

Section 8.6 - Construction: Declarant's Easement. The Declarant reserves the right to perform warranty work, and repairs and construction work, and to store materials in secure areas in Units and Common Elements, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by the Declarant without the consent or approval of the Executive Board. ... The declarant has such an easement through the common elements as may be reasonably necessary for the purpose of discharging the declarant's obligations or exercising special declarant rights, whether arising under the Act or reserved in the Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State, riparian owners or upland owners to fulfill the plan of development.

Section 8.7 - Signs and Marketing. The Declarant or its assigned agent reserves the right to post signs and displays in the Common Elements to promote sales and/or rental of Units and to conduct general sales activities, in a manner as will not unreasonably disturb the rights of Unit Owners.

Section 8.8 - Association or Executive Board Actions Subject to Declarant's Approval. ... Declarant may voluntarily surrender the right to appoint and remove officers and members of the executive board before termination of the period of Declarant control, but in that event the declarant may require, for the duration of the period of declarant control, that specified actions of the association or executive board, as described in a recorded instrument executed by the declarant, be approved by the declarant before they become effective.

Section 8.9 - Declarant's Personal Property. The Declarant reserves the right to retain all personal property and equipment used in sales, management, construction and maintenance of the premises that has not been represented as property of the Association. The Declarant reserves the right to remove, within one year after the sale of the last Unit, from the Property any and all goods and Improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 8.10. - Declarant Control of the Association.

(a) Subject to Subsection (b): There will be a period of declarant control of the association, during which a declarant, or persons designated by him may appoint and remove the officers and members of the executive board.... The period of declarant control terminates no later than the earlier of:

(1) Sixty days after conveyance of sixty percent of the units that may be created to unit owners other than a declarant; (2) two years after all declarants have ceased to offer units for sale in the ordinary course of business; or (3) two years after any right to add new units was last exercised. A Declarant may voluntarily surrender the right to appoint and remove officers and members of the executive board before termination of that period, but in that event the declarant may require, for the duration of the period of declarant control, that specified

actions of the association or executive board, as described in a recorded instrument executed by the declarant, be approved by the declarant before they become effective.

- (b) Not later than sixty days after conveyance of one-third of the units that may be created to unit owners other than a declarant, at least one member and not less than one-third of the members of the executive board shall be elected by unit owners other than the declarant.
- (c) Except as otherwise provided in Subsection 8.10(a), not later than the termination of any period of declarant control, the unit owners shall elect an executive board of at least three members, at least a majority of whom shall be unit owners. The executive board shall elect the officers. The executive board members and officers shall take office upon election.
- (d) Notwithstanding any provision of the declaration or bylaws to the contrary, the unit owners, by a two-thirds vote of all persons present and entitled to vote at any meeting of the unit owners at which a quorum is present, may remove any member of the executive board with or without cause, other than a member appointed by the declarant.

Section 8.11 - Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument executed by the Declarant, any Special Declarant Right may be exercised by the Declarant so long as the Declarant is obligated under any warranty or obligation, owns any Units or any Security Interest on any Units, or for 21 years after recording the Declaration, whichever is sooner. Earlier termination of certain rights may occur by statute. Additional limitations occur in Article XVIII.

Section 8.12 - Limitation on Association Action. The Association may not take any action that would interfere with the Special Declarant Rights.

ARTICLE IX

Allocated Interests

Section 9.1 - Allocation of Interests. The table showing Unit numbers and their allocated interests is attached as Schedule A-2 as it may be executed from time to time. These interests have been allocated in accordance with the formulas set out in this Article IX. These formulas are to be used in reallocating interests if Units are added to the Common Interest Community.

Section 9.2 - Formulas for the Allocation of Interests. The Interests allocated to each Unit have been calculated on the following formulas:

- (a) Undivided Interest in the Common Elements and Liability for the Common Expense. Both the percentage of the undivided interest in the Common Elements and the percentage of liability for Common Expenses allocated to each Unit are based upon the Declarant's

assignment of a par value to each Unit, based upon size, location, view and amenities. This value has been assigned to all Units in a table attached to this Public Offering Statement as Schedule A-2. The table of allocated interests will be based on a schedule in Schedule A-2 as amendments in the form of Schedule A-6 are periodically recorded, expanding the number of Units created.

- (b) Votes. Each Unit in the Common Interest Community will have one equal vote. The maximum extent to which the above will be changed will be determined by the number of the Units that are added, with respect to the percentage interests in the Common Elements and liability for Common Expenses, and the number of Units that are added, with respect to the votes. Thus, the minimum share of voting power given to a Unit will be 1/121.

