit application to the Board of Governors and provide a copy of the written lease agreement. Said lease agreement shall contain a clause whereby the occupants agree to be bound by this Declaration of Covenants and Restrictions, the By-Laws and the Rules and Regulations (hereafter collectively "Condominium Documents"), all as may be amended from time to time. Prior to occupancy all tenants must certify to the Governors in writing that they have read the Condominium Documents and agree to abide by same.

(3) To be eligible to lease the unit, the Unit Owner must be in good standing with the Association. To be deemed in good standing shall require the Unit Owner to be current (zero balance) in the payment of all common expenses and charges assessed at least thirty days prior to the submission of the application to lease the Unit and not be in violation of the provisions of the Condominium documents.

(4) No Unit may be leased to full time college or university undergraduate student or to a person required to register with a designated registering agency pursuant to RI Gen Laws Chapter 11-37.1 et seq as a Level -3 sex offender.

(5) The Unit Owner shall be responsible for the acts, omissions, misconduct and violations of the Condominium Documents, by the tenant (including the family members, guests and invitees of the tenant) and it shall be deemed during the period of such occupancy that the Unit Owner has irrevocably appointed and constituted the Association, acting through its Board of Governors, as the Unit Owner's attorney-in-fact, to seek at the Unit Owner's expense, the termination of the tenancy, the eviction, equitable relief and/or damages, all as may be

determined in the reasonable discretion of the Governors, provided that the Governors shall first give the Unit Owner written notice of said violation and a reasonable period to affect a cure. In no event shall it be determined that a landlord/tenant relationship exists between the Association and the tenant. Any fines or expenses incurred, including damage or attorney's fees and costs, resulting from the acts, omissions, misconduct and violations of the Condominium Documents by the tenant shall be assessed to the unit Owner and shall constitute a lien upon the Unit until paid.

(6) Any occupancy of the Unit, by anyone other than the record Owner of the Unit, shall be deemed the lease of the Unit and the Unit Owner shall be obligated to comply with this Section, except that the occupancy of a Unit by a spouse/civil-union partner, parent, sibling or child of the record Owner shall not be deemed a lease of the Unit and in such case the Unit Owner shall be obligated to inform the Board of Governors of the names of and the relationship with the occupants in the Unit.

(7) A Unit owner may delegate his rights of enjoyment in the Common Area and Association Property to members of his family who reside within the Unit or to any tenants who reside therein (such family members or tenants being hereinafter collectively called "Delegates") provided however, the Unit owner and his family shall have no right to use the Common Area and Association Property during any period that tenants shall enjoy such rights. The rights and privileges of each Delegate are subject to suspension under Section 16.6 to same extent as those of the Unit Owner.

(8) The provisions within this Section shall not apply to any Institutional first mortgage lender who obtains title to or takes possession of any unit by foreclosure or pursuant to any other remedies provided in the mortgage or by applicable law.

7.6 Right of Access by Board of Governors. The Board of Governors and the officers, agents and employees of the Association designated for the purpose by the Board of Governors shall have the irrevocable right to have access to each Unit and any part of the Common Area and Association Property from time to time during reasonable hours (or at any time in the case of emergency) as may be necessary for the maintenance, repair or replacement of any of the Common Area or Association Property or for making emergency repairs necessary to prevent damage to the Common Area or to any other Unit or Units.

7.7 Rules and Regulations. The Board of Governors shall have the power, from time to time, to amend the Rules and Regulations in a manner not inconsistent with the terms hereof. The Board of Governors shall determine the purpose for which any part of the Common Area or Association Property is intended in the event of any dispute relating thereto, and such determination shall be binding upon all Unit Owners.

7.8 Limitation on Unit Ownership. At no time shall title to or ownership of more than two (2) Units be vested in or held by, or for the benefit of, the same person(s), firm(s), or entity(ies), including individuals, corporations, trust organizations, governmental or quasi-governmental entities, meaning and including, in the broadest sense that, no person(s), firm(s) or entity(ies), shall directly or indirectly hold title or have an ownership interest in more than two (2) Units.

Notwithstanding the above paragraph, (1) all persons, firms and/or entities of record who own in excess of two (2) Units as of the date of recording of this Amendment shall be allowed to maintain title to, or ownership of, such Units, but they may not acquire any more Units and (2) said restriction shall not apply to foreclosing lenders or impair the right of First Mortgagees to foreclose or take title to a Unit; accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor; or otherwise act upon their mortgage.

VIII. Maintenance, Repair and Alteration of Units.

8.1 Alterations. No Unit Owner shall do any work or make any alterations or changes with respect to his Unit which would (a) jeopardize the soundness or safety of his Unit or any other part of the Property, (b) reduce the value of his Unit or any other part of the Property or (c) impair any easement or hereditament, without, in each case, first obtaining the unanimous written consent of all other Unit Owners. In no event shall any work, alteration or change be undertaken with respect to any Unit unless and until complete plans, specifications, materials, completed cost of improvements for insurance purposes and other matters relating thereto shall have been submitted to and approved by the Board of Governors; provided, however, that nothing contained in this Section 8.1 shall be deemed to prohibit any Unit Owner from changing the color scheme on any painted surface or changing carpeting or floor covering in any Unit not affecting any portion of the Common Area. The Unit Owners shall have the responsibility of obtaining casualty insurance to cover any increase in value of his Unit caused by any work, change or alteration undertaken with respect thereto. The Board of Governors shall have the absolute right in its sole discretion to approve or disapprove such plans, specifications, materials and other matters.

8.2 Maintenance and Repair of Units. Except for the Limited Common Areas identified in Section 2.17, every Unit Owner shall keep, maintain, repair in sound condition and replace at his own expense all portions of his Unit and any portions of the Common Areas that exclusively serve his Unit, regardless of whether located in the Unit or outside of the Unit, including but not limited to:

- interior walls, ceilings and floors, windows and window frames, interior and exterior doors and door frames, skylights and skylight frames;
- all fixtures and equipment installed in the Unit;

- all HVAC systems and attendant wires and conduits;
- all gas, electric, telephone, cable, antennas and all attendant pipes, lines, wires and conduits;
- all other utility services and all attendant pipes, lines, wires and conduits;
- all plumbing, including water and drain pipes and lines, and sewer and sanitary drain pipes and lines (but excluding the sewer drain pipes and lines that extend beyond the exterior wall of the building foundation); and
- chimney flues and all ducts and vents, including dryer, bathroom and stove hood ducts and vents.

All such work shall be done in a workmanlike manner without causing disturbance or damage to the Association Property, Common Area, or any other Unit. In the event that the Association maintains or repairs any unit in accordance with the provisions of Section 7.6 the cost thereof shall constitute a Special Assessment against such Unit. No Unit Owner shall do any work, make any alteration or change or maintain, repair or replace any part of the Property, except as noted above. Any work involving the exterior of the Unit or the Common Areas of the Condominium shall be subject to the prior approval of the Board of Governors.

