

EXHIBIT 1

DECLARATION OF CONDOMINIUM

MT. CRANMORE CONDOMINIUMS

Mt. Cranmore, Inc., a corporation organized and existing under the laws of the State of New Hampshire with a principal place of business at Skimobile Road, P.O. Box 640, North Conway, New Hampshire 03860, hereinafter called the "Declarant", hereby declares:

1. Submission and Declaration. The Declarant, owner in fee simple absolute of the land, together with all buildings and improvements now existing or hereafter constructed thereon, and all easements, rights and appurtenances to said land, to the provisions of the Condominium Act, New Hampshire Revised Statutes Annotated, Chapter 356-B (hereafter R.S.A. 356-B), and hereby create with respect to said property, a condominium with a condominium form of ownership.

2. Definitions. As provided in R.S.A. 356-B:12 (I) terms shall have the meanings specified in R.S.A. 356-B:3, except as defined in this paragraph, in the By-Laws or in the Plans.

(a) "Association" means the Mt. Cranmore Condominiums Unit Owners' Association, an unincorporated association established under the laws of the State of New Hampshire.

(b) "By-Laws" means the by-laws of the Unit Owners' Association set out in Exhibit B to this Declaration attached hereto as a part hereof, as they may be amended from time to time.

(c) "Condominium Act" means New Hampshire Revised Statutes Annotated Chapter 356-B, as amended from time to time.

(d) "Eligible Mortgage Holder" means a holder of a first mortgage on a unit who has requested notice of certain matters as provided in Article X, Paragraph 2 of the By-Laws.

(e) "Eligible Insurer or Guarantor" means an insurer or governmental guarantor of a first mortgage who has requested notice of certain matters as provided in Article X, Paragraph 2 of the By-Laws.

(f) "Land" means the real property described in Exhibit A to this Declaration, attached hereto as a part hereof, together with all easements, rights and appurtenances but exclusive of all improvements.

(g) "Owner" or "Unit Owner" means any Person who owns a condominium unit. No mortgagee shall be deemed to be an Owner or Unit Owner merely because of rights acquired under a mortgage.

(h) "Property" means the land and all improvements now or hereafter constructed thereon.

(i) "Site Plan and Floor Plans" or "Plans" means the plans of the Property described herein and recorded herewith or to be subsequently recorded.

3. Statutory Requirements. Provisions required by Section 16, I, of the Condominium Act:

(a) Name: This Condominium shall be known as "Mt. Cranmore Condominiums".

(b) Location: The Condominium is located on the east and west sides of Old Bartlett Road in the Town of North Conway, County of Carroll, State of New Hampshire.

(c) Description of Land: Exhibit A contains a legal description by metes and bounds of the land submitted to the Condominium Act.

(d) Description of Units:

(i) The Condominium includes six (6) townhouse-style units in two (2) 3-unit building clusters. In addition, as provided in Paragraph 4 of this Declaration, Declarant has created Convertible Lands on which an additional eighty-two (82) units may be constructed in subsequent phases. The Condominium will contain a maximum of eighty-eight (88) units. The units are, or will be, constructed at the location and with the dimensions shown on the Plans.

(ii) Units. Each of the units is hereby declared to be held in fee simple and may be retained, occupied, conveyed, transferred, encumbered, inherited or devised in the same manner as any other parcel of real property independent of the other individual units. The unit number of each unit and a statement of its location, dimensions, and the immediate Common Area to which it has access and all other data necessary for its proper identification are set forth in the Site Plan and Floor Plans to be recorded herewith.

(iii) Unit Boundaries. Each unit (which includes a garage) consists of the space within the following boundaries:

Horizontal Boundaries: The upper and lower (horizontal) boundaries of each unit shall be the following boundaries extended to an intersection with the vertical boundaries:

Upper Boundary: The unfinished interior surface of the uppermost ceiling.

Lower Boundary: The unfinished interior surface of the concrete slab floor.

Vertical Boundaries: The perimeter (vertical) boundaries of each unit shall be the vertical plane of the interior surface of all walls bounding the unit extended to intersections with each other and with the upper and lower boundaries, together with the exterior unfinished surfaces of the window frames, doors and glass.

Each unit includes the portion of the building within the above boundaries and the space enclosed by the boundaries, except any Common Area described in Paragraph 3 (e) below which may be located therein. The finished interior of the floors, perimeter walls and ceilings of a unit consisting of, without limitation, all paint, paneling, wallpaper, rough flooring, finished flooring, carpeting, tiles, and any other materials constituting any part of the finishing materials and finished surfaces thereof are a part of each unit. The Owner of a unit owns the interior walls and partitions which are contained in his unit, and window and door glass, the entrance doors and windows frames (to the unfinished exterior surfaces thereof). The Owner of a unit does not own any pipes, wires, cables, chutes, flues, conduits, utility lines, ventilation or other ducts, bearing walls, bearing columns, or structural portions of the building running through that unit which are utilized for or serve more than one unit or serve any portion of the Common Area, or Limited Common Area and such items are a part of the Common Area. A unit does not include any decks and front entryways which shall be Limited Common Area.

(e) Description of Common Area and Limited Common Area.

(i) Common Area consists of all of the Property other than the units and includes, without limitation, the following:

the land together with the benefits and subject to the burdens of all easements and rights pertaining to the land, as described in Exhibit A and including all improvements to the land except the units;

the water supply, sewerage disposal, electrical, gas, cable television, and telephone systems serving the Condominium to the extent such systems are located within the Property and are not owned by the supplier of the utility service (but not including any portions thereof contained within, and serving, only a single unit, which portions shall be a part of the unit);

the roofs, foundations, columns and supports of the buildings; the perimeter walls, ceilings and floors of each unit to the interior surfaces thereof;

the swimming pool and all other recreational facilities located within the Property; and

the pipes, ducts, flues, chutes, conduits, plumbing, wires, meters, meter housings and other facilities for the furnishing of utility services or waste removal not located within a unit and such facilities located within a unit, which serve parts of the Condominium other than the unit within which they are located.

(ii) Limited Common Areas. Certain areas are delineated on the Plans as Limited Common Area or are hereafter designated as Limited Common Area, each such area being reserved for the exclusive use of the unit to which it is adjacent. Decks and front entryways as more particularly shown on the Site and Floor Plans, and the land on which they are situated are Limited Common Area to the units served by them. Any Limited Common Area not specifically designated with a Unit Number on the Plans is Limited Common Area to the unit to which it is contiguous. Each Limited Common Area is owned in common by the Owners, but it is restricted to the use and benefit of the unit which it serves. Limited Common Area may not be reassigned.

(f) Assignment of Common Area as Limited Common Area. Common Area parking spaces may subsequently be assigned as Limited Common Area upon majority vote of the Unit Owners, the recording of a revised Site Plan indicating the units to which particular parking spaces are assigned and compliance with applicable procedures set forth in R.S.A. 356-B:19, III.

(g) Allocation of Undivided Interests. An equal undivided percentage interest in the Common Area is allocated to each Unit. The undivided interest in the Common Area of each of the initial units is set forth on Exhibit C. Said percentage interest is subject to reallocation in accordance with Section 18, II of the Condominium Act.

(h) Statement of Purposes and Restrictions as to Use. The Condominium and each of the units are intended for residential use and the following provisions, together with the provisions of the By-Laws, are in furtherance of that intent:

(i) Residential Use. Each unit shall be occupied and used only for residential purposes by the Owner and his family or by tenants, guests, invitees or licensees of the Owner, or by the Owner or tenant, except for such limited professional use as the Board of Directors, upon application of the Owner, from time to time may authorize as not being incompatible with the residential character of the Condominium as long as such use does not contravene the Town of Conway ordinances and regulations. No commercial or business use of any kind may be made of the units or Common Area. This restriction shall not be construed to prohibit Owners from leasing their units so long as the lessees thereof occupy and use the leased premises in accordance

with the provisions of this Declaration and the By-Laws and so long as any lease is in writing, has a minimum initial term of six (6) months, and renewal terms of not less than thirty (30) days, and a copy thereof is filed with the Unit Owners' Association.