* ARTICLE X

Restrictions on Use, Alienation or Occupancy

Section 10.1 - Use Restrictions.

Subject to the Special Declarant Rights reserved under Article VIII of the Declaration the following use restrictions apply to all Units and to the Common Elements. It must be noted that pursuant to Section 47-236(d) of the Act and Section 15.4 of the Declaration use restrictions may not be amended without unanimous consent.

(a) Each Unit is restricted to residential use as a single-family residence including home professional pursuits not requiring regular visits from the public or unreasonable levels of mail, shipping, trash or storage requirements. A single-family residence is defined as a single housekeeping Unit, operating between its occupants on a nonprofit, noncommercial basis, cooking and eating with a common kitchen and dining area, with no more regular overnight occupants than three per bedroom as designated on the plans on file with the building official of Torrington or by local ordinance. A Unit may be rented to a single family.

(b) Nothing may be done or kept in any Unit which will increase the rate of insurance of the buildings or the contents thereof beyond the rates applicable for residential apartments without prior written consent of the Executive Board. No Unit Owner may permit anything to be done or kept in his Unit which will result in the cancellation of insurance on any of the buildings or the contents thereof or which would be in violation of any law.

(c) Units may be rented. No restriction or limitation or extra fee may be imposed upon tenants or the rental of Units not imposed upon other non-rented units, except as follows:

(i) Units which are rented are limited to occupancy to two persons per bedroom as defined on plans on file with the building official of Torrington.

(ii) No pets other than common domestic birds and fish in cages or tanks will be permitted to tenants.

(iii) All leases must be in writing and filed with the Association. Each lease must require a tenant to acknowledge receipt of, and acceptance of compliance with, the Declaration, Bylaws, and Rules of the Common Interest Community, and to attorn to the Association as Landlord, granting it severally with the Unit Owner, the right following notice to the Unit Owner of a hearing and an opportunity to cure, to evict a tenant for violation of these documents in the name of, and as attorney-in-fact for the Unit Owner. A lease may assign to tenant any and all rights of a Unit Owner as the lease will provide.

(iv) Restrictions on leasing shall not apply to the Units of the Declarant being used as a part of the marketing and sale of its Units.

(d) No noxious or offensive activities may be carried on in any Unit nor may anything be done therein either willfully or negligently which may be or become an annoyance or nuisance to the other Unit Owners or occupants or which interferes with the peaceful possession and proper use of the property by its residents. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof will be observed. Each Unit Owner will be obligated to maintain his own Unit and keep it in good order and repair.

(e) Except pursuant to Article XIII of the Declaration, nothing may be done to any Unit which will impair the structural integrity of the building or buildings or which will structurally change them. No Unit Owner may do any work which may jeopardize the soundness or safety of the property, reduce the value thereof or impair any easements, right of purchase or any interest constituting a Common Element. No sprinkler head will be tampered with, painted, blocked, enclosed or otherwise interfered with so as to hinder its efficiency or purpose nor may anything be hung from it. Windows and doors, and weathertight integrity will be maintained by the Unit Owner. If allowed to deteriorate, the Association may enter, repair or replace such elements to restore their utility at the expense of the Unit Owner.

(f) Notwithstanding the foregoing, as long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Elements as a model Unit or sales office. The Declarant may also enter into short term leases on a day to day basis as a part of providing temporary occupancy to purchasers prior to closing. The Declarant may also maintain management offices and signs and displays advertising the Common Interest Community.

Section 10.2 - Occupancy Restrictions.

The following occupancy restrictions apply to all Residential Units. Pursuant to Section 47-236 of the Act and Section 15.1 of the Declaration, the occupancy restrictions under this subsection and the subsequent subsection may be amended by a vote of the Unit Owners, to which sixty-seven percent of the votes of the Association are allocated.

* (a) Unit Owners will not cause or permit anything to be hung or displayed on the windows or placed on the outside walls of any of the buildings and no sign, awnings, canopies, shutters or radio or television antennae will be affixed to or placed upon the exterior walls or roofs or any part without the prior consent of the Executive Board nor will they cause or permit anything to be hung or displayed on the inside of windows intended to be seen from the outside except for the standard blinds described in subdivision (h) below and draperies as described in this paragraph, including without limiting the foregoing, "For Sale" or "For Lease" signs and the like. No sign indicating commercial uses may be displayed outside a Unit. Window draperies must be hung inward of the blinds and shall be a beige or white color. No holes or defacement of any kind may be made to the interior brick walls or beams within any Unit, or the window frames of any Unit, without prior consent of the Executive Board.