IX. Maintenance Repair, Alteration and Replacement of Association Property and Common Area.

9.1 Maintenance, Repair and Replacement. Except for the components set forth in Section 8.2 which are the responsibility of the Unit Owner, it shall be the responsibility of the Association to maintain, repair and replace the Association Property, including the Buildings thereon, Common Areas and the Limited Common Areas identified in Section 2.17, as it may deem desirable in the best interest of the Unit Owners.

9.2 Alteration. The Association shall make, from time to time, such alterations to such of the Association Property and Common Area, including the Buildings thereon, as it may deem advisable in the best interest of the Unit Owners; provided, however, that the aggregate cost of such alterations shall not exceed \$10,000 in any calendar year unless approved by Unit Owners at a special meeting; and provided, further, that if the funds therefor are derived from proceeds of insurance with respect to the Property, such alterations shall be subject to the provisions of Article XII.

X. Restrictions.

10.1 Observation of Declaration. The Property and each Unit shall be subject to the rights, covenants, restrictions, obligations, terms and conditions of this Declaration which shall be binding upon, and inure to the benefit of, the Declarant and each Unit Owner. The Declarant, and each Unit Owner by his acceptance of a deed or other instrument conveying a Unit to him, covenant and agree that they will observe and be bound by the terms and conditions of this Declaration.

10.2 Additional Restrictions. The Unit Owners, the Property, including each Unit, and the use thereof shall be subject to the restrictions and obligations contained in this Declaration, including, without limiting the generality of the foregoing, the following:

(a) No Unit or portion of Association Property or Common Area shall be used for any purpose or in any manner which is prohibited by the provisions of the Zoning Ordinance of the Town.

(b) No Unit shall be used or occupied, and no Unit Owner shall permit the same or any part thereof to be used or occupied, for any purpose other than as private residence for the Unit Owner and the Unit Owner's family or the Unit Owner's guests, except that any Unit Owner shall be permitted to lease his Unit to others solely for private residential purposes except as provided in Section 7.5.

(c) No commercial business shall be allowed within the Property, except the sale of Units by the Declarant.

(d) Nothing shall be done or kept in any Unit, the Association Property or the Common Area which will increase the rate of insurance maintained pursuant to the terms of Article XII without the prior written consent of the Board of Governors. No Unit Owner shall permit anything to be done or kept in any Unit, the Association Property or the Common Area which will result in the cancellation of insurance of any other Unit or any part of the Association Property or the Common Area or which would be in violation of any law, ordinance or regulation. No waste will be committed of the Association Property or the Common Area.

(e) No animals, livestock or poultry of any kind shall be raised, bred or kept in any part of the Property, except that dogs, cats or other household pets may be kept in a Unit by the Unit Owner, subject to rules and regulations adopted by the Board of Governors, provided that they are not kept, bred or maintained for any commercial purpose.

(f) No tank for storage of fuel or flammables may be maintained on the Property unless either buried or contained in a structure and approved by the Board of Governors. In no event shall any Unit Owner store gasoline or other fuel not necessary for heating or cooking purposes on any part of the Property.

(g) No garbage, refuse, rubbish or cutting shall be deposited on any portion of the Property unless placed in a suitable container suitably located.

(h) No building material of any kind or character shall be placed upon any portion of the Property except in connection with construction by the Declarant or approved by the Board of Governors as provided in this Declaration. As soon as building materials are placed on any portion of the Property in such connection, construction shall be promptly and diligently commenced and completed.

(i) No exterior lighting shall be installed on any portion of the Property except as approved by the Board of Governors.

(j) The use of firearms, guns or other weapons for any purpose on any portion of the Property is prohibited.

(k) The use of unlicensed minibikes, unlicensed motorcycles, snowmobiles or other similar vehicles with objectionable noise levels as determined by the Board of Governors, on any portion of the Property is prohibited.

(l) No tent, trailer or temporary structure placed or maintained on any portion of the Property shall at any time be used as a residence.

(m) Except in areas designated by the Board of Governors for the purpose from time to time, no portion of the Association Property or the Common Area shall be used for storage.

XI. Assessments, Charges and Profits.

11.1 Common Expenses and Common Profits. Subject to Section 18.3, payment of the Common Expenses shall be paid by each Unit Owner in the manner provided herein in accordance with the percentage set forth in Exhibit C. Common Profits, if any, and any surplus funds collected by the Association shall be distributed to the Unit Owners in the same manner, at such time or times as the Association shall determine, after first making provision for the payment of Common Expenses and establishing a reserve to meet anticipated future Common Expenses.

11.2 Annual Assessments. In order to provide for the payment of Common Expenses, the Association shall in each year levy an annual assessment against each Unit in such amount as the Board of Governors may determine, subject to the provisions of Section 11.7 hereof; provided, however, for the five (5) year period (the "Five Year Period") which commences on and as of the date of the recording of an amendment by the Declarant pursuant to Section 18.1 by which Additional Units are made subject to the Declaration, a separate reserve fund will be maintained for all Units constructed prior to December 31, 1983 and for all Units constructed subsequent to April 16, 1984, in order to provide for the fact that Units constructed after April 16, 1984 may have a different annual maintenance reserve requirement. Upon the expiration of the Five Year Period, there will no longer be a separate reserve fund for Units constructed subsequent to April 16, 1984. The Annual Assessment shall be delivered to each Unit Owner on the fifteenth day of December in each year to meet expected Common Expenses for the next succeeding calendar year. The Annual Assessment shall be payable in twelve (12) equal monthly installments on the tenth day of each month in the year following the Annual Assessment. The Association shall not be required to give any Unit Owner notice of the date of the payment of any Annual Assessment. In the event that any installment of the Annual Assessment is not paid within ten (10) business days of the date when due, interest thereon shall

be payable at a rate equal to twelve percent (12%) per annum (or such other rate as the Board of Governors shall determine and set forth in the notice of the Annual Assessment). The amount of interest shall be deemed to be added to such Annual Assessment not paid. The Association may increase or decrease the Annual Assessment at any time during the year in which it is payable, provided that the Association shall give not less than twenty (20) days' prior written notice to each Unit Owner of such increase. In the event of such increase, the amount thereof shall be payable in equal installments on the remaining monthly payment dates during such year and shall be deemed to constitute part of the Annual Assessment.

11.3 Special Assessments. In addition to the Annual Assessment, the Association may from time to time levy Special Assessments against the Units as provided in this Declaration or as may be necessary to meet any non-recurring Common Expenses not reasonably contemplated at the time of notice of the Annual Assessment; provided, however, that no Special Assessment shall be levied in connection with the repair, replacement, construction or reconstruction of any portion of the Association Property or Common Area in excess of \$10,000 unless the aggregate amount of the Special Assessment and manner of payment thereof shall have received the Approval of the Unit Owners. A Special Assessment not requiring a special meeting of Unit Owners shall be payable in such manner as the Association shall determine. Any Special Assessment or portion thereof not paid within ten (10) days of the date when due shall bear interest at the rate and payable in the manner described in Section 11.2.