The Common Area shall be used only by the Owners and tenants in residence and their guests, invitees and licensees. Limited Common Area shall be used only by the Owners and tenants in residence and their guests, invitees and licensee of the units to which the Limited Common Area is assigned. The manner of use, charges or fees for said use, and the responsibilities for maintenance and repair of the Common Area and the Limited Common Area shall be governed by the By-Laws and by any rules adopted by the Board of Directors, as such By-Laws and rules may be amended.

Common Area includes Limited Common Areas and all Unit Owners own an undivided interest in the Common and Limited Common Areas, although Limited Common Areas are reserved for the exclusive use of Owners of units to which such Limited Common Areas are assigned.

(ii) Easement to Facilitate Completion and Sales. The Declarant as the Owner of all units which have not been sold and its duly authorized agents, representatives and assigns may make such reasonable use of the Condominium as may facilitate the completion of any construction and such sale, including without limiting the generality of the foregoing, the right to enter all units and Common Area for repairing and remodeling purposes, and the right to store materials, the maintenance of a sales office and a rental office, the showing of property and the displaying of signs. In addition, the Declarant and its duly authorized agents, representatives and employees shall have the right to use any and all unsold unit or units as sales offices and/or model units. Such units shall be units within the meaning of this Declaration and the Condominium Act and not parts of the Common Area. The Declarant shall have the absolute right to enter into certain agreements with other Unit Owners who may agree to lease their units to the Declarant for use by the Declarant as model units and/or sales offices.

(iii) Easements for Structural Encroachments. None of the rights and obligations of the Owners created herein, or in any deed conveying a unit from the Declarant to a purchaser shall be altered in any way by encroachments as a result or due to settling or shifting of structures. There shall be valid easements for the maintenance of such encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful conduct of said Owner or Owners.

(iv) Pipes, Ducts, Cables, Wires, Conduits, Public Utility Lines and other Common Area Located Inside of Units; Support. Each Unit Owner shall have an easement in common with the Owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Area serving such other units or the Common Area and located in such unit. The Board of Directors shall have a right of access to each unit to inspect the same, to correct violations of the Rules or By-Laws and to maintain, repair or replace the Common Area contained therein or elsewhere in the buildings. Every portion of a unit which contributes to the structural support of a building shall be burdened with an easement of structural support for the benefit of all other units and the Common Area.

(v) Units Subject to Declaration, By-Laws and Rules and Regulations. This Declaration, the By-Laws, any rules and regulations adopted by the Board of Directors, and decisions and resolutions of the Board of Directors or its representatives, as amended from time to time, all contain, or will contain certain restrictions as to use of the units and other parts of the Condominium. Each Owner shall comply therewith and failure to comply with any such provision, decision or resolution shall be grounds for an action to recover sums due, for damages or for injunction relief. All such actions in law or at equity shall be authorized by resolution of the Board of Directors and the Condominium Unit Owners' Association shall be entitled to recover all reasonable costs and expenses of such actions including attorneys' fees.

All present or future Owners, tenants and occupants of units, or any other person who might use the facilities of the Property in any manner are subject to the provisions of this Declaration, the By-Laws and the rules. The acceptance or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules, as they may be lawfully amended from time to time, are accepted and ratified by such Owner, tenant or occupant and all of such provisions shall be deemed and taken to be enforceable servitudes and covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though such provisions were recited and stipulated at length in each and every deed of conveyance or lease thereof.

(vi) Condominium Subject to Easements for Ingress and Egress and Use. Each Unit Owner shall have an easement in common with the Owners of all other units for ingress and egress through, and use and enjoyment of, all Common Area so long as such use is in accordance with this Declaration and By-Laws. Each unit shall be subject to an easement for ingress and egress through, and use and enjoyment of, all Common Area so long as such use is in accordance with this Declaration and By-Laws.

(vii) No Subdivision or Partition. No unit may be divided or subdivided into a smaller unit; no unit or portion thereof shall be added to or incorporated into another unit; and no unit shall be converted into a time-share unit. The Common Area shall remain undivided and no Unit Owner or any other person shall bring any actions for partition or division thereof; nor shall the Common Area be abandoned by act or omission, unless the Condominium shall be terminated pursuant to the Condominium Act and the provisions hereof.

(viii) No Harmful or Offensive Use of Condominium. No harmful or offensive use shall be made of any part of the Condominium and nothing shall be done therein which is or will become in the judgment of the Board of Directors an annoyance or nuisance to the other Unit Owners. No use shall be made of any part of the Condominium which will constitute a fire hazard, result in the cancellation of insurance on any part of the Condominium or be in violation of any law, ordinance or governmental regulation applicable thereto. No use shall be made of any part of the Condominium which would increase the rate of insurance on the Common Area without prior written consent of the Board of Directors.

(ix) Declarant's Rights to Maintain and Operate Ski Trails and Facilities.

(a) The Declarant, its successors and assigns shall have the right, subject to any conditions set forth herein, to maintain, replace and operate downhill ski trails, cross-country ski trails and hiking trails currently existing on the Land along with the right to maintain, replace, repair and operate all equipment and structures currently existing on the Land and necessary to the maintenance and operation of such trails.

(b) The Declarant, its successors and assigns shall further have the right to construct, maintain, replace, repair and operate on the Land downhill ski lifts and trails, cross-country ski trails and all equipment and structures necessary to the construction, operation and maintenance of such trails other than those currently existing on the Land, provided that such lifts, trails, equipment and/or buildings are constructed in compliance with applicable laws and ordinances.

(c) Prior to the exercise of any of the aforesaid rights given under subparagraphs (a) and (b) above, the Declarant, its successors and assigns shall:

(i) agree in writing to indemnify and hold the Unit Owners' Association and each individual Unit Owner harmless from any and all damages, injuries, suits, claims and demands arising out of the lawful use of the said downhill ski lifts and trails, cross-country ski trails and hiking trails by the general public; and

(ii) provide insurance coverage for such damages, injuries, suits, claims and demands in the amount of One Million Dollars (\$1,000,000.00) per occurrence.

(x) Easement to Public to Use Trails. The Declarant, its successors and assigns shall have the right and easement to use the downhill ski lifts and trails, cross-country ski trails and hiking trails located or to be located on the Land for the lawful purposes for which such trails and lifts were intended, subject to any rules and regulations including lawful charges that may be applied by the lawful owner thereof. Declarant, its successors or assigns may transfer its rights pursuant to this paragraph 3.h(x) in any manner, including, but not limited to assignment, license or permit, and further, Declarant, its successors and assigns may place any restrictions or conditions on the transfer of such rights or on the exercise of the rights so transferred as Declarant, its successors or assigns may in its sole discretion desire, including, but not limited to the charging of a fee.

(i) Determination of Action following Casualty Damage. In the event of damage to any portion of the Condominium by fire or other casualty, the proceeds of the master casualty policy shall, pursuant to Section 43, III, of the Condominium Act, be used to repair, replace or restore the structure or Common Area damaged, unless the Unit Owners vote to terminate the Condominium pursuant to Section 34 of the Condominium Act and such vote is consented to by the first mortgages as provided in Paragraph 7 hereof. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner, for each mortgagee of a unit and for each owner of any other interest in the Condominium to adjust all claims resulting from such damage and to deliver releases upon the payment of claims; provided, however, that proceeds of insurance shall be payable and paid, not to the Board of Directors, but to a national or State of New Hampshire chartered banking institution as trustee for the benefit of the Unit Owners' Association, the Unit Owners or any mortgagees as their interests may appear. The procedure for reconstruction and repair is set forth in Article VII of the By-Laws.