(b) No animals, birds or reptiles of any kind will be raised, bred, or kept in the Common Interest Community or brought on the Common Elements, except for: Occupant/Unit Owners may have no more than one dog of less than fifteen pounds in weight at maturity and of gentle disposition, no more than one cat, usual domestic birds or fish in cages or tanks or other household pets, approved and licensed by the Executive Board or the Manager as to compatibility with the Community. Tenants may have no dog or cat. Pets may not be kept, bred or maintained for any commercial purposes. Any pet causing or creating a nuisance or unreasonable disturbance or noise will be permanently removed from the Property upon three (3) days' written Notice and Hearing from the Executive Board. In no event will any dog be permitted in any portion of the Common Elements unless carried or on a leash; no dogs will be curbed in any courtyard or close to any patio, except in street or special areas designated by the Executive Board. The owner will compensate any person hurt or bitten by any dog, and will hold the Association harmless from any claim resulting from any action of his pet whatsoever. Seeing eye dogs will be permitted for those persons holding certificates of blindness and necessity (20/200 in the better eye with correction).

(c) The Executive Board, the Manager or its designated agent, may retain a pass key to all premises for immediate entry in emergency situations only, and entry for general repair purposes on 12 hour notice. No Unit Owner will alter any lock or install a new lock on any door of any premises without immediately providing the Executive Board and the Manager or its agent, with a key therefor. At the Unit Owner's option, he may provide the key be closed in a sealed envelope with instructions that it only be used in emergencies or repair services as above with a report to him as to each use and the reason therefor. Each Unit may have closets, safes or vaults not exceeding 50 cubic feet in capacity which may be locked without such access to the Executive Board.

(d) A smoke detector must be installed, and operative, in every Unit.

(e) In the event any sales or service tax is imposed upon a Unit which is not owner-occupied or which is otherwise not imposed equally on all Unit Owners, the landlord or other Unit Owner will pay such tax through the

Association as an additional Common Expense assessment. The Association may require certificates of status from Unit Owners in order to enforce and determine applicability of such impositions.

(f) There is no restriction on the amount for which a Unit may be sold or otherwise transferred.

(g) The use of Common Elements is subject to the Bylaws and the Rules of the Association.

* (h) Vertical blinds have been provided for all windows within Units. These blinds must be replaced and maintained in good order and condition by the Unit Owner. If the blinds are allowed to deteriorate, the Association may repair or replace them, upon Notice and Hearing, and bill the Unit Owner affected as an additional Common Expense Assessment.

* (i) Heat must be maintained in each Unit to at least 50°F at all times so as to maintain the integrity of the sprinkler system, and prevent freezing of lines or components.

* (j) Unit owners or occupants are advised to clean the air filters of their air conditioning and heat pump system at least 4 times per year to minimize operating costs and reduce risk of equipment failure.

Section 10.3 - Restrictions on Alienation

(a) A Unit may not be conveyed pursuant to a time-sharing plan as defined in Chapter 734b of the Connecticut Statutes.

(b) No lease may be for a period of less than 60 days. All leases must be in writing.

ARTICLE XI

Easements, Licenses

All easements or licenses to which the Common Interest Community is subject are listed in Schedule A-1 to the Declaration. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to its powers under Article VIII of this Declaration.

ARTICLE XII

Reallocation and Allocation of Limited Common Elements

Section 12.1 - Reallocation of Depicted Limited Common Elements. No Limited Common Element depicted on the Survey or Plans may be reallocated except by an amendment to the declaration executed by the unit owners between or among whose units the reallocation is made. The persons executing

the amendment shall provide a copy thereof to the association, which shall record it. The amendment shall be recorded in the names of the parties and the common interest community.

Section 12.2 - Allocation of Limited Common Elements Not Previously Allocated. A common element not previously allocated as a limited common element may be so allocated only pursuant to provisions in Article VI of the declaration ... The allocations shall be made by amendments to the declaration, specifying to which Unit or Units the Limited Common Element is allocated.

ARTICLE XIII

Additions, Alterations and Improvements

Section 13.1 - Additions, Alterations and Improvements by Unit Owners.

- (a) No Unit Owner will make any structural addition, structural alteration, or structural improvement in or to the Common Interest Community without the prior written consent thereto of the Executive Board. The Executive Board will answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement within sixty (60) days after such request. The Executive Board will review requests in accordance with the provisions of its Rules and this Declaration.
- (b) Subject to Subsection 13.1(a), a Unit Owner:
- (i) May make any other improvements or alterations to the interior of his unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the common interest community;
 - (ii) May not change the appearance of the common elements, or the exterior appearance of a unit or any other portion of the common interest community, without permission of the association;
 - (iii) After acquiring an adjoining unit or an adjoining part of an adjoining unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a common element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the common interest community. Removal of partitions or creation of apertures under this subsection is not an alteration of boundaries.
- (c) Any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit will be executed by the Association only. Such execution will not, however, incur any liability on the part of the Association or any of its members to any con-

tractor, subcontractor or materialman on account of such addition, alteration or improvement or to any person having any claim for injury to person or damage to property arising therefrom.