11.4 Liability of Unit Owners and Lien. The amount of Common Expenses assessed against each Unit together with any interest payable thereon shall be a debt of the owner of such Unit at the time such assessment is made, whether by Annual Assessment or Special Assessment, and shall be collectible as such. The Association, on behalf of all Unit Owners shall have the right to maintain suit to recover a money judgment for Common Expenses from any

Unit Owner failing to pay the same when due without foreclosing or waiving the lien securing the same. If any Unit Owner shall fail or refuse to make any payment of the Common Expenses when due, the amount thereof together with interest and collection costs shall constitute a lien on the interest of such Unit Owner in his Unit, the Common Area and his share of Association stock, and upon the Recording of notice thereof by or on behalf of the Association shall be a lien upon such Unit Owner's interest in his Unit, the Common Area and his share of Association stock, prior to all other liens and encumbrances, recorded or unrecorded, except (a) tax and special assessment liens on such interest in the Property in favor of any public or municipal taxing authority and (b) liens or encumbrances on such interest in the Property recorded prior to the date of such lien.

11.5 Enforcement. The Association shall have the right to enforce such lien for nonpayment of Common Expenses by sale or foreclosure of the Unit Owner's interest in his Unit, the Common Area and his share of Association stock in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any manner permitted by law. In any such foreclosure or sale, the Unit Owner shall pay the costs and expenses of such proceedings, including reasonable attorney's fees. In the case of such foreclosure or sale, the Unit Owner shall pay to the Association a reasonable rental for such Unit Owner's Unit, determined by the Association, and the Association in connection with any foreclosure action shall be entitled to the appointment of a receiver to collect such rental without regard to the value of such Unit Owner's interest in the Common Area. At any such foreclosure or other sale, the Association shall have the power to bid in such interest and to hold, lease, mortgage and convey the same.

11.6 Consent of Unit Owner to Lien. Each Unit Owner, by acceptance of a deed to his Unit, shall be deemed to have expressly consented to the creation of the lien and to

the foreclosure or sale of his interest in his Unit, the Common Area, and his share of Association stock, as provided in this Article XI.

11.7 Maximum Annual Assessments. (a) Until January 1, 1975, the Annual Assessment on each Unit (except as provided in Section 17.1) shall be determined in accordance with Exhibit D attached hereto and made a part hereof.

(b) From and after January 1, 1975 the Board of Governors shall determine in their sole discretion the aggregate amount of the Annual Assessment, provided, that the Annual Assessment assessed against a particular Unit shall not be more than one hundred ten percent (110%) times the Annual Assessment assessed against such Unit for the previous year without the Approval of the Unit Owners.

11.8 Use of Assessments during Construction. Until all Units are completed and either sold or leased by Declarant, or until December 31, 1994 , whichever shall be earlier, no part of the Annual Assessment shall be used for the construction of any Building, including without limitation, any of the Buildings described in Article XIX hereof, except as provided in Articles XII and XIII.

11.9 Information Concerning Assessments. The Association shall maintain a complete and accurate record of all Annual Assessments or Special Assessments indicating for each Unit the name and address of each Unit Owner and the amounts of all assessments paid or unpaid. Upon the written request of any Unit Owner, mortgagee or prospective mortgagee of a Unit, the Association shall issue a written statement setting forth the unpaid Common Expenses with respect to such Unit.

XII. Insurance and Casualty Loss.

12.1 Maintenance of Insurance by Association. Except title insurance which may be obtained by each Unit Owner for his own benefit and except builders risk insurance and

other insurance which may be furnished by the Declarant during construction, the Association shall obtain and maintain, to the extent available, insurance on the Property (including the Units but excluding any personal property owned by a Unit Owner or any additional improvements made by a Unit Owner within his Unit) and all improvements now or hereafter located thereon and all personal property which may be held and administered by the Association against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount equal to the full replacement value of such property. The Association shall obtain and maintain public liability insurance with respect to property damage or personal injury caused by the Association, the Board of Governors, all officers, manager, employees and agents of the Association, and all Unit Owners in an amount not less than \$1,000,000 as a result of any occurrence or such greater amount as the Board of Governors may from time to time determine. The Association shall obtain and maintain from time to time such other forms of insurance in such amounts as it may deem advisable or as required by law, including, without limitation, workmen's compensation insurance and fidelity insurance covering the Board of Governors, officers, managers, agents and employees of the Association. The cost of any such insurance shall be a Common Expense.

12.2 Provisions of Insurance Policies. All insurance policies obtained by the Association shall be written in the name of, and all proceeds payable thereunder shall be paid to, the Declarant and the Association, its successors and assigns, for the benefit of the Declarant, the Association, the Board of Governors, the officers, managers, agents and employees of the Association, the Unit Owners and the mortgagees of the Units, as their respective interests may appear. All policies of insurance shall be written with a company or companies authorized to do business in the State of Rhode Island and having a policy holder's rating of "A" or better by Best's Insurance Reports. All policies of insurance shall provide for the issuance of a certificate

to each Unit Owner, with mortgagee endorsement, if requested, indicating on its face that such certificate is issued under a policy obtained pursuant to this Article XII. All original insurance policies and endorsements thereto shall be held by the Association, its successors and assigns, as trustee, which shall acknowledge that such policies and any proceeds therefrom shall be held and disbursed in accordance with the terms of this Article XII. All insurance policies obtained by the Association shall provide, to the extent available:

(a) for a waiver of subrogation by the insurer as to any claim against the Association, the Board of Governors, the Unit Owners and their respective employees, agents and guests, and of any defense based upon the invalidity of acts of the Association, Board of Governors, the Unit Owners, and their respective employees and agents;

(b) that such policies shall not be cancelled, invalidated or suspended on account of the conduct of the Association or one or more Unit Owners;

(c) that such policies shall not be cancelled, invalidated or suspended without at least ten (10) days prior written notice to the Association, each Unit Owner and each mortgagee of any Unit:

(d) that the insurer shall not be entitled to contribution against casualty insurance which may be obtained by a Unit Owner in accordance with the provisions of Section 12.5.

12.3 Review of Insurance. The Board of Governors shall review annually the amount and terms of insurance obtained by it and shall undertake such action, including appraisals, as may be necessary to determine that such insurance conforms to the provisions of this Article XII.

12.4 Adjustment of Loss. The Association shall have exclusive authority to negotiate and adjust losses under all insurance policies obtained by it; provided, however, that any mortgagee of a Unit shall have the right to participate in negotiations, if any, relating to such losses.

12.5 Insurance Obtained by Unit Owners. Irrespective of the obligations of the Association to obtain insurance under Section 12.1, each Unit Owner shall have the right to obtain additional insurance at his expense as hereinafter provided in this Section 12.5. No insurance coverage shall be obtained by any Unit Owner which would decrease amounts payable under, or otherwise adversely affect, any insurance maintained by the Association pursuant to this Article XII. Any such insurance obtained by a Unit Owner shall contain the same waiver of subrogation provision as required by clause (a) of Section 12.2. Any casualty insurance obtained by a Unit Owner shall provide that it shall be without contribution as against casualty insurance obtained by the Board of Governors. Each Unit Owner shall have the individual responsibility to obtain, at his own expense and as he may determine, title insurance with respect to his personal property, his personal liability to his personal property, his personal liability and any additional improvements made to his Unit; provided, however, that no such insurance shall adversely affect any insurance obtained by the Association. Each Unit Owner shall deposit with the Association a certificate of each individual insurance policy (except title insurance policies and insurance policies with respect to personal property) within fifteen (15) days after the same has been purchased.