4. Additional Statutory Requirements - Convertible Lands. Provisions required by Section 16, II, of the Condominium Act. The Declarant hereby reserves the right, to be exercised in its sole discretion, to build additional units, with Limited Common Area, or both, on Convertible Lands, which right shall be effected by

amendment to this Declaration executed by Declarant alone, in the manner provided by Section 23 of the Condominium Act and which rights shall be subject to the following:

(a) Legal Description. A legal description by metes and bounds of the Convertible Lands within the Condominium is set forth in Exhibit D attached hereto.

(b) Maximum Number of Units. The maximum number of units to be constructed within Convertible Lands is eighty-two (82) units in six (6) phases with the maximum number of units within the Condominium to be eighty-eight (88) units.

(c) Use Restrictions. All Convertible Lands will be restricted to residential use in the same manner as the use of the original six (6) units in the Condominium are restricted by this Declaration.

(d) Compatibility of Structures. Any structure erected on the Convertible Lands will be generally compatible with the structures serving a like purpose on other portions of the submitted land in terms of quality of construction, the principal materials to be used and architectural styles.

(e) Other Improvements. No assurances are made as to what other improvements will be made on any portions of the Convertible Lands or limitations as to what other improvements will be made thereon.

(f) Similarity of Units. Any unit created within the Convertible Lands will be substantially identical to the townhouse-style of units previously constructed in the initial phase of the Condominium. The size and number of rooms may vary among units.

(g) Creation of Limited Common Areas. The Declarant shall have the right, exercisable in its sole discretion, to create Limited Common Area within the Convertible Lands and/or to designate a Common Area therein which may subsequently be assigned as Limited Common Area. Any Limited Common Area created on any Convertible Land may vary in type, size and maximum number as compared to the Limited Common Area appurtenant to the original six (6) units.

(h) Limitations on Declarant. There are no limitations on the option to convert, except as provided in this Declaration or in the Condominium Act. Convertible Lands may be added in any order subject only to the limitations provided in this Declaration or in the Condominium Act. The option to convert shall remain in effect for a period of five (5) years from the date of recording of the Declaration, at which time the option shall expire. The option to convert may be terminated prior to the expiration for five (5) years by recording at the Carroll County Registry of Deeds a duly executed termination statement.

5. Amendment of Declaration. Except as otherwise provided in the Condominium Act and herein, this Declaration may be amended by the vote of at least sixty-seven percent (67%) of the percentage of common interest owned by all Unit Owners, cast in person or by proxy at a meeting held in accordance with the provisions of the By-Laws; provided, however, that (i) no such amendment shall be effective until evidence thereof has been duly recorded at said Carroll County Registry of Deeds pursuant to Section 34, IV, of the Condominium Act, (ii) so long as the Declarant owns one or more units, no amendment to the Declaration shall be adopted that could interfere with the construction, sale, lease or other disposition of such unit(s) or Declarant's rights set forth in Paragraph 4 hereof and (iii) no such amendment shall be contrary to the provisions of the Condominium Act.

6. No Revocation or Partition. The Common Area shall remain undivided and no Unit Owner or any other Person shall bring any action for partition or division thereof, nor shall the Common Area be abandoned by act or omission, unless the Condominium is terminated pursuant to Section 34 of the Condominium Act.

7. Consent of First Mortgagees. Notwithstanding any other provision of this Declaration, the By-Laws or the rules, unless the mortgagees holding mortgages recorded at the Carroll County Registry of Deeds constituting first liens on the units to which at least seventy-five percent (75%) of the undivided interest appertains have given their prior written approval, the Owners, the Unit Owners' Association and Board of Directors shall not be entitled to:

(a) By act or omission to seek to abandon or terminate the Condominium.

(b) Change the pro rata interest or obligations of any unit (i) for the purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or (ii) for determining the undivided percentage interest of each unit in the Common Area (except as permitted by Section 23 of the Condominium Act).

(c) Partition or subdivide any unit.

(d) Seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Condominium shall not be deemed a transfer within the meaning of this clause).

(e) Use hazard insurance proceeds for losses to any Condominium Property (whether to units or Common Areas) for other than the repair, replacement or reconstruction of such Condominium Property.

The consent of fifty-one percent (51%) of the mortgagees is required to enact certain other amendments or modifications to this Declaration or the By-Laws as set forth in Article IX, Section 4 of the By-Laws to which reference is made.

8. Priority of First Mortgages. No provision of this Declaration, the By-Laws, or the Rules shall be construed to grant to any Unit Owner, or to any other party, any priority over any rights of first mortgagees of the Condominium units pursuant to their first mortgages in the case of the distribution to Unit Owners of insurance proceeds or condemnation awards for losses to, or a taking of, units and/or the Common Area or any portions thereof.

9. Condemnation. The rights of Unit Owners in the event of a total or partial taking by eminent domain shall be governed by Section 6 of the Condominium Act and the Lease. In the event of a taking or acquisition of part or all of the Common Areas by a condemning authority, the award or proceeds of settlement on account of the leasehold interest shall be payable to the Unit Owners for their use and benefit and their mortgagees as their interests may appear in accordance with the provisions of said Section 6 and the Lease. The Unit Owners' Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authorities for acquisition of the Common Areas or any part thereof and the Unit Owners' Association is hereby appointed Attorney-in-Fact for each Unit Owner for such purpose.

10. Invalidity. It is the intention of the Declarant that the provisions of this Declaration are severable so that if any provision, condition, covenant, or restriction hereof shall be invalid or void under any applicable federal, state or local law or ordinance, the remainder shall be unaffected thereby. In the event that any provision, condition, covenant or restriction hereof is, at the time of recording of this Declaration, void, voidable or unenforceable as being contrary to any applicable law or ordinance, the Declarant, its successors and assigns and all persons claiming by, through or under this Declaration covenant and agree that any future amendments or supplements to the said laws having the effect of removing said invalidity, voidability or unenforceability, shall be deemed to apply retrospectively to this Declaration thereby operating to validate the provisions of this instrument which otherwise might be invalid and it is covenanted and agreed that any such amendments and supplements to the said laws shall have the effect herein declared as fully as if they had been in effect at the time of this instrument.

11. Waiver. No provision contained in this Declaration shall be deemed to have been waived by reason of any failure to enforce the same irrespective of the number of prior violations which may have occurred.

12. Gender and Number. The use of the masculine gender herein shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, Declarant, Mt. Cranmore, Inc., has caused this Declaration to be executed by its duly authorized representative this _____ day of _____, 1987.

WITNESS:

MT. CRANMORE, INC.

Edward H. Mank, Treasurer

STATE OF NEW HAMPSHIRE
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1987, by Edward H. Mank, Treasurer of Mt. Cranmore, Inc., a New Hampshire corporation, on behalf of the corporation.

Justice of the Peace/Notary Public

c/1627

EXHIBIT A

LEGAL DESCRIPTION OF SUBMITTED LAND

TRACT I.