- (d) All additions, alterations and improvements to the Units and Common Elements will not, except pursuant to prior approval by the Executive Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change.

The provisions of this Section will not apply to the Declarant in the exercise of any Special Declarant Right.

ARTICLE XIV

Relocation of Boundaries Between Adjoining Units

Section 14.1 - Application and Amendment. Subject to approval of any structural changes pursuant to Article XIII, the boundaries between adjoining units may be relocated by an amendment to the declaration on application to the association by the owners of those units. If the owners of the adjoining units have specified a reallocation between their units of their allocated interests, the application shall state the proposed reallocations. Unless the executive board determines, within thirty days after receipt of the application, that the reallocations are unreasonable, the association shall consent to the reallocation and prepare an amendment that identifies the units involved, states the reallocations and indicates the association's consent. The amendment shall be executed by those unit owners, contain words of conveyance between them, and the approval of any eligible mortgagees holding Security Interests in the attached Units will be endorsed thereon. On recordation, the Amendment will be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the association.

Section 14.2 - Recording Amendments. The association shall prepare and record surveys or plans necessary to show the altered boundaries between adjoining units, and their dimensions and identifying numbers.

The applicants will pay for the costs of preparation of the amendment and its recording, and the reasonable consultant fees of the Association if it is deemed necessary by the Executive Board to employ a consultant.

ARTICLE XV

Amendments to Declaration

Section 15.1 - General. Except as prohibited below, the declaration, including the surveys and plans, may be amended only by vote or agreement of unit owners of units to which at least sixty-seven percent (67%) of the votes in the association are allocated.

Section 15.2 - Limitation of Challenges. No action to challenge the validity of an amendment adopted by the association pursuant to this section may be brought more than one year after the amendment is recorded.

Section 15.3 - Recordation of Amendments. Every amendment to the Declaration shall be recorded in every town in which any portion of the common interest community is located and is effective only on recordation. An amendment, except an amendment pursuant to Article XIV of this Declaration shall be indexed in the grantee's index in the name of the common interest community and the association and in the grantor's index in the name of the parties executing the amendment.

Section 15.4 - When Unanimous Consent Required. Except to the extent expressly permitted or required by other provisions of the Act and the Declaration, no amendment may create or increase special declarant rights, increase the number of units, change the boundaries of any unit, the allocated interests of a unit, or the uses to which any unit is restricted, in the absence of unanimous consent of the unit owners. The uses to which Units are restricted, and which are subject to this Section are found in Section 10.1 of this Declaration.

Section 15.5 - Execution of Amendments. Amendments to the declaration required by this Act to be recorded by the association shall be prepared, executed, recorded and certified on behalf of the association by any officer of the association designated for that purpose or, in the absence of designation, by the president of the association.

Section 15.6 - Special Declarant Rights. Provisions in the declaration creating special declarant rights may not be amended without the consent of the Declarant.

Section 15.7 - Consent of Holders of Security Interests. Amendments are subject to the consent requirements of Article XVIII.

ARTICLE XVI

Amendments to Bylaws

The Bylaws may be amended only by Vote of two-thirds (2/3) of the members of the Executive Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purposes.

ARTICLE XVII

Termination

Termination of the Common Interest Community may be accomplished only in accordance with Section 47-237 of the Act.

ARTICLE XVIII

Mortgagee Protection

Section 18.1. Introduction. This Article establishes certain standards and covenants which are for the benefit of the holders of certain Security Interests and others as identified in Section 18.2. This Article is supplemental to, and not in substitution for, any other provisions of the Common Interest Community, but in the case of conflict this Article will control.

Section 18.2. Percentage of Eligible Mortgagees: Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it will mean the approval or consent by Eligible Mortgagees holding mortgages on Units which in the aggregate have allocated to them such specified percentage when compared to the total allocated to all Units then subject to mortgages held by Eligible Mortgagees.

Section 18.3. Notice of Actions. The Association will give prompt written notice by registered or certified mail, return receipt requested, to each Eligible Mortgagee and Eligible Insurer of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Common Interest Community or any Unit on which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable.
- (b) Any delinquency in the payment of Common Expense assessments owed by an Owner whose Unit is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, which remains uncured for a period of 60 days.
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- (d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 18.4.
- (e) Any judgment rendered against the Association.