12.6 Repair or Reconstruction: Use of Insurance Proceeds.

(a) Any proceeds of insurance paid to the Association on account of damage, destruction or loss of the Property or any portion thereof shall be disbursed as provided in this Article XII.

(b) In the event that the proceeds of insurance, if any, together with an amount not to exceed \$10,000 shall be sufficient, in the judgment of the Board of Governors, to repair, reconstruct, restore or replace any damage or loss to the Property to substantially the condition existing prior to such loss or damage or any part thereof, such amounts shall be used by the

Association for purposes of such repair, reconstruction, restoration or replacement; provided, however, that if, in the opinion of the Board of Governors, such destruction loss or damage has destroyed or substantially damaged more than seventy-five percent (75%) of the Units in any Condominium project on the Property, such damage, destruction or loss shall not be repaired, reconstructed, restored or replaced without the approval of seventy-five percent (75%) of the Unit Owners in such condominium project given not more than forty-five (45) days from the date of such damage or loss and given in writing or at a special meeting of such Unit Owners held in a manner described in the By-laws.

(c) So much of the amount described in Section 12.6(b) as may be necessary for purposes or repair, reconstruction, restoration or replacement in addition to insurance proceeds shall constitute a Special Assessment, collectible as such.

(d) Any insurance proceeds remaining after such repair, reconstruction, restoration or replacement, after payment of all expenses incurred in connection with the collection and disbursement thereof, including, without limitation, architects', engineers' and attorneys' fees, shall be retained by the Association for future maintenance and operation of the Property, or, in the sole discretion of the Board of Governors, may be distributed to the Unit Owners and any mortgagees of any Units, as their respective interests may appear on the same basis as the Common Expenses are assessed to the Unit Owners.

12.7 Repair or Reconstruction: Insufficient Insurance Proceeds. In the event that proceeds of insurance together with an amount not to exceed \$10,000 shall not be sufficient, in the judgment of the Board of Governors, to repair, reconstruct, restore or replace any damage or loss to the Property or portion thereof, or in the event of loss or damage not insured and exceeding \$10,000, except as provided in Section 12.8, such loss or damage shall be repaired, reconstructed, restored or replaced and insurance proceeds, if any, shall be used therefor, only

with the approval of the Unit Owners given not more than forty-five (45) days from the date of such damage or loss, and the Unit Owners shall also approve a Special Assessment in an amount sufficient to repair, restore, reconstruct or replace such loss or damage.

12.8 Damage or Loss Affecting Units. If damage or loss is confined to one or more Units without materially affecting any portion of the Association Property or Common Area except portions of the Limited Common Area appertaining to such Unit, the Association shall determine whether to apply any insurance proceeds received as a result of such loss or damage for the repair, reconstruction, restoration or replacement of the damage or loss or whether, after reserving an amount sufficient to repair, reconstruct, restore or replace such portions of the Association Property and/or Common Area, to pay such proceeds to the owner of such Unit and his mortgagee, if any. Such amounts shall be used by the Unit Owner and such mortgagee, if any, first to repair, reconstruct, restore or replace any loss or damage to such Unit. Any such repair, reconstruction, restoration or replacement shall comply with the provisions of Article VIII hereof. If the cost thereof exceeds the amount of insurance proceeds received, such excess shall be provided by such Unit Owner or, upon his failure to do so, the Association may levy a Special Assessment against such Unit for such amount.

12.9 Failure to Repair or Reconstruct. In the event that seventy-five percent (75%) of the Units in any condominium project subject to Chapter 36 of Title 34 of the General Laws of Rhode Island (1956), as amended, are destroyed or substantially damaged and if seventy-five percent (75%) of the Unit Owners in such condominium project shall fail for any reason to approve the repair, reconstruction, restoration or replacement as required in Sections 12.6 or 12.7,

(a) the Common Area and Units which such condominium project shall be deemed to be owned in common by the Unit Owners in such condominium project;

(b) the undivided interest in the Common Area owned in common which appertains to each Unit in such Condominium project shall be the percentage of undivided interest previously owned by the owner of such Unit Owner in the Common Area in such condominium project;

(c) any liens affecting any Unit shall be deemed to be transferred in accordance with existing priorities to the percentage of undivided interest of the owner of such Unit in the Common Area in such condominium project; and

(d) the Common Area and Units in such condominium project shall be subject to an action for partition at the suit of any Unit Owner, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance, if any, shall be considered as one fund and shall be delivered to and held by the Association, as trustee, and divided among and paid to all Unit Owners in such condominium project in proportion to their respective common interests, after first paying out of the respective share of each Unit Owner, to the extent sufficient for the purpose, all liens, on the undivided interest of such Unit Owner in the Common Area and the Board of Governors shall cause a statement to the foregoing effect to be Recorded;

(e) any sale of the Common Area and Units in such condominium project, or any part thereof, shall be subject to a right of first refusal in the Association to purchase the property proposed to be sold, including the share of stock in the Association associated with any Unit sold. The seller or sellers shall give the Association forty-five (45) days' prior written notice of the sale, such notice to contain the terms of the proposed sale, during which forty-five day period the Association must notify the sellers in writing whether it intends to exercise said right of first refusal. If the Association so notifies the seller or sellers of its intention to purchase the offered property, the Association shall have one hundred (100) days from the date of the notice of the offer to sell to pay the purchase price. If the Association does not exercise its right of first refusal, the offered property may be sold free and clear of this right of first refusal provided that if the seller or sellers shall fail to sell the offered property to the offeree and in strict accordance with the terms stated within the notice of offer to sell, the offered property shall again become subject to the Association's right of first refusal.

(f) any sale of the Common Area and Units in such condominium project shall be subject to the restrictions and covenants contained in this Declaration.

12.10 Manner of Repair or Reconstruction.

(a) Any repair, reconstruction, restoration or replacement made pursuant to this Article XII shall be made substantially in accordance with the original plans and specifications, to the extent reasonably practicable, and in such manner as to restore the Property

to substantially the same condition in which it existed prior to such loss or damage with each Unit having the same horizontal and vertical boundaries.

(b) Immediately following loss or damage to the Property or portion thereof, the Association shall obtain estimates of the cost of repairing, reconstructing, restoring or replacing the same. The Association shall employ such architects, engineers and other experts as may be necessary to obtain such estimates.

12.11 Obligation of Association. The Association shall have no duty to repair, reconstruct, restore or replace the Property or any portion thereof in accordance with this Article XII except and only to the extent that insurance proceeds and other amounts actually received by it are sufficient for the purpose.

12.12 No Waiver Against Unit Owner. The action of the Association in repairing, reconstructing, restoring or replacing any loss or damage shall not constitute a waiver of any rights which the Association or other Unit Owner may have against a Unit Owner for his negligence or for committing willful or malicious damage.