A certain tract or parcel of land together with the buildings and other improvements, now or hereafter located or erected thereon, situated in the Town of Conway, County of Carroll, State of New Hampshire, and being shown as tract or parcel 2 on plan entitled "Property of Mt. Cranmore, Inc. - Proposed 2 Lot Subdivision - North Conway, New Hampshire", by Thaddeus Thorne - Surveys, Inc. drafted September 10, 1984 and revised to February 23, 1987, said Plan being recorded in the Carroll County Registry of Deeds as Plan No. _____, and more particularly bounded and described as follows:

Beginning at an iron pipe set in the ground on the easterly side of Old Bartlett Road at the southwest corner of the premises; thence

1. North 13°47'50" East by Old Bartlett Road 604.33 feet to a point; thence
2. South 76°12'40" East, 95.00 feet to a point; thence
3. South 75°19'50" East, 140.43 feet to an iron pipe; thence
4. North 14°40'10" East, 200.00 feet to a point; thence
5. South 76°04'00" East, 368.81 feet to a stone bound; thence
6. South 76°19'30" East, 295.87 feet to an iron pipe; thence
7. South 76°19'30" East, 1385.01 feet to an iron pipe; thence
8. South 13°40'30" West, 600.00 feet to an iron pipe; thence
9. North 76°19'30" West, 1250.00 feet to an iron pipe; thence
10. South 13°40'30" West, 15.00 feet to an iron pipe; thence
11. North 76°19'30" West, 80.00 feet to an iron pipe; thence
12. North 13°40'30" East, 15.00 feet to an iron pipe; thence
13. North 76°19'30" West, 370.00 feet to an iron pipe; thence
14. South 13°40'30" West, 200.00 feet to an iron pipe; thence
15. North 76°19'30" West, 589.85 feet to the iron pipe at the point of beginning.

Containing 33.19 acres, more or less.

TRACT II.

A certain tract or parcel of land together with the buildings and other improvements now or hereafter located or erected thereon situated in the Town of Conway, County of Carroll, State of New Hampshire, being shown as 8.5 acres, more or less, - Mt. Cranmore, Inc. Property on plan entitled "Property of Mt. Cranmore, Inc. - Proposed 2 Lot Subdivision - North Conway, New Hampshire" by Thaddeus Thorne - Surveys, Inc., drafted September 10, 1984, revised February 23, 1987, said Plan being recorded in the Carroll County Registry of Deeds as Plan No. _____, and being more particularly bounded and described as follows:

Beginning at the point of intersection of the northerly side of Skimobile Road and the westerly side of Old Bartlett Road; thence

1. Northerly along the westerly sideline of Old Bartlett Road 149.82 feet to a point at land now or formerly of Chace; thence

2. Westerly by land of Chace 132.00 feet to a point; thence

3. Northerly by land of Chace 61.38 feet to a point; thence

4. Easterly by land of Chace 132.00 feet to a point on the westerly side of Old Bartlett Road; thence

5. North 13°47'50" East by the westerly side of Old Bartlett Road 1380.72 feet to an iron pipe at land now or formerly of Zorzy; thence

6. North 80°32'50" West by land of Zorzy 260.00 feet to an iron pipe set on the bank of Mill Brook; thence

7. Continuing in the same bearing a distance of 20.00 feet, more or less, to a point at the center line of Mill Brook; thence

8. In a generally southerly direction along the central line or thread of Mill Brook, a distance of 1600.00 feet, more or less, to a point at the intersection of the thread of Mill Brook with the northerly side of Skimobile Road; thence

9. Easterly by the northerly line of Skimobile Road 181.00 feet, more or less, to the point of beginning.

Together with an easement to adjacent land owned by Mt. Cranmore, Inc. for the purpose of sewage disposal as described in Easement dated _____, 1987, recorded in the Carroll County Registry of Deeds at Book _____, Page _____.

Subject to the following:

1. Title to and rights of the public and others entitled thereto in and to those portions of the insured premises lying within the bounds of Skimobile Road, Old Bartlett Road, Whittaker Lane, Hurricane Mountain Road, Mill Brook, Grove Street Extension, Patton Court and Holt Brook.

2. Rights of upper and lower riparian owners in and to the waters of the Mill Brook and Holt Brook and the natural flow thereof.

3. Rights and easements granted White Mountain Power Company dated November 16, 1949, July 17, 1963 and July 30, 1964, recorded at the Carroll County Registry of Deeds in Book 264, Page 370, Book 378, Page 80 and Book 381, Page 259, respectively.

4. Terms and provisions of rights and easement to Herbert Schneider Corporation set forth in deeds recorded at Book 281, Page 37 and Book 311, Page 47, respectively, in said registry.

5. Rights and easements reserved by Cranmore Skimobiles, Inc. in deed to Herbert Schneider Corporation dated December 28, 1966, recorded in said Registry at Book 411, Page 1 as follows:

"Always reserving unto the Grantor (Cranmore Skimobiles, Inc.) its successors and assigns forever, all minerals, mineral substances, ores and metals of every kind and character (including, but not limited to, all uranium and Thorium and other deposits of every nature whatsoever), and all granite, coal, oil and other substances of commercial value in, on and under said lands, together with the full right of ingress and egress to and from said lands for the purpose of exploiting all of such rights, together also with enough of the surface of the lands conveyed as may be necessary for the proper and convenient working, mining and taking of such minerals and other substances."

6. Rights and easements granted to New England Telephone and Telegraph Company dated December 16, 1974, recorded at Book 586, Page 4 of said registry.

7. Rights and easements granted New England Electric Cooperative, Inc. dated January 24, 1977, September 13, 1978 and September 14, 1982 recorded at Book 656, Page 358, Book 726, Page 189 and Book 877, Page 311, respectively, of said registry.

8. Easement and water rights held by the North Conway Water Precinct (See Book 100, Page 325 and 329).

9. Easements reserved by Mt. Cranmore, Inc. for: (a) installation, maintenance, operation and use of snowmaking pipes, hydrants, valves and related equipment; (b) ski trails over the premises; and (c) operation of a triple chair lift on and over the premises, all as described in Easement dated _____, 1987, recorded in said Registry at Book _____, Page _____.

10. Easement granted to Mt. Cranmore Lodge for sewage disposal in leach fields on the premises, as described in Easement dated _____, 1987, recorded in said Registry at Book _____, Page _____.

EXHIBIT B

BY-LAWS OF

MT. CRANMORE CONDOMINIUMS

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Purpose. The administration of the Condominium shall be governed by these By-Laws which are annexed to the Declaration of Mt. Cranmore Condominiums and are made a part thereof, and all present and future holders of any interest in the Condominium shall hold said interest subject to these By-Laws as well as to the Declaration and the Rules promulgated hereunder.

2. Definitions. Terms not defined herein or in the Declaration shall have the meanings specified in Section 3 of the Condominium Act.

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

4. Office. The office of the Condominium and of the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors. The address of the Condominium is: Old Bartlett Road, North Conway, New Hampshire.

ARTICLE II

UNIT OWNERS' ASSOCIATION

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

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

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

4. Annual Meeting. Meetings of the Unit Owner's Association shall be held on February 1 of each year, or on such other date within a thirty day period prior to or subsequent from such date, as may be designated by the Board of Directors and reflected in the notice provided for in Paragraph 6 below. At such annual meetings the Board of Directors shall be elected by ballot of the Owners in accordance with the requirements of Article III. Provided, however, that until three (3) years after the recordation of the Declaration or until units to which three-fourths (3/4ths) of the undivided interest in the common area appertain have been conveyed by the Declarant, whichever occurs first, the Declarant shall be entitled to elect all of the members of the Board of Directors. The Association may transact such other business as may properly come before them at such meetings.