Section 18.4. Consent Required.

- (a) Document Changes. Notwithstanding any lower requirement permitted by the Declaration or the Act, no amendment of any material provision of the Instruments by the Association or Unit Owners described in this Subsection 18.4(a) may be effected without the vote of at least two-thirds of the Unit Owners (or any greater Unit Owner vote required in the Declaration or the Act) unless such rights are reserved to the Declarant as Special Declarant Rights in the Instruments and until approved in writing by at least 51% of the Eligible Mortgagees (or any greater

Eligible Mortgagee approval required by the Declaration). Material includes, but is not limited to, any provision affecting:

- (i) Assessments, assessment liens or subordination of assessment liens;
- (ii) Voting rights;
- (iii) Reserves for maintenance, repair and replacement of Common Elements;
- (iv) Responsibility for maintenance and repairs;
- (v) Reallocation of interest in the Common Elements or Limited Common Elements (except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees with a Security Interest on such Units must approve such action);
- (vi) Rights to use Common Elements and Limited Common Elements;
- (vii) Boundaries of Units (except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees with Security Interests on such Unit or Units must approve such action);
- (viii) Convertibility of Units into Common Elements or Common Elements into Units;
- (ix) Expansion or contraction of the Common Interest Community, or the addition, annexation or withdrawal of property to or from the Common Interest Community;
- (x) Insurance or fidelity bonds;
- (xi) Leasing of Units;
- (xii) Imposition of restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (xiii) Establishment of self-management when professional management had been required previously by an Eligible Mortgagee of a Unit;
- (xiv) Restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the Instruments;
- (xv) Termination of the Common Interest Community after occurrence of substantial destruction or condemnation; and

- (xvi) The benefits of mortgage holders, insurers or guarantors.
- (b) Actions. Notwithstanding any lower requirement permitted by the Declaration or the Act, the Association may not take any of the following actions other than rights reserved to the Declaration as special Declaration rights without the approval of at least 51% of the Eligible Mortgagees:
- (i) Convey or encumber the Common Elements or any portion thereof (as to which an 80% Eligible Mortgagee approval is required). (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Common Interest Community will not be deemed a transfer within the meaning of this clause);
 - (ii) The establishment of self-management when professional management had been required previously by any Eligible Mortgagee;
 - (iii) The restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Instruments;
 - (iv) Termination of the Common Interest Community (as to which a 67% Eligible Mortgagee approval is required);
 - (v) The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), in which case only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;
 - (vi) The merger of this Common Interest Community with any other common interest community;
 - (vii) The granting of any easements, leases, licenses and concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Common Interest Community and excluding any leases, licenses or concessions for no more than one year);
 - (viii) The assignment of the future income of the Association, including its right to receive Common Expense assessments; and
 - (ix) Any action taken not to repair or replace the Property.
- (c) The Association may not change the period for collection of regularly budgeted Common Expense Assessments to other than monthly without the consent of all Eligible Mortgagees.

Section 18.5. Development Rights. No Development Rights may be exercised unless persons holding Security Interests in the Development Rights consent to the amendment.

In the event that Development Rights are exercised following seven years after recording of the initial Declaration, they may not be exercised without consent of the holders of 51% of the Eligible Mortgagees to the extension of this period.

Section 18.6. Inspection of Books. The Association will permit any Eligible Mortgagee and Eligible Insurer to inspect the books and records of the Association during normal business hours.

Section 18.7. Financial Statements. The Association will provide each Eligible Mortgagee and each Eligible Insurer with a copy of an annual financial statement within 90 days following the end of each fiscal year of the Association. Such financial statement will be audited by an independent certified public accountant if:

- (a) the Common Interest Community contains fifty or more Units; or
- (b) any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer will bear the cost of the audit.

Section 18.8. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors, and may be enforced by any of them by any available means, in law or in equity.

Section 18.9. Attendance at Meetings. Any representative of an Eligible Mortgagee or Eligible Insurer may attend any meeting which a Unit Owner may attend.

Section 18.10. Appointment of Trustee. In the event of damage or destruction under Article XXII or XXIII or condemnation of all or a portion of the community, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 23.5 and 23.6. Such Trustee may be required to be a corporate trustee licensed by the State of Connecticut. Proceeds will thereafter be distributed pursuant to Section 23.5 or pursuant to a condemnation award. Unless otherwise required, the members of the Board of Directors acting by majority Vote through the president may act as Trustee.

ARTICLE XIX

Assessment and Collection of Common Expenses

Section 19.1. Apportionment of Common Expenses. Except as provided in Section 19.2, all common expenses shall be assessed against all the Units in accordance with their percentage interest in the Common Expenses as shown on the appropriate schedule in Schedule A-2.