XIII. Condemnation.

13.1 General. In the event that all or any part of the Property shall be taken by any authority having the power of condemnation or eminent domain, each Unit Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association, as trustee, for the benefit of the Unit Owners and all mortgagees of any Unit, as their interests may appear. Unless otherwise provided by law at the time of such taking, any award made therefor shall be disbursed by the Association as hereinafter provided in this Article XIII.

13.2 Association Property and Common Area. If such taking is confined to the Property on which improvements shall have been constructed and shall not materially affect any

Unit, such improvements, or any part thereof, on the remaining land included in the Association Property and Common Area shall be replaced with the Approval of the Unit Owners within ninety (90) days of such taking in accordance with the plans therefor approved by the Association. Improvements previously located on Association Property shall be rebuilt on Association Property and improvements previously located on a Common Area owned by any particular group of owners shall be rebuilt on such Common Area. The Association shall arrange for such replacement and shall disburse the proceeds of such award in the same manner as it is required to disburse insurance proceeds as provided for in Section 12.6 hereof; subject, however, to the right hereby reserved to the Unit Owners and to be exercised by a majority of the total vote thereof to provide for the disbursement by the Association of the remaining proceeds held by it (after payment of all costs incident to such replacement) to the Unit Owners or any one or more of them in amounts disproportionate to their percentages of undivided interest in the Common Area as established herein, which disproportionate amounts shall correspond with the disproportionate damages sustained by the Unit Owners or any one or more of them as may be determined by a majority of the total vote thereof. If such replacement shall not have received the approval of the Unit Owners as provided in this Section 13.2 or if the taking is confined to the Association Property and/or Common Area on which no improvements shall have been constructed, then the Association shall disburse the proceeds of the award in the manner hereinabove provided for the disbursements of the remaining proceeds of an award after payment of all costs incident to replacement of improvements taken, including the right reserved to the Unit Owners to provide for disbursement in disproportionate amounts.

13.3 Units in Condominium Project. If the taking includes one or more Units in a condominium project, or any part or parts thereof, whether or not there is included in the taking any part of the Association Property and/or the Common Area, then the award shall be

disbursed and all related matters, including without limitation alteration of the percentages of undivided interest of the Unit Owners in the Common Area in such condominium project, shall be determined pursuant to and in accordance with the consent of all Unit Owners in such condominium project (or such lesser number of owners as may then be prescribed by the Act for the purpose of altering the percentages of undivided interest of the Unit Owners in the Common Area) expressed in a duly Recorded amendment to this Declaration. In the event that such an amendment shall not be Recorded within 100 days after such taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided in Section 12.9.

XIV. Transfer of Units or Interests in Units.

14.3 Execution of Documents by Transferees. Every purchaser or lessee of a Unit, whether purchasing from a Unit Owner or otherwise, shall execute and deliver to the Board of Governors such documents as it may request evidencing such purchaser's agreement to be bound by all of the provisions of this Declaration.

14.4 Other Liens. Except as provided in this Declaration, no lien or encumbrance shall be created against the Property after the date hereof, except as against a Unit and the interest in the Common Area appertaining thereto created in the same manner and under the same conditions as liens and encumbrances arising or created against any other separate parcel of real property subject to individual ownership. No labor performed or material furnished with the consent or at the request of a Unit Owner, his agent, contractor, or subcontractor with respect to his Unit shall be the basis for the filing of a lien pursuant to the lien law against the Unit of any other owner not expressly consenting to or requesting the same; provided, however, that each Unit Owner shall be deemed to have given such express consent in the case of emergency repairs and any other labor performed or materials furnished pursuant to

the provisions of this Declaration or the By-laws or if authorized by the Unit Owners pursuant thereto.

14.5 Removal of Liens; Suits. All liens arising or created against a Unit, except liens of mortgages permitted by this Declaration, taxes, Annual Assessments or Special Assessments, shall be satisfied or otherwise discharged within thirty (30) days from the date such lien arises or is created. All taxes, Annual Assessments and Special Assessments upon a Unit shall be paid before the same shall become delinquent. Each Unit Owner shall give notice to the Association within five (5) days of the creation or receipt of notice, as the case may be, of every lien upon his Unit or its appurtenant interest in the Common Area and of every suit or other proceeding which does or would affect such Unit Owner's interest therein.

XV. Default or Foreclosure of Liens on Units.

15.1 Terms of Mortgage or other Lien. Each mortgage, deed of trust or similar lien with respect to any Unit shall provide that upon the occurrence of an event of default thereunder which would permit the holder to declare all amounts secured thereby due and payable, the holder shall use its best efforts to give notice of its intention to take such action to the Association; provided, however, that failure to give such notice shall not prevent or prohibit the holder from exercising its rights thereunder.

15.2 Action of Association upon Default or Foreclosure. The Association may exercise or refrain from exercising all or any of the following rights, powers and privileges with respect to any mortgage, deed of trust or similar lien with respect to which a Unit Owner shall be in default;

(a) By and with the consent of the holder thereof, to remedy the defaults existing under the terms of such mortgage, deed of trust or other lien and to put the same in good standing in the event the Association shall make the advances necessary to remedy the defaults.

(b) To acquire by assignment either before or after institution of foreclosure action from the holder thereof such mortgage, deed of trust or other lien in the name of the Association or in the name of its designated nominee (in each case as agent of all other Unit Owners) with all the powers and rights of the holder against the defaulting Unit Owner including the right to foreclosure the same for the benefit of the remaining Unit Owners; provided, however, the Association shall pay all sums due and owing the holder thereof including but not limited to all cost pertaining to said assignment and such assignment shall be without warrant or recourse, except as to amounts owing thereunder.

(c) To accept from the defaulting Unit Owner a deed transferring the Unit and its interest in the Common Area, and by and with the consent of the holder of the mortgage, a deed or other lien to remedy the defaults existing under the term thereof for the benefit of the other Unit Owners.

(d) To continue any pending action or to institute an action to foreclose any mortgage, deed of trust or other lien taken by assignment under clause (b) hereof, or to take a deed in lieu of foreclosure thereof. In no event shall a Unit Owner be relieved from liability already incurred for past due Common Expenses nor be relieved from personal liability on the bond, note or other obligation secured by such mortgage, deed of trust or other lien by reason of any conveyance made under clause (c) hereof or under this clause (d).

15.3 Association a Party to Actions. The Association shall be entitled to bid at any sale, whether the action be in its name or whether it be a defendant therein, and to purchase any Unit at such sale for such amount as shall be approved by the Board of Governors taking into consideration the amount due the plaintiff, the costs and disbursements and all other charges affecting the Unit. The Association shall not, however, be limited in its bidding to such amount or total but may bid any higher sum that it may deem necessary in order to protect the interests of the other Unit Owners.

15.4 Special Assessments. Any amounts paid by the Association pursuant to the provisions of Section 15.2 together with all expenses incurred by the Association in taking any action pursuant to this Article XV shall constitute and be deemed to be a Special Assessment against such Unit, payable upon demand.

XVI. Easements, Liens and Encumbrances.

16.1 Units subject to Easements, Liens and Encumbrances. Every Unit and the interest in the Common Area appertaining thereto shall be subject to those easements, liens, encumbrances and other matters set forth in Schedule I and to those easements, liens, encumbrances and other matters hereinafter reserved or described.

16.2 Easements Reserved by Declarant. The Declarant hereby reserves for itself, its successors and assigns, until all Units and Additional Units have been completed and either sold or leased by Declarant or until December 31, 1994, whichever shall be earlier, an easement upon, across, over and under the Property and any part thereof for such purposes as the Declarant may deem necessary in connection with the Property and the Additional Units. In furtherance of the foregoing, the Declarant reserves the right, for itself, and its successors and assigns, to grant to any other person, firm, corporation, trust, partnership or other entity any such easements upon, across, over and under the Property, and any part thereof, which the Declarant may deem necessary in connection with the Property or in connection with the Additional Units.

16.3 Utilities and Other Services. The Declarant hereby reserves the right, and there is hereby reserved to the Association the right, to grant such easements, rights of way, or other rights, on behalf of all Unit Owners (including, without limitation, Unit Owners of Units and Additional Units), upon, across, over and under and with respect to the Property (including, without limitation, the Existing Property, the Phase I Condominium Property, the Phase II Condominium Property, the Phase III Condominium Property, all Common Areas wherever the same may be located and any portion of the Additional Property which is made subject to the Declaration in accordance with the provisions of Article XVIII) to any person, firm, corporation, trust, partnership or other entity for any purpose including, without limitation, for ingress, egress, installation, replacement, repair or maintenance of all utilities and other services deemed necessary or desirable by the Declarant or the Association including, without limiting the

generality of the foregoing, access, water, sewer, drainage, telephone, electrical and any other utilities or services. Any person, firm, corporation, trust, partnership or other entity providing such services shall have the right to erect and maintain such equipment on, above, across and within the Property, or any part thereof, as may be necessary in connection therewith. The location, manner of installation and other matters relating to such utilities and services shall be approved by the Association prior to the commencement of construction or other activity on the Property in connection therewith, which approval by the Association shall not be unreasonably withheld or delayed. Any person, firm, corporation, trust, partnership or other entity (including, without limitation, any mortgagee or title insurance company) may conclusively rely upon any easement, document or other agreement or instrument executed by the Declarant and/or the Association as conclusive evidence of the authority of the Declarant and/or the Association to grant any such easements referred to in this Section 16.3 and in Section 16.2 hereof.

16.4 Maintenance and Repair; Performance of Duties by Association.

There is hereby granted and reserved to the Association, its governors, officers, employees, agents and servants the right to enter upon the Property or any part thereof in connection with the performance of any right, power or duty given to or imposed upon the Association pursuant to this Declaration, the By-laws or the Rules and Regulations. Such right shall be exercised, except in the case of emergency during reasonable hours to the extent practicable and in the event of entry into any Unit, except in the case of emergency or in the event of default or failure to perform any term, condition or covenant in this Declaration, upon prior written notice and with the consent of the Unit Owner.

16.5 Encroachments; Support. The Property and any part thereof shall be subject to each encroachments as may be created by construction or settling of the Property as designed or constructed by the Declarant or as created as a result of the reconstruction, repair,

restoration or replacement of the Property in accordance with the provisions of Article XII or Article XIII. The Common Area and Units shall be subject to a right of support for the benefit of the Common Area and Units.

16.6 Rights of Others. Notwithstanding anything to the contrary contained herein, the ownership of the Common Area and the right to use the same and the Association Property by each of the Unit Owners (including without limitation the Unit Owners of Additional Units), his Delegates, as defined in Section 7.9, invitees and guests shall at all times be and remain subject to

(a) the rights of all other Unit Owners (including without limitation the Unit Owners of Additional Units), their Delegates, invitees and guests to use the same as provided in this Declaration; and

(b) the right of the Association to (i) limit the number of guests or other persons (except Unit Owners and their Delegates) which may use the Association Property and Common Area, (ii) charge reasonable admission and other fees for the use of any recreational facilities included in the Association Property and Common Area; (iii) suspend with respect to any Unit Owner the voting rights and right to use any recreational facility included in the Association Property and Common Area for any period during which any Annual or Special Assessment remains unpaid and for a period, not to exceed thirty (30) days, for any violation of this Declaration or the Rules and Regulations; and (iv) fine any Unit Owner for any violation of this Declaration or the Rules and Regulations.

XVII. Special Provisions Relating to Declarant.

17.2 Payment of Assessments by Declarant. The Declarant shall not be required to pay any Annual or Special Assessment with respect to any Unit owned by it until the issuance of a certificate of occupancy for such Unit. Until the issuance of a certificate of occupancy for any such Unit, such Unit shall not be deemed to be a Unit for purposes of any Annual or Special Assessment. Prior to the issuance of such a certificate of occupancy, the Declarant, at its sole cost and expense, shall keep and maintain such Unit in good order, condition and repair and shall perform all landscaping regarding same.

17.3 Sales, etc. by Declarant. The Declarant shall have the unrestricted right to sell, assign, mortgage, lease or otherwise transfer any Unit or interest therein or appertaining thereto which it owns on such terms and conditions as it may determine.

17.4 Certain Provisions Inapplicable. The provisions of Sections 8.1 shall not apply to the Declarant. The Declarant shall have the right to maintain an office, post signs and to take such other action on the Property as it may deem desirable in connection with the development, construction and sale of the Property or any part thereof.

XVIII. Additions to the Property.

18.1 Additional Property. At any time and from time to time on or prior to December 31, 1994, the Declarant may, by Recording an amendment to this Declaration, declare and subject all or any part of the Additional Property, together with all building and improvements then or thereafter located thereon, to all the terms and conditions of this Declaration. Such amendment shall describe all areas of the Additional Property which are or are to become Units, Common Area, Limited Common Area or Association Property. The Additional Units shall be of quality and architecture compatible with the Units constructed under Phases I, II and III of Condominium Property and otherwise in substantial compliance with any applicable provisions set forth in Exhibit D attached hereto and incorporated herein by reference. The size of all Additional Units will not be less than the minimum square footage measured as set forth on the Exhibit C which is attached hereto. From and After April 16, 1984, the Declarant shall be authorized and empowered to create two hundred (200) such Additional Units.

18.2 Voting Rights and Ownership. From and after the recording of such amendment to this Declaration, the owner or owners of each Unit shall be entitled to vote in accordance with the provisions of Section 4.2. Such amendment shall also amend Exhibit B to set forth the undivided ownership of every Additional Unit Owner in the Common Area on the

Additional Property, provided that the undivided interest in the Common Area within the Phase I Condominium Property owned by each Owner of any Unit located on the Phase I Condominium Property shall not be altered by such amendment.

18.3 Assessments after Additional Units have been added. In the event that Additional Property is made subject to this Declaration, in determining the Annual Assessment for each Unit, the Board of Governors shall use the same common expense factors and procedures as are set forth in Exhibit C provided that in the event Declarant constructs on such Additional Property a type of Unit which is not on the Phase I Condominium Property, the Declarant shall amend Exhibit C to attribute a common expense factor to such new unit type. During any calendar year in which new Additional Units shall first become subject to assessment under this Declaration, the Association shall redetermine the number of Units sold or leased by Declarant as of the first day of March, June, September and December and recompute the rate of Annual Assessment per unit on the basis of the number of Units then sold or leased by Declarant.

18.4 Amended Plans and Survey. Contemporaneously with the Recording of an amendment to this Declaration as described in Section 18.1, the Declarant shall record amended Plans and an amended Survey accurately describing and setting forth the Additional Units and the Additional Property, including the Association Property, Common Area and Limited Common Area with respect thereto.

18.5 Additional Liens and Encumbrances. The Declarant expressly reserves the right to reserve, grant or create such easements, mortgages or other encumbrances as it, in its sole discretion, may deem advisable in connection with the Additional Property; provided, however, that prior to the sale of any Additional Unit, any existing mortgage or other lien giving the holder thereof the right to foreclose or sell such Additional Unit shall have been discharged of record. Until all such mortgages or liens affecting the Additional Property shall have been

discharged, the interest in and to the Common Areas and his share of Association stock with respect to the Additional Property of an owner of a Unit existing immediately prior to the recording of the amendment to this Declaration described in Section 18.1 shall be subject to such mortgages or liens unless the holder thereof shall have discharged the same with respect to such Unit.

18.6 New Covenants and Restrictions in Amendment to Declaration. Any amendment to the Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the Additional Property and as are not inconsistent with the scheme of this Declaration. In no event, however, shall such amendment revoke, modify or add to the covenants and restrictions established by this Declaration with respect to the Phase I Condominium Property.

XIX. Special Provisions as to Recreational Facilities.

19.1 Contribution of Recreational Facilities. For all the Units constructed by the Declarant and submitted to the Declaration subsequent to April 16, 1984, the Declarant shall contribute to the Association for the purpose of construction of recreational facilities two percent (2%) of the gross sales proceeds from the sale of each such Unit so constructed and submitted, such amount to be paid to the Association out of the closing proceeds from each such Unit sale. Declarant shall have no other duty or obligation (of contribution or construction or otherwise) whatsoever with respect to any construction or installation of any recreational facilities or amenities. The amount so contributed by the Declarant to the Association pursuant to this Section 19.1 shall be segregated in a separate fund, and monies may be expended from such fund by the Association only for the purposes of constructing recreational facilities and amenities only after Approval by the Unit Owners in accordance with the provisions of Section 11.3 relating to

the imposition of Special Assessments. The Declarant shall have the right to review and examine the records of the Association with respect to the receipt and expenditure of such funds together with all other records relating to the administration of the aforesaid fund. Such right of review and examination may be exercised by the Declarant from time to time, but not more frequently than once each calendar quarter, upon at least 2 days prior advance written notice to the Association. All recreational facilities or amenities now existing or hereafter arising and wherever located or constructed shall be made available to all Unit Owners of all Units and all Additional Units. In furtherance of the foregoing, each Unit Owner of any Unit or Additional Unit shall be deemed to possess an easement permitting each such Unit Owner to use and enjoy all such recreational facilities or amenities wherever the same may be located including, without limitation, any such recreational facilities or amenities located on any portion of the Property or any portion of the Phase I Condominium Property, the Phase II Condominium Property, the Phase III Condominium Property, any portion of the Additional Property made subject to this Declaration in accordance with Article XVIII thereof and on any portion of any Common Area.

XX. Compliance with Agreement with Town of Bristol. Each Unit Owner, by his acceptance of a Unit, shall be deemed to have expressly agreed to the provisions of that certain letter agreement between the Town and the Declarant, a copy of which is attached hereto as Exhibit F and made a part hereof. All expenses described in clause (d) of such letter agreement shall be Common Expenses.

XXI. Amendment.

21.1 General. Except as otherwise provided in Article XVIII, Section 21.2, Section 21.3 or Article XXIII this Declaration may be amended in whole or in part only upon the Approval of the Unit Owners, provided, that until all Units have been completed and either sold

or leased by Declarant or until December 31, 1994 , whichever shall be earlier, this Declaration may not be amended in any respect or terminated without the written consent of Declarant.

21.2 Amendment of Voting Rights or Ownership. Except as otherwise provided in Article XVIII, the provisions of Section 4.1 shall not be amended without the prior written approval of all Owners of Units within the Phase I Condominium Property, and Sections 6.1, 6.2, 6.7, 7.1, 7.2, 10.1, 11.1 and 11.5 and the provisions of any Sections requiring the unanimous approval of the Unit Owners with regard to any matter shall not be amended without the prior written approval of all Unit Owners.

21.3 Amendment Affecting Plans and Survey During Development. The Declarant hereby reserves the right during the period described in Section 17.1 to modify and amend the Plans and Survey with respect to minor changes in the dimensions of any Unit or Building or changes with respect to the location thereof on the Property.

21.4 Recording of Amendments. Any such amendment shall become effective upon the Recordation thereof.

21.5 Notice of Amendment. The Association shall give notice of any amendment so approved and Recorded to each Unit Owner provided, however, that the giving of such notice shall not constitute a consent precedent to the validity thereof.

XXII. Termination of Declaration.

This Declaration shall be terminated upon the written approval of all of the Unit Owners and the holders of all mortgages and other liens affecting the Property, evidenced by an instrument duly Recorded. Upon termination, ownership of the Property and rights of the Unit Owners shall be determined in the manner provided in Section 12.9.

XXIII. Compliance and Enforcement.

23.1 Compliance. Each Unit Owner and other person having an interest in the Property or any part thereof shall comply with all of the provisions of this Declaration, the Articles of Incorporation of the Association, the By-laws and the Rules and Regulations.

23.2 Enforcement. In addition to any other right or remedy provided herein or by law, if any Unit Owner or other person having an interest in the property or any part thereof violates any provision of this Declaration, the Declarant, the Association or any Unit Owner or other person having an interest in the Property or any part thereof may bring an appropriate action against the defaulting party to enforce specific compliance with the provisions of this Declaration, the Articles of Incorporation of the Association, the By-laws or the Rules and Regulations or to recover damages for such violation, including costs and reasonably attorneys' fees, or both; provided, however, that in no event shall the Declarant or the Association be under any duty to enforce compliance with the provisions of this Declaration, the Articles of Incorporation of the Association, the By-laws or the Rules and Regulations.

23.3 Expenses. Each Unit Owner shall be liable for costs and expenses of any maintenance, repair, replacement or reconstruction of the Property or any part thereof or of any increase in insurance rates resulting from his act, neglect or carelessness, to the extent insurance proceeds are insufficient for such purpose.

23.4 No Waiver, Etc. Failure to enforce any provision of this Declaration, the By-laws or Rules and Regulations shall in no event be deemed a waiver of the right to do so thereafter. All rights, remedies and privileges granted to the Declarant, the Association, the Unit Owner or other person pursuant to this Declaration, the By-laws or the Rules and Regulations shall be cumulative, and the exercise of any one or more shall not be deemed to be an election of remedies nor shall such exercise preclude the exercise of any other and additional rights, remedies or privileges. No Unit Owner shall avoid compliance with the provisions of this

Declaration, the By-laws and Rules and Regulations through non-use, abandonment or lease of his Unit or his interest in the Property.

XXIV. Miscellaneous.

24.1 Covenants Running with Land. All of the terms, covenants, conditions and restrictions contained in this Declaration affecting the Property and the Unit Owners shall be enforceable equitable servitudes and shall run with the land and with every part thereof and interest therein. Every Unit Owner and other person having an interest in the Property or any part thereof, and his heirs, representatives, successors and assigns shall be bound by all of the provisions of this Declaration.

24.2 Notices. Any notice required to be given hereunder shall be given unless otherwise provided herein or in the By-laws personally or by first class mail, postage prepaid as follows:

(a) If to the Declarant, addressed to it at

P.O. Box 2477
East Side Station
Providence, Rhode Island 02906

or at any such other address as the Declarant may designate by notice to the

Association and Unit Owners; (b) if to the Association, addressed to it in care of the agent designated in the Articles of Incorporation or any other person so designated; and

(c) if to a Unit Owner, addressed to him at his address filed with the Board of Governors.

If a Unit is owned by more than one (1) person, notice shall be given to any one of such persons.

24.3 Agent for Service of Process. The agent for service of process of the condominium project on the Phase I Condominium Property shall be the agent for service of

process for the Association named in the Articles of Incorporation of the Association or his successor whose name and address shall be on file with the Rhode Island Secretary of State in accordance with the General Laws of the State of Rhode Island.

24.4 Severability. If any provision of this Declaration shall be judicially held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision of this Declaration.

24.5 Application of Act. To the extent that this Declaration and the matters contemplated hereby are not governed by the Act, all of the provisions hereof shall continue in full force and effect for a period of seventy-five (75) years from the date hereof and shall be automatically extended for two (2) successive twenty-five (25) year periods unless terminated as provided in Article XXII.

24.6 Captions, Gender, Etc. The captions used herein are for convenience and reference only and shall not affect the construction or meaning of any provision contained herein. Whenever the context so permits or requires, the use of the plural shall include the singular, the singular shall include the plural and any gender shall include all genders.

24.7 Borrowing and Pledge Authority. In order to carry out its duties to manage and operate the Condominium Association as set forth in the Condominium Ownership Act and the Rhode Island Condominium Act and further pursuant to the Declaration and Bylaws of the North Farm On The Bay Condominium, the Board of Governors shall have authority on behalf of the Association to assign and/or pledge its rights to future income including the right to receive common expense assessments as security for a loan to the Association, which said authority shall be subject to “Approval Of The Unit Owners” as defined in Article 2.5 of the Declaration.

XXV. FNMA/FHLMC Compliance

In order to comply with the requirements of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, notwithstanding anything to the contrary contained in this Declaration or the By-laws recorded herewith, Declarant and all Unit Owners hereby agree as follows:

25.1 Common Expenses. That any person who obtains title to a Unit by foreclosure or pursuant to any other remedies provided in a mortgage or by law will not be liable for such Unit's unpaid Common Expenses, dues or assessments including, without limitation, special assessments, which accrued prior to the acquisition of title to such Unit by such person, except for any Common Expenses which have priority under the Act.

25.2 Mortgagee's Consent to Certain Action. That, except as may otherwise be provided in the Act, unless the mortgagees holding mortgages on Units to which fifty-one percent (51%) of the votes are allocated have given their prior written approval, neither the Unit Owners nor the Association, by amendment to this Declaration, or otherwise, shall be entitled to:

- (a) by act or omission, seek to abandon or terminate the Condominium except in the event of substantial destruction of the Condominium premises by fire or other casualty or in the case of a taking by condemnation or eminent domain;
- (b) change the pro rata interest rights or obligations of any individual Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (ii) determining the percentage share of ownership of each Unit in the Common Areas or (iii) determining voting rights;
- (c) partition or subdivide any Unit or convert Units into Common Areas or vice versa;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas; provided, however, that the granting of easements as authorized pursuant to the Declaration including, without limitation, for public utilities or for other public purposes consistent with the intended use of the Common Areas by the Condominium, or otherwise, shall not be deemed an action for which any prior approval, of a mortgagee shall be required under this subparagraph;

(e) use hazard insurance proceeds for losses to, or awards for any condemnation of, any property of the Condominium (whether to Units or to Common Areas) for other than the repair, replacement or reconstruction of such property of the Condominium, except as may be provided by statute in case of a taking of or substantial loss to the Units and/or Common Areas of the Condominium;

(f) amend any provision of Declaration or the By-laws which requires the retaining of professional management;

(g) change the priority of a mortgagee's lien over assessment liens;

(h) change the requirements for (i) working capital and replacement reserves, (ii) responsibility for maintenance and repairs, (iii) insurance or fidelity bonds, (iv) leasing of Units or (v) professional management;

(i) change the provisions regarding restoration or repair or termination of the Condominium after substantial destruction or condemnation occurs; or

(j) amend any provisions which expressly benefit mortgagees.

25.3 Insurance Proceeds or Condemnation Awards. That in no case shall any

provision of this Declaration or the By-laws give a Unit Owner or any other party priority over

any rights of any mortgagee of the Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation award for losses to or a taking of such Unit and/or the Common Areas of the Condominium.

25.4 Notice to Mortgagee. That any mortgagee, upon request to the Association, will be entitled to:

- (a) written notification of any default (known by the Association) by a borrower who is a Unit Owner with respect to any obligation of such borrower under the Declaration or By-laws which is not cured within sixty (60) days;
- (b) inspect the books and records of the Association during normal business hours provided that reasonable advance notice is given;
- (c) receive an audited annual financial statement of the Association within ninety (90) days following the end of such fiscal year of the Association;
- (d) written notice of all meetings of the Association, and be permitted to designate a representative to attend all such meetings;
- (e) written notification from the Association of material damage by fire or other casualty to the Unit or Common Areas upon which the Mortgagee holds a mortgage or proposed taking by condemnation or eminent domain of said Unit or the Common Areas of the Condominium;
- (f) written notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (g) any proposed action which would require the consent of a specified percentage of mortgagees.

25.5 Management Contracts. That no agreement for professional management of the Condominium or any other similar contract with Declarant may exceed a term of two (2)

years, and that any such agreement shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days' or less written notice.

25.6 Additions to Condominium. That the Condominium is not subject to any proposal or plan for additions thereto or expansion thereof other than as provided in the Declaration.

The Declarant intends that the provisions of this Article comply with the requirements of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association with respect to condominium mortgage loans and, except as otherwise required by the provisions of the Act, all questions with respect thereto shall be resolved consistent with that intention. As used in this Article, the term "Condominium" shall be deemed to refer to the Association Property, all Common Areas, all Limited Common Areas, all Units and all Additional Units which are submitted at any time to the Declaration, all Parking Spaces and all other real estate, property and improvements which form a portion of the condominium project created pursuant to the Declaration.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed by its duly authorized officer as of the day and year first above written.