5. Special Meetings.

(a) Transfer of Control by Declarant. Promptly after units representing seventy-five percent (75%) or more of the undivided interest in common area have been conveyed by Declarant, but in no event later than three (3) years after the formation of the Association by the recordation of the Declaration, the Declarant shall notify the Unit Owners thereof and shall call a special meeting of the Unit Owners. Notice of such meeting shall be given in accordance with the provisions of

Section 6 of this Article II. At such meeting the persons designated by the Declarant shall resign as members of the Board of Directors, and all of the Owners, including the Declarant if the Declarant owns any unit or units, shall elect a new Board of Directors.

(b) Other Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners' Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Clerk by Owners having not less than thirty percent (30%) of the votes of all Owners. The notice of any special meeting shall set forth the purpose thereof and no business shall be transacted at a special meeting except as stated in the notice.

6. Notice of Meeting. It shall be the duty of the Clerk to mail, by United States mail, return receipt requested, a notice of each annual meeting or special meeting, at least twenty-one (21) days in advance of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at the address of their respective units and at such other address as each Owner may have designated by notice in writing to the Clerk; provided, however, that such notice may be hand delivered by the Clerk or Manager, if the Clerk or Manager obtains a receipt of acceptance of such notice from the Unit Owner.

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

8. Proxies. The vote appertaining to any unit may be cast pursuant to a proxy executed by or on behalf of the Unit Owner or, where the Unit Owner is more than one person, by or on behalf of all such persons. The validity and revocation of proxies is governed by Section 39, IV of the Condominium Act as the same may be amended from time to time.

9. Quorum. A quorum shall be deemed to be present throughout any meeting of the Unit Owners, until adjourned, if persons entitled to cast more than thirty-three and one-third percent (33 1/3%) of the total votes are present at the beginning of such meeting.

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

11. Conduct of Meeting. The President, or his designated alternative, shall preside over all meetings of the Unit Owners' Association and the Clerk shall keep the minutes of the meeting and shall record all transactions occurring and all resolutions adopted at the meeting. Roberts Rules of Order shall govern the conduct of all meetings of the Unit Owners' Association when not in conflict with the Declaration, these By-Laws or the Condominium Act.

ARTICLE III

BOARD OF DIRECTORS

1. Powers and Duties. The affairs and business of the condominium shall be managed by a Board of Directors (sometimes hereinafter referred to as the "Board") which shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not by the Condominium Act or by these By-Laws directed to be exercised and done by the Unit Owners' Association. The Board of Directors shall have the power from time to time to adopt any Rules deemed necessary for the enjoyment of the Condominium provided that such Rules shall not be in conflict with the Condominium Act, the Declaration or these By-Laws. The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters which might arise between meetings of the Board of Directors. In addition to the general duties imposed by these By-Laws, the Board of Directors shall have the power to, and be responsible for, the following:

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

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

(c) Providing for the compliance by the Unit Owners' Association with all terms, covenants and provisions of the Lease and for the operation, care, upkeep, replacement and maintenance of all of the Common Area and services of the Condominium, including but not limited to trash collection, snow removal, and hydrant clearance from the Common Area, water, electrical, gas, telephone and any other necessary utility service for the Common Area.

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

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

(f) Obtaining and maintaining insurance against casualties and liabilities, as provided in Article VI of these By-Laws, and paying the premiums therefore and making, or contracting for the making of, repairs, additions, and improvements to, or alterations to the Property and repairs to and restoration of, the Property, in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty.

(g) Maintaining books of account showing the receipts and expenditures of the Unit Owners' Association.

(h) Obtaining an audited financial statement within one hundred twenty (120) days of the end of each fiscal year.

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

2. Managing Agent. The Board of Directors may employ, or contract with, a professional manager or management firm ("Manager") for a fee or compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in Section 1 of this Article III. The Board of Directors may delegate to the Manager all of the powers granted to the Board of Directors by these By-Laws; provided that any actions by the Manager with respect to the powers set forth in paragraph (b) of Section 1 of this Article III shall require the written consent of the Board of Directors. The term of any employment contract for a Manager may not exceed two (2) years, and any such employment contract shall provide, inter alia, that such agreement may be terminated without penalty and without cause upon no more than ninety (90) days written notice. The Unit Owners' Association and the Board of Directors shall retain a Manager when requested to do so by Eligible Mortgage Holders or Eligible Insurers or Guarantors holding, insuring or guaranteeing mortgages on units which have at least fifty-one percent (51%) of the votes of the units subject to such mortgages and when a Manager has been so required, any decision to reestablish self management by the Unit Owners' Association shall require the prior consent of Owners of units to which at least sixty-seven percent (67%) of the votes in the Unit Owners' Association are allocated and the approval of Eligible

Mortgage Holders holding mortgages on units which have at least fifty-one percent (51%) of the votes of the units subject to such mortgages.

3. Number of Directors and Initial Selection of Board. The Board of Directors shall be composed of five (5) persons. Until the election of the Board of Directors takes place at the first annual meeting of the Unit Owners' Association, as provided in Section 5 of Article II, the Board of Directors shall consist of such persons as shall have been designated by the Declarant. Thereafter, anything in these By-Laws to the contrary notwithstanding, until three (3) years after the date of recordation of this Declaration in the Carroll County Registry of Deeds, or until units to which three-fourths (3/4ths) of the undivided interests in the common area appertain have been conveyed by the Declarant, whichever first occurs, the members of the Board of Directors shall be selected and designated by the Declarant. The Declarant shall have the right in its sole discretion to replace such Directors as may be so selected and designated by it, and to select and designate their successors. The Declarant may relinquish its rights hereunder at any prior time. Directors shall consist only of Owners or spouses of Owners, or, where a Person which is an Owner is not a natural person, any natural person having authority to execute deeds in behalf of such person.

4. Election and Term of Office. At the first annual meeting of the Unit Owners' Association five (5) directors shall be elected. The term in office of two (2) directors shall expire at the 1990 annual meeting, the term in office of two (2) directors shall expire at the 1989 annual meeting and the term in office of one director shall expire at the 1988 annual meeting, subject to the provisions of Section 3 above. At the expiration of the initial term of office of each director, his successor shall be elected to serve a term of three (3) years and each director shall hold office until his successor has been elected.

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

6. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each twelve (12) month period after the annual meeting of the Unit Owners' Association. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least five (5) business days prior to the day named for such meeting, except that no notice shall be required for a regular meeting held immediately after, and at the same place as the annual meeting of the Association.

7. Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) business days' notice to each director. Such notice shall be given personally or by mail, telephone or telegraph, and such notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Clerk in like manner and on like notice on the written request of at least two (2) directors.

8. Waiver of Notice. Before or within ten (10) days after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

9. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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

11. Removal of Directors. A director may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Unit Owners' Association at which a quorum is present, by an affirmative vote of two-thirds (2/3rds) of the votes represented and voting. Any director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, no person selected and designated by the Declarant as a member of the Board of Directors may be removed without the consent of the Declarant and in such event the Declarant shall select and designate his successor.

12. Availability of Records. The Board of Directors shall make available to all Owners, mortgagees, and to insurers or guarantors of any mortgage on a unit current copies of the Declaration, By-Laws, other Rules concerning the Condominium and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. Any holder, insurer or guarantor of a mortgage on a unit shall be entitled, within a reasonable time after written request to an audited financial statement for the immediately preceding fiscal year.

13. Licenses and Easements. The Board of Directors on behalf of the Unit Owners' Association and the individual Unit Owners shall have the power and authority to grant permits, licenses and easements over the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium. Each Unit Owner, by acceptance of the conveyance of a unit and in consideration for an undivided Percentage Interest in the Common Area, and for the sole purpose set forth in this subparagraph 13, hereby grants to the Board of Directors, as the same may be constituted from time to time, an irrevocable power of attorney to execute any and all such permits, licenses and easements.