Section 19.2. Common Expenses Attributable to Fewer than all Units.

- (a) Any common expense associated with the maintenance, repair or replacement of a limited common element to which its expense is allocated pursuant to Section 6.2 shall be assessed against the units to which that limited common element is assigned. If any such Limited Common Element is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Element will be assessed equally among the Units to which it is assigned (or any other proportion if required).
- (b) Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner will be assessed against the Unit which benefits from such service.
- (c) Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit will be assessed against that Unit.
- (d) Assessments to pay a judgment against the association may be made only against the units in the common interest community at the time the judgment was rendered, in proportion to their common expense liabilities.
- (e) If any common expense is caused by the misconduct of any unit owner, the association may, after notice and hearing, assess that expense exclusively against his or her unit.
- (f) Fees, charges, late charges, fines and interest charged against a Unit Owner pursuant to the Instruments and the Act are enforceable as Common Expense assessments.

Section 19.3. Lien.

- (a) The Association has a statutory lien on a unit for any assessment levied against that unit or fines imposed against its unit owner from the time the assessment or fine becomes delinquent. Fees, charges, late charges, fines and interest charged pursuant to the Act are enforceable as assessments under this section. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first instalment thereof becomes due.
- (b) A lien under this section is prior to all other liens and encumbrances on a unit except (1) liens and encumbrances recorded before the recordation of the declaration... (2) a first or second security interest on the unit recorded before the date on which the assessment sought to be enforced became delinquent... and (3) liens for real property taxes and other governmental assessments or charges against the unit . . . The lien is also prior to all security interests described in subdivision (2) of this subsection to the extent of the common expense assessments based on the periodic budget adopted by the association pursuant

to Section 19.4 of this Article which would have become due in the absence of acceleration during the six months immediately preceding institution of an action to enforce either the association's lien or a security interest described in subdivision (2) of this subsection. This subsection does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other assessments made by the association.

- (c) Recording of the declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this section is required.
- (d) A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within two years after the full amount of the assessments becomes due; provided, that if an owner of a unit subject to a lien under this section files a petition for relief under the United States Bankruptcy Code, the period of time for instituting proceedings to enforce the association's lien shall be tolled until thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.
- (e) This section does not prohibit actions to recover sums for which subsection (a) of this section creates a lien or prohibit an association from taking a deed in lieu of foreclosure.
- (f) A judgment or decree in any action brought under this section shall include costs and reasonable attorney's fees for the prevailing party.
- (g) The association on written request shall furnish to a unit owner a statement in recordable form setting forth the amount of unpaid assessments against the unit. The statement shall be furnished within ten business days after receipt of the request and is binding on the association, the executive board and every unit owner
- (h) The association's lien may be foreclosed in like manner as a mortgage on real property.
- (i) In any action by the association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the unit owner pursuant to section 52-504 of the Connecticut General Statutes to collect all sums alleged to be due from that unit owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the association during the pendency of the action to the extent of the association's common expense assessments based on a periodic budget adopted by the association pursuant to Section 19.4 of this Declaration.

- (j) If a holder of a first or second security interest on a unit forecloses that security interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that unit which became due before the sale, other than the assessments which are prior to that security interest under Subsection 19.3(b) Any unpaid assessments not satisfied from the proceeds of sale become common expenses collectible from all the unit owners, including the purchaser.
- (k) No unit owner may exempt himself from liability for payment of the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of the unit against which the assessments are made.
- (l) Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied to the oldest balance due.

Section 19.4. Budget Adoption and Ratification. Within thirty days after adoption of any proposed budget for the common interest community, the executive board shall provide a summary of the budget to all the unit owners, and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than thirty days after mailing of the summary. Unless at that meeting three fourths of . . . unit owners . . . reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the unit owners shall be continued until such time as the unit owners ratify a subsequent budget proposed by the executive board.

Section 19.5. Ratification of Nonbudgeted Assessments. If the Executive Board votes to levy a Common Expense assessment not included in the annual operating budget ratified pursuant to Section 19.4 and not included in the amounts to be assessed under Section 47-257(c), (d) and (e) of the Act, in an amount greater than fifteen (15%) percent of the current annual operating budget, the Executive Board will submit the special assessment to the Unit Owners for ratification in the same manner as a budget under Section 19.4.

Section 19.6. Certificate of Payment of Common Expense Assessments. The association on written request shall furnish to a unit owner a statement in recordable form setting forth the amount of unpaid assessments against the unit. The statement shall be furnished within ten business days after receipt of the request and is binding on the association, the executive board and every unit owner.

Section 19.7. Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 19.1 and 19.2 will be due and payable monthly.

Section 19.8. Acceleration of Common Expense Assessments. In the event of default for a period of ten (10) days by any Unit Owner in the payment of any Common Expense assessment levied against his or her Unit, the

Executive Board will have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable.

Section 19.9 Commencement of Common Expense Assessments. Common Expense assessments will begin on the first day of the month in which conveyance of the first Unit to a Unit Owner other than the Declarant occurs.

Section 19.10. No Waiver of Liability for Common Expenses. No Unit Owner may exempt himself or herself from liability for payment of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 19.11. Personal Liability of Unit Owners. The Owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment. Personal liability for the assessment will not pass to a successor in title to the Unit unless he or she agrees to assume the obligation.

ARTICLE XX

Right to Assign Future Income

Upon an affirmative majority vote of the Unit Owners in attendance at a meeting at which a quorum is present, the Association may assign its future income, including its right to receive Common Expense assessments.

ARTICLE XXI

Persons and Units Subject to Instruments

Section 21.1. Compliance with Instruments. All Unit Owners, tenants, mortgagees and occupants of Units will comply with the Instruments. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the entering into occupancy of a Unit constitutes agreement that the provisions of the Instruments are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant, and all such provisions are covenants running with the land and will bind any persons having at any time any interest or estate in such Unit.

Section 21.2 - Adoption of Rules. To the extent permitted by law, the Executive Board may adopt Rules regarding the use and occupancy of Units which affect the use and enjoyment of Common Elements, Limited Common Elements and the activities of occupants, subject to Notice and Comment.

ARTICLE XXII

Insurance

Section 22.1 - Coverage. To the extent reasonably available, the Executive Board will obtain and maintain insurance coverage as set forth in Sections 2, 3 and 4 of this Article. If such insurance is not reasonably available, and the Executive Board determines that any insurance is not

reasonably available, and the Executive Board determines that any insurance described herein will not be maintained, the Executive Board will cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

Section 22.2 - Property Insurance. Property insurance will be maintained covering: (i) the project facilities (which term means all buildings on the Property, including the Units and all fixtures, equipment and any Improvements and betterments whether part of a Unit or a Common Element, and such personal property of Unit Owners as is normally insured under building coverage), but excluding land, excavations, portions of foundations below the under surfaces of the lowest basement floors, underground pilings, piers, pipes, flues and drains and other items normally excluded from property policies, and (ii) all personal property owned by the Association.

- (a) Amounts. The project facilities for an amount equal to 100% of their replacement cost at the time the insurance is purchased and at each renewal date.

Personal property owned by the Association for an amount equal to its actual cash value.

The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing the replacement cost of the project facilities and the actual cash value of the personal property; the cost of such appraisals will be a Common Expense.

- (b) Risks Insured Against. The insurance will afford protection against "all risks" of direct physical loss commonly insured against.

- (c) Other Provisions. Insurance policies required by this Section will provide that:

- (1) the insurer waives its rights to subrogation under the policy against any unit owner or member of his or her household;
- (2) no act or omission by any unit owner, unless acting within the scope of his or her authority on behalf of the association, will void the policy or be a condition to recovery under the policy.
- (3) if, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same risk covered by the policy, the association's policy provides primary insurance.

- (4) loss... shall be adjusted with the association.
- (5) insurance proceeds... will be paid to any insurance trustee designated in the policy for that purpose,... and in the absence of such designation to the association, in either case to be held in trust for each Unit Owner and such Unit Owner's mortgagee.
- (6) the insurer... may not cancel or refuse to renew the policy until thirty days after notice of the proposed cancellation or nonrenewal has been mailed to the association, each unit owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.
- (7) the name of the insured will be substantially as follows:

"Association of Owners of Warrenton Mill for the use and benefit of the individual owners."
- (8) To the extent available, flood insurance must be obtained.

Section 22.3 - Liability Insurance. Liability insurance, including medical payments insurance, in an amount determined by the Executive Board but in no event less than \$1,000,000, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

- (a) Other Provisions. Insurance policies carried pursuant to this Section will provide that:
 - (1) each unit owner is an insured person under the policy with respect to liability arising out of his or her interest in the common elements or membership in the association.
 - (2) the insurer waives its right to subrogation under the policy against any unit owner or member of his or her household;
 - (3) no act or omission by any unit owner, unless acting within the scope of his or her authority on behalf of the association, will void the policy or be a condition to recovery under the policy.
 - (4) the insurer... may not cancel or refuse to renew the policy until thirty days after notice of the proposed cancellation or nonrenewal has been mailed to the association, each unit owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

Section 22.4 - Fidelity Bonds. A blanket fidelity bond for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The bond will name the Association as obligee and will cover the maximum funds that will be in the custody of the Association or the Manager at any time while the bond is in force, and in no event less than the sum of three months' assessments plus reserve funds. The bond will include a provision that calls for thirty (30) days' written notice to the Association, to each mortgagee of a Unit and to each servicer that services a FNMA-owned or FHLMC-owned mortgage on a Unit before the bond can be cancelled or substantially modified for any reason; except that if cancellation is for non-payment of premium, only ten days' notice will be required.