14. Compensation. No director shall receive any compensation from the Condominium for acting as such, but shall be entitled to reimbursement for any out of pocket expenses.

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

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

17. Fidelity Bonds. The Board of Directors shall require that all officers, directors, agents and employees of the Unit Owners' Association or of any Manager handling or responsible for funds furnish adequate fidelity bonds. The total amount of fidelity bond coverage shall be no less than the lesser of (a) the estimated maximum amount of funds, including reserve funds, in the custody of the Unit Owners' Association or the Manager at any given time during the term of the bond, or (b) three months aggregate assessments on all units plus reserve funds. The premiums on such bonds shall constitute a Common Expense.

18. Dispensing with Vote. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall

individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

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

ARTICLE IV

OFFICERS

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

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

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board, and his successor may be elected at any regular meeting of the Board of Directors, or any special meeting of the Board of Directors called for such purpose.

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

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

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

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

8. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such, but shall be entitled to reimbursement for any out-of-pocket expenses.

ARTICLE V

OPERATION OF THE PROPERTY

1. Determination of Common Expenses and Assessments Against Owners.

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

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

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against the Owners of units which have been conveyed by the Declarant as of January 1 of each fiscal year. Assessments shall be made against each Owner in proportion to the number of votes in the Unit Owners' Association appertaining to the Owner's unit, and shall be a lien against each Owner's Condominium unit when perfected in accordance with the Condominium Act. Within one hundred twenty days after the end of each fiscal year, the Board of Directors shall supply to all Owners an audited financial statement. Any amount accumulated in excess of the amount required for actual expense and budgeted reserves shall, in the discretion of the Board of Directors, either be returned to the Owners in

accordance with each Owner's votes in the Unit Owner's Association, be credited according to each Owner's votes in the Association to the next monthly installment due from Owners under the current fiscal year's budget, until exhausted, or be added to reserves. Any net shortage shall, if the Board of Directors deems it advisable, be added according to each Owner's votes in the Unit Owners' Association to the installments due in the succeeding six (6) months after the rendering of the accounting.

(d) Reserves. The Board of Directors shall build up and maintain an adequate operating reserve and reserve for replacement of the Common Area, which shall be funded by regular monthly payments, as provided for in subsection (c). At the end of each fiscal year, all funds accumulated during such year for reserves for replacement of Common Area shall be placed in a separate bank account, segregated from the general operating funds, and used only for such purposes. If for any reason, including nonpayment of any Owner's assessment, the reserves are inadequate, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Owners according to their respective votes in the Unit Owners' Association, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessments.

(e) Working Capital Reserve. The Board of Directors shall establish a working capital fund equal to two months' estimated common area charge for each unit. Each unit's contribution shall be collected at the time of conveyance of such unit by the Declarant but not later than sixty (60) days after the conveyance of the first unit in the Condominium, whichever occurs first. The Declarant shall be entitled to reimbursement for any assessment contributed by the Declarant from a Unit Owner at the time of conveyance of such unit by the Declarant. The fund shall be maintained in a segregated account for the use and benefit of the Association of Owners.

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

(g) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until a new annual or adjusted budget shall have been adopted.

2. Payment of Common Expenses. All Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V. No Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his unit. No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Condominium unit subsequent to a sale, transfer or other conveyance by him of such Condominium unit. The purchaser of a Condominium unit or a successor owner by virtue of such transfer or other conveyance shall be jointly and severally liable with the selling Owner for all unpaid assessments against the Unit Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Owner the amount paid by the purchaser therefor; provided, however, that any such selling Owner or purchaser shall be entitled to a recordable statement from the Board of Directors or the Manager setting forth the amount of the unpaid assessments against the unit and such purchaser shall not be liable for, nor shall the Condominium unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; failure to furnish or make available such a statement within seven (7) days from receipt of such request shall extinguish the lien for unpaid assessments. Payment of a fee of Ten Dollars (\$10.00) or the maximum allowable under the Condominium Act, whichever is greater, shall be required as a prerequisite for issuance of such a statement. If a mortgagee of a first mortgage of record or purchaser of a Condominium unit obtains title to the Condominium unit as a result of foreclosure of a first mortgage, or through the enforcement of any other remedies provided for in the mortgage, or by virtue of a deed in lieu of foreclosure, such mortgagee or purchaser, its successors and assigns shall not be subject to a lien for the payment of Common Expenses assessed prior to the acquisition of title to such unit by such mortgagee or purchaser pursuant to the aforesaid remedies. Such unpaid share of Common Expenses assessed prior to the acquisition of title to such unit by such mortgagee or purchaser pursuant to the aforesaid remedies shall be collectible from all Owners, including the purchaser or first mortgagee in proportion to their respective votes in the Unit Owners' Association.

3. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Owner which remain unpaid for more than sixty (60) days from the due date for payment thereof.

4. Maintenance and Repair.

(a) By the Board of Directors. Except as otherwise provided in Section 4 (b) below, the Board of Directors shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of an Owner, or of a person gaining access with said Owner's actual or implied consent, in which case such expenses shall be charged to such Owner) of all the Common Area, whether located inside or outside of the units, the costs of which shall be charged to all Owners as a Common Expense.

(b) By the Owner. Except for the portions of his unit required to be maintained, repaired and replaced by the Board of Directors, each Owner shall be responsible for the maintenance, repair and replacement, at his own expense, of his unit, and any part thereof, including but not limited to, any interior walls, finished interior surface of ceiling and floors; kitchen and bathroom fixtures and appliances, and those parts of the heating and air conditioning, plumbing and electrical systems which are wholly contained within his unit and serve no other. Each Owner shall be responsible for performing the normal maintenance for any Limited Common Area which is appurtenant to his unit, including keeping it in a clean and sanitary condition and free and clear of snow, ice and any accumulation of water, and shall make, at his own expense, all repairs thereto, beyond normal maintenance, caused or necessitated by his negligence, misuse or neglect. Each Owner shall keep the interior of his unit and its equipment and appurtenances in good order and condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his unit. In addition, each Owner shall be responsible for all damage to any and all other units or to the Common Area resulting from his failure to make any of the repairs required to be made by him in this section. Each Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Owner shall promptly report to the Board of Directors, or the Manager, any defects or need for repairs for which the Board of Directors is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation, and shall be of first class quality. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

5. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Area shall require additions, alterations or improvements costing in excess of Five Thousand Dollars (\$5,000.00) during any period of twelve (12) consecutive months, and the making of such additions, alterations or improvements shall have been approved by Owners having a majority of the percentage of common interest, the

Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing Five Thousand Dollars (\$5,000.00) or less during any period of twelve (12) consecutive months may be made by the Board of Directors without approval of the Owners and the cost thereof shall constitute part of the common expense. Notwithstanding the foregoing, if in the opinion of not less than eighty percent (80%) of the members of the Board of Directors such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of an Owner of a limited number of Owners requesting the same, such requesting Owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

6. Additions, Alterations or Improvements by Owners. No Owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent thereto of the Board of Directors. No Owner shall paint, decorate or otherwise change the external appearance of his unit, including the doors and windows, or of any fence, or of any exterior surface of the building, without the prior written consent thereto of the Board of Directors. The Board of Directors shall be obligated to answer any written request by an Owner for approval of such proposed structural addition, alteration or improvement of such external change within thirty (30) days after such request, and the failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement or change. The provision of this Section 7 shall not apply to Condominium units owned by the Declarant until such units have been initially conveyed by the Declarant.

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

(a) No advertisements or posters of any kind shall be posted in or on the Property except as authorized by the Board. This restriction shall not apply to advertisements, signs or posters utilized by the Declarant, or its agents, in selling the units.

(b) No clothing, laundry, rugs or wash shall be hung from or spread upon or from any window or exterior portion of a unit or in or upon any Common Area. All refuse and trash shall be placed in locations specifically designated by the Board, and no garbage or trash shall be permitted to remain in public view.

(c) No animal, other than common household pets, shall be kept or maintained on the Property, nor shall common household pets be kept, bred or maintained for commercial purposes on the

Property. Pets shall not be permitted outside of units unless they are accompanied by an adult person and carried or leashed. Each Owner shall remove all excrement created by his pets. The Board of Directors may make further provisions in the Rules for the control and regulations of household pets in the Condominium. The Owner of a unit where a pet is kept or maintained shall be responsible and may be assessed by the Board of Directors for all damages to the Property resulting from the maintenance of said pet, and any costs incurred by the Association in enforcing the Rules prescribed or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium.

(d) Owners, tenants and guests shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb others.

(e) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is an annoyance or which interferes with the peaceful possession or proper use of the Condominium by others.

(f) No Owner, tenant or guest shall allow the installation of wiring for electrical or telephone use, television antennae, air conditioning unit or other machine or equipment, which protrudes through the walls or the roof of any building or is otherwise visible on the exterior of a building except as presently installed or as authorized by the Board.

(g) No unit or Common Area of the Condominium may be used for any unlawful, immoral or improper purpose.

(h) Nothing shall be done in any unit or in, on, or to the Common Area which may impair the structural integrity of the Property, or which would structurally change a building or improvements thereon except as provided in the Declaration or these By-Laws. Nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Board of Directors.

(i) No one shall place or cause to be placed in any stairs or stairway, walkway, driveway, parking area or other Common Area any bicycles, furniture, packages or objects of any kind. These areas shall be used only for normal transit through them (or, where appropriate, vehicular parking in them).

(j) No Owner, tenant or guest shall direct or engage any employee of the Condominium on any private business, nor shall he direct, supervise or in any manner attempt to assert control over any such employee.

(k) No activity shall be done or maintained in any unit or upon any Common Area which will increase the rate of insurance on any unit or the Common Area or result in the cancellation of insurance thereon, unless such activity is first approved in

writing by the Board of Directors. No waste shall be committed in the Common Area.

(1) In the use of the units and the Common Area of the Condominium, Owners shall obey and abide by all valid laws, ordinances and zoning and other governmental regulations affecting the same and all applicable Rules adopted by the Board. The Common Area shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the units.

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

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

ARTICLE VI

INSURANCE

1. Insurance Required. Pursuant to Section 43 of the Condominium Act, the Board of Directors shall obtain (i) a master casualty policy affording fire and extended coverage in an amount equal to the full replacement value of the structures within the Condominium; (ii) a master liability policy covering the Association, the Board, the Manager and agents or employees of the foregoing with respect to the Condominium, and all Owners and other persons entitled to occupy any portion of the Condominium; and (iii) such other policies as specified hereinbelow, which insurance shall be governed by the following provisions to the extent obtainable or possible:

(a) Fire insurance with standard extended coverage endorsement, vandalism and malicious mischief endorsements insuring all the buildings in the Condominium including without limitation all portions of the interior of such buildings as are for insurance purposes normally deemed to constitute part of the building and customarily covered by such insurance, such as heating and air conditioning and other service machinery, interior walls, all finished wall surfaces, ceiling and floor surfaces including any wall to wall floor coverings, bathroom

and kitchen cabinets and heating and lighting fixtures, except for improvements made by individual Owners which exceed a total value of One Thousand Dollars (\$1,000.00) and are not reported to the insurer, such insurance to be in an amount at least equal to the replacement value of the buildings and to be payable to the Board as trustee for the Owners and their mortgagees as their respective interests may appear.

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

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

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

2. General Insurance Provisions.

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

(b) The Board shall be required to make every effort to see that all policies of physical damage insurance provided for under Paragraph 1 above: (i) shall contain waivers of subrogation by the insurer as to claims against the Association, its employees and agents, members of the Board, the Manager, Owners and members of the family of any Owner who reside with said Owner, except in cases of arson and fraud; (ii) shall contain a waiver of defense of invalidity or prejudice on account of the conduct of any of the Owners over which the Association has "no control"; (iii) shall contain a waiver of defense of invalidity or prejudice by failure of the insured, or Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or Owners collectively, have no control; (iv) shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days written notice to all of the insureds thereunder and all mortgagees of units in he

Condominium; (v) shall provide that in no event shall the insurance under said policies be brought into contribution with insurance purchased individually by Owners or their mortgagees; (vi) shall exclude policies obtained by individual Owners for consideration under any "no other insurance" clause; and (vii) shall provide that until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any unit, the mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such unit, the other Owners, the Board of Directors, or any of their agents, employees or household members, nor cancelled for non-payment of premiums.

3. Individual Policies. Any Owner and any mortgagee may obtain at his own expense additional insurance (including a "condominium unit-owner's endorsement" for improvements and betterments to a unit made or acquired at the expense of the Owner). Such insurance should contain the same waiver of subrogation provision as that set forth in Section 2(b) of this Article VI. It is recommended that each Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like.

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

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

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

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

4. Notice to Unit Owners. When any policy of insurance has been obtained on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Unit Owner by the Clerk of the Association. Such notice shall be sent by U.S. Mail, return receipt requested, to all Unit Owners of record at the address of their respective units and to such other addresses as any of them may have designated to the Clerk; or such notice may be hand delivered by the Clerk or Manager obtains a receipt of acceptance of such notice from the Unit Owner.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE, CONDEMNATION OR OTHER CASUALTY

1. When Repair and Reconstruction are Required. Subject to the provisions of the Declaration, in the event of damage to or destruction of all or part of the buildings in the Condominium as a result of fire or other casualty or by condemnation, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the damaged or destroyed portion of the buildings. Notwithstanding the foregoing, each owner shall have the right to supervise the redecorating work in his own unit.

2. Procedure for Reconstruction and Repair.

(a) Immediately after a fire or other casualty causing damage to a building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the damage to a condition as good as that existing before such casualty. Such cost may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

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

(c) Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the damaged building was originally constructed. This subsection (c) may not be waived or amended by the Unit Owners without the written approval of Eligible Mortgage Holders holding mortgages on units which have at least fifty-one percent (51%) of the votes of units subject to mortgages held by the Eligible Mortgage Holders.

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

3. Disbursements of Construction Funds.

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

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

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

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

ARTICLE VIII

SALES, LEASES AND ALIENATION OF UNITS

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

disposition of that interest without the unit to which it appertains shall be void.

2. Payment of Assessments. No Owner shall be permitted to convey, mortgage, sell, lease, give or devise his unit unless and until he (or his personal representative) shall have paid in full to the Board of Directors all unpaid Common Expenses theretofore assessed by the Board of Directors with respect to this unit, except as provided in Section 2 of Article V, and shall have satisfied all unpaid liens with respect to his unit, except mortgages. The Board of Directors shall promptly furnish to any Owner (or his devisee or personal representative) requesting the same in writing pursuant to this Section, a recordable statement certifying whether or not such Owner is then obligated for any outstanding assessments previously levied against that Owner's unit and the amount if any, then outstanding. In the event that the unit is subject to outstanding expenses previously levied against such unit, the statement shall certify any waiver of, or failure or refusal to exercise, the right of the Unit Owners' Association to prevent the disposition. Failure or refusal to furnish such a statement within seven (7) days of receipt of such request by the Board or Manager, shall make the above-mentioned prohibition inapplicable to any such disposition of the unit. Any such statement shall be binding on the Association, the Board of Directors and every Owner. Payment of a fee not exceeding the maximum amount allowable under the Condominium Act shall be required as a prerequisite to the issuance of such a statement.

ARTICLE IX

AMENDMENT TO BY-LAWS

1. Amendments. Except as otherwise provided in the Condominium Act and herein, these By-Laws may be modified or amended either (i) by a vote of at least sixty-seven percent (67%) of the percentage common interest owned by the Owners cast in person or by proxy at a meeting duly held in accordance with the provisions hereof, provided that Notice of the proposed amendment shall have been given to each Owner simultaneously with the notice of such meeting, or (ii) pursuant to a written instrument duly executed by Owners holding at least sixty-six and two-thirds percent (66 2/3%) of the percentage common interest; provided, however, that (a) Section 4 of Article II, and Section 3 of Article III, insofar as they relate to the election of members of the Board of Directors by the Declarant, (b) Section 2 of Article II, insofar as it provides that the Declarant so long as it is the Owner of one or more units, may vote the votes appurtenant thereto, and (c) this Section 1 of Article IX, may not be amended without the consent in writing of the Declarant, so long as the Declarant shall be an Owner. Furthermore, notwithstanding the foregoing, so long as the Declarant is the Owner of one or more units, no amendment to the By-Laws or Rules may be adopted which could interfere with the construction, display, sale, lease or other disposition of such unit or units.

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

3. Conflicts. No modification or amendment of these By-Laws may be adopted which shall be inconsistent with the provisions of the Condominium Act or with the provisions of the Declaration. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official By-Laws of the Condominium and all Owners shall be bound to abide by such modification or amendment.

4. Approval of Mortgagees. These By-Laws contain provisions concerning various rights, priorities, remedies and interests of the mortgagees of units. Such provisions in these By-Laws are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the units. Accordingly, all mortgagees shall be given thirty (30) days notice of all proposed amendments of these By-Laws or the Declaration and no amendment or modification of these By-Laws or the Declaration which establish, provide for, govern or regulate any of the following matters:

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the common areas;
- (d) Insurance or Fidelity Bonds;
- (e) Rights to use of the common areas;
- (f) Responsibility for maintenance and repair of the units, Common Area or Limited Common Area;
- (g) Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- (h) Boundaries of any unit;
- (i) The interests in the general or limited common areas;
- (j) Convertibility of units into common areas or of common areas into units;
- (k) Leasing of units;
- (l) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her unit; and

(m) Any provisions for the express benefit of mortgage holders, Eligible Mortgage Holders or Eligible Insurers or Guarantors of first mortgages on units; shall be effective or valid without the written consent or approval of mortgagees holding mortgages on units which have at least fifty-one percent (51%) of the votes of units which are subject to mortgages; provided, however, that a mortgage holder who receives a written request to approve modifications or amendments who does not deliver or post a negative response within thirty (30) days of mailing of the request shall be deemed to have approved such request.

ARTICLE X

MORTGAGES

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

2. Notice of Action: Upon written request to the Unit Owners' Association, identifying the name and address of the holder, insurer or guarantor and the unit number or address, any such Eligible Mortgage Holder or Eligible Insurer or Guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any unit on which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by an Owner of a unit subject to a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Owners' Association;

(d) Any proposed action which the Declaration, these By-Laws or the Condominium Act, requires the consent of a specified percentage of mortgage holders.

3. Notice of Default. The Board shall give written notice to an owner of any default by the Owner in the performance of any obligations under the Act, Declaration or By-Laws, and, if such default is not cured within thirty (30) days, shall send a copy of such notice to each holder of a mortgage covering such unit whose name and address has theretofore been furnished to the Board. No suit or other proceeding may be brought to foreclose the lien for any

assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days written notice to the holder of the first mortgage on the unit which is the subject matter of such suit or proceeding.

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

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

ARTICLE XI

NOTICE

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

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

ARTICLE XII

COMPLIANCE AND DEFAULT

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

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these By-Laws, and the Rules shall be grounds for relief which may include without limiting the same,

an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these By-Laws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners' Association, the Board of Directors, the Manager, or, if appropriate, by the aggrieved Owner. Nothing contained herein shall be deemed to limit the right of any Owner to commence legal proceedings against the Unit Owners' Association for any violation of the Declaration of these By-Laws.

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

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

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

(e) Interest. In the event of a default by any Owner which continues for a period in excess of thirty (30) days, such Owner shall be obligated to pay interest in the amounts due at the highest rate permitted by law, or at twelve percent (12%), whichever is less, per annum from the due date thereof. In addition, the Board of Directors shall have the authority to impose a late payment charge on such defaulting Owners in an amount not to exceed Fifteen Dollars (\$15.00), or Six Cents (\$.06) per dollar on any amount so overdue, whichever is greater.

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

2. Lien for Assessments.

(a) The total regular assessments of each Owner for the Common Expenses or any special assessment levied pursuant to these By-Laws is hereby declared to be a lien levied against the unit of such Owner as provided in the Condominium Act, which lien shall, with respect to regular assessments, be effective on January 1 of each fiscal year of the Condominium and, as to special assessments, on the first day of the next month which begins more than seven (7) days after delivery to the Owner of notice of such special assessments.

(b) In any case where an assessment against an Owner is payable in installments, upon a default by such Owner in the payment of any single installment, which continues for ten (10) days after written notice of such default has been sent to the Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner by the Board of Directors or Manager.

(c) The lien for assessments shall include costs and attorneys' fees as provided for in Section 1 of this Article and the lien contribution may be foreclosed in the manner provided by the laws of the State of New Hampshire for the foreclosure of power of sale mortgages or by suit brought in the name of the Board of Directors, acting on behalf of the Unit Owners' Association. During the pendency of such proceedings or suit the Owner shall be required to pay a reasonable rental for the unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale.

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

ARTICLE XIII

RESALE OF UNITS

In the event of the resale of a unit or any interest therein by a Unit Owner (other than the Declarant), the President or such other officer or officers as the Board of Directors may from time to time specify shall, upon the written request of any prospective owner and within ten (10) days thereof, furnish to the prospective owner:

1. A statement as provided for in Article VIII (2) hereof.
2. A statement of any capital expenditures and major maintenance expenditures anticipated within the current or succeeding two fiscal years.
3. A statement of the status and amount of any reserve for the major maintenance or replacement fund and any portion of such fund earmarked for any specified project by the Board of Directors.
4. A copy of the income statement and balance sheet of the Association for the last fiscal year for which such statement is available.
5. A statement of the status of any pending suits or judgments in which the Association is a party defendant.
6. A statement setting forth what insurance coverage is provided for all Unit Owners by the Association and what additional insurance coverage would normally be secured by each individual unit owner.
7. A statement that any improvements or alterations made to the unit, or the limited common areas assigned thereto, by the prior Unit Owner are not known to be in violation of the condominium instruments.

ARTICLE XIV

COMPLIANCE, CONFLICT AND MISCELLANEOUS PROVISIONS

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

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

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

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

IN WITNESS WHEREOF, Declarant, **Mt. Cranmore, Inc.**, has caused these By-Laws to be executed by its duly authorized representative this _____ day of _____, 1987.

WITNESS:

MT. CRANMORE, INC.

Edward H. Mank, Treasurer

STATE OF NEW HAMPSHIRE
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1987, by Edward H. Mank, Treasurer of Mt. Cranmore, Inc., a New Hampshire corporation, on behalf of the corporation.

Justice of the Peace/Notary Public

c/1629

EXHIBIT C

<u>UNIT NUMBERS</u>	<u>PERCENTAGE OF UNDIVIDED INTEREST IN COMMON AREA</u>
83	16.666
84	16.666
85	16.666
86	16.666
87	16.666
88	<u>16.666</u>
	100.000