Section 22.5 - Unit Owner Policies. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his or her own benefit.

Section 22.6 - Workers' Compensation Insurance. The Executive Board will obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Connecticut.

Section 22.7 - Directors' and Officers' Liability Insurance. The Executive Board will obtain and maintain directors' and officers' liability insurance, if available, covering all of the Directors and officers of the Association in such limits as the Executive Board may, from time to time, determine.

Section 22.8 - Other Insurance. The Association may carry any other insurance which the Executive Board considers appropriate to protect the Association or the Unit Owners.

Section 22.9 - Premiums. Insurance premiums will be a Common Expense.

ARTICLE XXIII

Damage to or Destruction of Property

Section 23.1 - Duty to Restore. Any portion of the common interest community for which insurance is required under Section 47-255 of the Act or for which insurance carried by the Association is in effect, whichever is more extensive, shall be repaired or replaced promptly by the association unless:

- (a) the common interest community is terminated;
- (b) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;
- (c) eighty percent of the unit owners, including every owner of a unit or assigned limited common element that will not be rebuilt, vote not to rebuild.

Section 23.2 - Cost. The cost of repair or replacement in excess of insurance proceeds... will be a common expense.

Section 23.3 - Plans. The property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board, a majority of the Unit Owners and fifty-one (51%) percent of Eligible Mortgagees.

Section 23.4 - Replacement of Less than Entire Property. If the entire common interest community is not repaired or replaced:

- (a) the insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the common interest community;
- (b) except to the extent that other persons will be distributees: (i) the insurance proceeds attributable to units and limited common elements that are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated, or to lien holders, as their interests may appear, and (ii) the remainder of the proceeds shall be distributed to all the unit owners or lien holders, as their interests may appear, in proportion to the common expense liabilities of all the units;
- (c) If the unit owners vote not to rebuild any unit, that unit's allocated interests are automatically reallocated on the vote as if the unit had been condemned under subsection (a) of section 47-206 of the Act, and the association promptly shall prepare, execute and record an amendment to the declaration reflecting the reallocations.

Section 23.5 - Insurance Proceeds. The insurance Trustee, or if there is no insurance Trustee then the Association, will hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Section 23.1(a) through Section 23.1(c), the proceeds will be disbursed first for the repair or restoration of the damaged property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Common Interest Community is terminated.

Section 23.6 - Certificates by the Executive Board. A Trustee, if one is appointed under the provisions of Section 22.2(5), may rely on the following certifications in writing made by the Executive Board:

- (a) Whether or not damaged or destroyed Property is to be repaired or restored;
- (b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

Section 23.7 - Certificates by Attorneys. If payments are to be made to Unit Owners or mortgagees, the Executive Board, and the trustee, if any, will obtain and may rely on an attorney's certificate of title or a title insurance policy based on a search of the land records of the town from the date of the recording of the original Declaration stating the names of the Unit Owners and the mortgagees.

ARTICLE XXIV

Rights To Notice And Comment: Notice And Hearing

Section 24.1 - Right to Notice and Comment. Before the Executive Board amends the Bylaws or the Rules, as otherwise required by the Instruments and at any other time the Executive Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action will be given to each Unit Owner in writing and will be delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or published in a newsletter or similar publication which is routinely circulated to all Unit Owners. The notice will be given not less than five (5) days before the proposed action is to be taken. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

Section 24.2 - Right to Notice and Hearing. Whenever the Instruments require that an action be taken after "Notice and Hearing," the following procedure will be observed: The party proposing to take the action (e.g., the Executive Board, a committee, an officer, the manager, etc.) will give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice will include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person will have the right, personally or by a representative, to give testimony orally, in writing or both as specified in the notice, subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Such evidence will be considered in making the decision but will not bind the decision makers. The affected person will be notified of the decision in the same manner in which notice of the hearing was given.

Section 24.3 - Appeals. Any person having a right to Notice and Hearing will have the right to appeal to the Executive Board from a decision of persons other than the Executive Board by filing a written notice of appeal with the Executive Board within ten (10) days after being notified of the decision. The Executive Board will conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting.