

## **SCHEDULE B**

### **BYLAWS**

#### **NEW HAMPSHIRE RSA 356-B:35/RSA 356-B:40**

#### **I. BOARD OF DIRECTORS.**

The affairs of the HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM UNIT OWNER'S ASSOCIATION ("The Association") shall be conducted by a Board of not less than three (3) and not more than seven (7) Directors. The number of Directors shall be determined by the Owners from time to time but only at annual meetings or special meetings of the Owners called for that purpose.

- A. **Election.** Subsequent to the expiration of the time set forth in the provisions of Subparagraph "F" hereof, at each annual meeting, the owners shall elect a Board of Directors for the forthcoming year; provided, however, the first Board of Directors elected hereunder may be elected at a special meeting duly called, said Board of Directors to serve until the first annual meeting held thereafter. At least thirty (30) days prior to any annual meeting, the Board of Directors shall elect a Nominating Committee of not less than three (3) Owners, and such Nominating Committee shall recommend at the annual meeting one (1) nominee for each position on the Board of Directors to be filed at that particular annual meeting. Nominations for the Board of Directors may also be made from the floor at the annual meeting.
- B. **Term.** Members of the Board of Directors shall serve for a term of two (2) years; provided that three (3) of the members of the first Board of Directors elected at the first meeting of members meeting subsequent to expiration of the time set forth in Subparagraph "F" below shall be nominated for and shall serve for a one(1), two (2), and three (3) year term respectively. All other Directors shall serve for a two (2) year term. The members of the Board of Directors shall serve until respective successors are elected, or until their death, resignation or removal; provided that if any member ceases to be a Unit Owner, his membership on the Board of Directors shall thereupon terminate.
- C. **Resignation and Removal.** Any member of the Board of Directors may resign at any time by giving written notice to the President and manager, and any member may be removed from membership on the Board of Directors by an affirmative vote of two-thirds (2/3) of the Unit Owners. Whenever there shall occur a vacancy on the Board of Directors due to death, resignation, removal or any other cause, the remaining Directors shall elect a successor Director to serve until the next annual meeting of The Association, at which time said vacancy shall be filled for the unexpired term.
- D. **Power and Authority of the Board of Directors.** The Board of Directors, for the benefit of The Condominium and the Owners, shall enforce the provisions hereof, adopt rules and regulations for the use of The Common Area, the initial promulgation of which follows to as Schedule "C", and shall acquire and shall pay for out of the Common Expense fund hereinafter provided for, the following:

1. Water, sewer (if any), snow removal,

electrical, telephone, and other necessary utility service for The Common Area (to the extent not separately metered or charged to the Units), and Limited Common Area;

2. A policy or policies of fire insurance as the same are more fully set forth in **ARTICLE "3"** of the Declaration, and Section VII herein with the extended coverage endorsement, for the full insurable replacement value of the Units and The Common Area, and Limited Common Area, payable as provided in **ARTICLE "3"** of the Declaration and Section VII hereof, or such other fire and casualty insurance as the Board of Directors shall determine gives substantially equal or greater protection to the Owners, and their mortgagees, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each Unit, if any;

3. A policy or policies of public liability as the same are more fully set forth in **ARTICLE "3"** of the Declaration and Section VII. hereof, insuring the Board of Directors, the Owners and the Manager, employees and volunteers against any liability to the public or to the Owners of Units and their invitees, guests or tenants, including without limitation The Common Area and Limited Common Areas, incident to the ownership and/or use of the property.

4. A. The Board of Directors shall maintain in force fidelity bonds or insurance in amount based on the best business judgment of The Board, but not less than the estimated maximum amount of funds, including reserve funds, in the custody of The Association or management agent, as the case may be, at any given time during the term of each bond, but no less than three (3) month' aggregate Assessments on all Units plus reserves, for all officers and employees of The Condominium handling or responsible for Condominium funds. The premium on such bonds shall constitute a Common Expense.

B. All fidelity bonds shall (i) name **HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM ASSOCIATION**, as an obligee, (ii) contain waiver by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions, and (iii) provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association, to the Board of Directors acting as Insurance Trustee and to each first mortgagee;

5. The services of a person or firm to manage its affairs (herein called the "Manager") to the extent deemed advisable by the Board of Directors as well as such other personnel or property as the Board of Directors shall determine shall be necessary for the operation of The Common Area, whether such personnel are employed directly by the Board of Directors or are furnished by the Manager;

6. Legal and accounting services necessary or proper in the operation of The Common Area or the enforcement of the Declaration;

7. Painting, maintenance, repair and all landscaping of The Common Area and such furnishings and equipment for The Common Area as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same for The Common Area and assess the cost thereof as a Common Expense, or if acquired for a Limited Common Area in appropriate cases to assess the cost thereof to the Owners of the Unit or Units with which the Limited Common Area is associated; provided, however, that the interior surfaces of each Unit shall be painted, maintained and repaired by the Owners thereof, all such maintenance to be at the sole cost and expense of the particular Unit Owner;

8. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or Assessments which the Board of Directors is required to secure or pay for pursuant to the terms of the Declaration or Bylaws, or which in its opinion shall be necessary or proper for the operation of The Common Area or for the enforcement of the Declaration, including but not limited to proper maintenance/ inspection of drainage structures and swales at least once every three years as required by the Town of Windham, provided, that if any such materials, supplies, labor services, maintenance, repairs, structural alteration, insurance, taxes or Assessments are provide for a particular Limited Common Area, the cost thereof shall be specifically assessed to the Owners of the Units with which the Limited Common Area is associated.

9. Maintenance and repair of any Unit, or Limited Common Area, if such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect The Common Area or preserve the appearance and/or value of The Condominium, and the Owner or Owners of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair is delivered. In such cases, the Board of Directors shall levy a Special Assessment against the Unit of such Owner or Owners for the cost of said maintenance or repair. The maintenance, replacement and repair of subsurface waste disposal facilities is the responsibility of the Unit Owners to which they pertain, as set forth on the Site Plan, and the Board of Directors shall make annual special assessments for the cost thereof, or as a reserve against said costs, as shall be necessary to insure the proper maintenance, replacement or repair thereof. Any repairs, replacement or maintenance of other Limited Common Areas shall be the responsibility of the Unit Owner to which they pertain, but shall be actually performed by the Board of Directors and under their supervision and shall be paid, in the first instance, out of reserves established for such purpose and the excess shall be specially assessed to the respective Unit Owner(s) to

which the facility in question pertains.

10. The Board of Directors shall have the exclusive right to contract for all goods, services, and insurance, including Condominium management, payment for which is to be made, upon presentation of appropriate invoices and the issuance by them of a voucher, from the Common Expense fund. Any Management Agreement executed by The Board to manage The Condominium, shall contain a provision which provides, without penalty or termination fee, termination of such by either party, without cause, upon ninety (90) day written notice.

11. The Board of Directors shall, out of regular Common Expense funds assessed, establish, and maintain adequate reserve funds for the replacement of improvements to The Common Area and facilities and Limited Common Areas.

E. **Meeting of the Board of Directors.** Fifty-one percent (51%) or more of the members of the Board of Directors shall constitute a quorum and, if a quorum is present, the decision of a majority of those present shall be the act of the Board of Directors. The Board of Directors shall annually elect all of the Officers of The Association as set forth in Section "III" of these Bylaws, such officers to be elected from among the members of the Board of Directors. The meeting for the election of officers shall be held at a meeting of the Board of Directors to be called immediately following the annual meeting of The Association of Owners. Other meetings of the Board of Directors may be called, held and conducted in accordance with such regulations as the Board of Directors may adopt. The Board of Directors may also act without a meeting by unanimous written consent of its members.

F. **Declarant Performs Functions.** Until a date two (2) years from the date of this Declaration or until Units representing three-fourths (3/4) of the undivided interest in The Common Area have been sold, whichever occurs first, the rights, duties and functions of the Board of Directors shall, at The Declarant's option, be exercised by The Declarant. The Declarant shall have the option at any time after the date of the execution of the Declaration to turn over to the Unit Owners' Association the responsibility of electing all of the members of the Board of Directors.

**NEW HAMPSHIRE RSA 356-B:37:**

**II. MEETINGS.**

The presence at any meeting of The Association of twenty-five (25%) percent of Owners, in person or by written proxy, in response to notice of all Owners of record given in accordance with Section II., Subparagraph "A" or "B" of these Bylaws, shall constitute a quorum. Unless otherwise expressly provided in the Declaration, any action may be taken at any meeting of The Association of Owners upon the affirmative vote of a majority of the Owners present and voting in person or by proxy, provided that a quorum is present as provided for above.

A. **Annual Meeting.** There shall be a meeting of The Association on the third Saturday of September of each year at 2:00 p.m., upon The

Common Area or at such other reasonable place or time (not more than sixty (60) days before or after such date) as may be designated by written notice of the Board of Directors, issued by the President and delivered to the Owners not more than thirty (30) days and not less than twenty-one (21) days prior to the date fixed for said meeting. At the annual meeting, the Board of Directors shall present a statement of the Common Expense, itemizing receipts and disbursements for the preceding fiscal year, with the allocation thereof to each Owner. Unless changed by vote of The Association at such annual meeting, or at some subsequent duly called meeting of The Association, such estimated Common Expenses shall be the Assessment for the fiscal year, subject to the provisions for additional Assessment by the Board of Directors pursuant to Section IV, Subparagraph "A" of these Bylaws. The fiscal year is hereby designated to be January 1 through December 31. The fiscal year may be changed by the unanimous consent of the Directors or by vote of The Association. Within ten (10) days after the annual meeting, said statement shall be delivered to the Owners not present at said meeting.

- B. **Special Meetings.** Special meeting of The Association may be called at any time for the purpose of considering matters which by the terms of the Declaration require the approval of all or some of the Owners or for any other reasonable purpose. Said meetings shall be called by written notice, signed by a majority of the Board of Directors, or by the Owners having one-fourth (1/4) of the total votes, and delivered not less than seven (7) days prior to the date fixed for said meeting. Said notices shall specify the date, time and place of the meeting, and the matters to be considered thereat.

**NEW HAMPSHIRE RSA 356-B:40:**

**III. OFFICERS OF THE ASSOCIATION.**

The Officers of The Association shall be a President, President elect, Secretary, and Treasurer. The offices of Secretary and Treasurer may, by vote of The Association at any annual meeting be combined as one office. All officers, after The Declarant shall have relinquished its power to exercise the rights, duties and functions of the Board of Directors pursuant to Section I., Subparagraph "F." of these Bylaws, shall be Owners of Condominium Units. Officers shall be annually elected by, and may be removed and replaced by, the Board of Directors. The Board of Directors may in its discretion require that Officers be subject to fidelity bond coverage in favor of The Association. During such time as The Declarant shall exercise the powers of the Board of Directors, the Declarant shall also perform duties of officers set forth herein. All Officers must be Unit Owners at all times. No person who is not a Unit Owner may stand for election or hold office, except those Officers elected by The Declarant pursuant to Section I., Subparagraph "F." of these Bylaws.

- A. **President.** The President shall preside at all meetings of The Association and of the Board of Directors and may exercise the powers ordinarily allocable to the presiding officer of an Association, including the appointment of committees.
- B. **President Elect.** The President Elect shall perform the functions of the President in the absence or inability of the President, and shall automatically constitute The Board's nominee for President the following year, unless removed from office by The Board, by resignation, or by otherwise becoming unqualified to hold office.

- C. **Secretary.** The Secretary shall keep the minutes of all proceedings of the Board of Directors and of the meetings of The Association and shall keep such books and records as may be necessary and appropriate for the records of The Association and its Board of Directors.
- D. **Treasurer.** The Treasurer shall be responsible for the safe-keeping and proper expenditure of The Association funds, and generally for the fiscal affairs of The Association but may delegate the daily handling of income and expense payments to the authorized Manager of The Condominium Association. The Treasurer shall perform the duties of the President elect if there is a vacancy in that office.

**NEW HAMPSHIRE RSA 356-B:44/RSA 356-B:45:**

**IV. COMMON EXPENSES.**

- A. **Assessments.**
1. Within thirty (30) days prior to the annual meeting, the Board of Directors shall estimate the net charges to be paid during the following year (including a reasonable provision for working capital, contingencies and replacements and operation). Said "estimated cash requirement" shall be assessed to the Owners pursuant to the percentage set forth on Exhibit "B" to the Declaration. The Declarant shall not be liable for any Assessment against Units unless Declarant occupies or leases any Unit or Units. If said estimated sums prove inadequate for any reason, including nonpayment of any Owner's Assessment, the Board of Directors may at any time levy a further Assessment, which shall be assessed to the Owners in like proportions, unless otherwise provided herein. Each Owner shall be obligated to pay assessments made pursuant to this Subparagraph "A.1." to the Board of Directors in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Board of Directors shall designate;
  2. The rights, duties and functions of the Board of Directors set forth in this paragraph shall be exercised by The Declarant for the period ending thirty (30) days after the election of the first Board of Directors hereunder;
  3. The omission by the Board of Directors before the expiration of any year, to fix the Assessments for that or the next year, shall not be deemed a waiver of modification in any respect of the provisions of the Declaration, or a release of the Owner from the obligation to pay the Assessments, or any installment thereof for that or any subsequent year, but the Assessment fixed for the preceding year shall continue until a new Assessment is fixed. Amendments to this Subparagraph "A.3." shall be effective only upon unanimous written consent to the Owners and their mortgagees. No Owner may exempt himself from liability for his contribution towards the Common Expense by waiver of the use or enjoyment of any of The Common Area or by abandonment of this Unit.
  4. The Manager or Board of Directors shall keep detailed, accurate records in chronological order, of the receipts and

expenditures affecting The Common Area, and Limited Common Area, specifying and itemizing the maintenance and repair expenses of The Common Area and Limited Common Area and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Unit Owner at convenient hours on weekdays and upon five (5) business days advance written notice.

**B. Special Assessments to Cure Defaults, Deficiencies and Violations.**

In the event The Board, after a duly authorized hearing including a written notice sent postage prepaid, return receipt requested, giving at least ten (10) days notice (as evidenced by the return receipt of by the Secretary or of in-hand service), determines any Unit Owner or lessee has committed a material breach or violation of these Bylaws, which breach has continued for more than ten (10) days after such notice, The Board may, thereafter by a Special Assessment against the Unit in question assess that Unit a Special Assessment for the amount reasonably necessary to cure or correct such violation or breach. Additionally, and not in lieu thereof, The Board may assess a Ten Dollar (\$10.00) Dollar per day charge for each day after said ten (10) day "grace" period that such violation or breach continues unabated or incurred, and may, provided only such is undertaken in good faith, proceed upon vote of The Board to so proceed, to cure or correct such default using such Special Assessment (and Additional Special Assessments, if necessary) to pay for such cure or correction without liability for such to the defaulting Unit Owner or its Mortgagee. A special assessment to cure a deficiency for any repair or after damage or casualty replacement of a Limited Common Area, after exhaustion of the reserve applicable thereto, may be made without a hearing.

**C. Special Assessment for Certain Post-Construction Improvements.**

In the event a Unit Owner requests and receives approval for any improvement of the Limited Common Area appurtenant to his or her Unit, The Board shall, prior to approving such improvement for construction, make such additional annual or monthly Special Assessments against such Unit as the shall determine to be reasonably necessary to for The Association to maintain - including reasonably and necessary reserves to replace such improvements. Such Special Assessment shall be due and payable only after and upon substantial completion of such improvements.

**D. Default in Payment of Assessments.**

Each monthly Assessment and each Special Assessment shall be separate, distinct and personal debts and obligations of the Owner against whom the same are assessed, at the time the Assessment is made, and shall be enforceable as such. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. The amount of any Assessment, whether regular or special, assessed to the Owner of any Unit, plus interest at the rate of one and one-half percent (1 1/2%) per month, and costs, including reasonable attorneys' fees, shall become a lien upon such Condominium upon recordation at the Rockingham County Registry of Deeds of a Notice of Assessment signed, under oath, by the

President of The Association. The said lien for nonpayment of Common Expenses shall have priority over all other items and encumbrances, recorded or unrecorded, except only;

1. Taxes, sewer and water charges, Assessments in lieu of taxes and Special Assessment liens on the Unit in favor of any assessing body and special district; and

2. All sums unpaid on a first mortgage of record of the Unit.

A certificate executed and acknowledged by a majority of the Board of Directors stating the indebtedness secured by the lien upon any Condominium created hereunder, shall be conclusive upon the Board of Directors, and the Unit Owners, as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith; and such certificate shall be furnished to any Unit Owner or any encumbrancer or prospective purchaser of a Unit upon request, at a reasonable fee, not to exceed Ten Dollars (\$10.00). Unless the request for a certificate of indebtedness shall be complied with within twenty (20) days, all unpaid Common Expenses which became due prior to the date of the making of such request, such mortgagee, purchaser, or prospective purchaser shall take title free and clear of such lien. Any encumbrancer holding a lien on a Unit may pay any unpaid Common Expenses payable with respect to such Unit and, upon such payment, such encumbrancer shall have a lien on such Unit for the amounts paid of the same rank as the lien of The Association. Upon payment of a delinquent Assessment concerning which such a certificate has been so recorded, or other satisfaction thereof, the Board of Directors shall cause to be recorded in the same manner as the certificate of indebtedness a further certificate stating the satisfaction and the release of the lien thereof. Such lien for nonpayment of Assessment may be enforced by sale by the Board of Directors or by a mortgagee bank, trust company or institutional mortgage lender or title insurance company authorized by the Board of Directors, such sale to be conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deed of trust or mortgages or in any manner permitted by law. In any foreclosure or sale, the Unit Owner shall be required to pay the costs and expenses of such proceedings and reasonable attorneys' fees.

**V. AUDIT.**

Any Unit Owner may at any time at his own expense cause an audit or inspection to be made of the books and records of the Manager and Board of Directors. The Board of Directors at its discretion and as a Common Expense may obtain an audit of all books and records pertaining to The Condominium and furnish copies thereof to the Unit Owners.

**VI. RESALE OF UNITS AND LEASE OF UNITS.**

A. Within ten (10) days of executing (1) a purchase and sale agreement for the resale; or (2) a lease for the lease and rental of any Unit, and not less than fifteen (15) days prior closing/occupancy of any Unit, the Owner proposing to resell or lease his or her Unit shall submit an affidavit signed and subscribed to by the prospective buyers/Lessee(s) (or at least by one of them) containing the language contained in **ARTICLE "2-7-10"**, Subparagraph "2.A."



1. No resale or lease of any Unit shall occur, nor shall any proposed Buyer/Tenant be recognized as an Owner/Lessee of, nor occupy any Unit until this provision has been complied with. This Bylaw provision may be enforced by The Board by a petition to enjoin and/or quiet title in the Rockingham County Superior Court, and/or by eviction proceedings pursuant to **New Hampshire RSA 540 et seq.**

B. In the event of resale of a Unit, the Treasurer and The Association shall, within twenty (20) days after request thereof is made by a Unit Owner, prospective purchaser or prospective mortgagee, provide a reasonable certificate stating such of the following information as is so requested:

1. The amount of unpaid assessments as set forth in Section IV., Subparagraph "B." above;

2. A statement of items of major maintenance or capital expenditures anticipated within the current or succeeding two (2) fiscal years;

3. A statement as to the status and amount of the reserves for major maintenance or replacement of The Common Area, including the amount of funds earmarked for specified projects;

4. A copy of the income statement and balance sheet of The Association for the preceding fiscal year;

5. A statement setting forth the nature and status of any pending suits or judgments against The Association;

6. A statement as to the insurance coverage maintained by The Association and the nature of additional coverage required or normally secured by Unit Owners with regard to their interest therein; and

7. A statement that the Unit and any alterations or improvements thereto are not known to be violations of The Condominium Instruments, or if there is a violation, the nature and extent thereof.

**NEW HAMPSHIRE RSA 356-B:43:**

**VII. INSURANCE.**

In supplementation of the provision of **ARTICLE "3"** of the Declaration:

A. (1) The Board of Directors shall obtain and maintain to the extent available, master policies of casualty and physical damage insurance naming "Board of Directors of **HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM ASSOCIATION**" as "Insurance Trustee for the use and benefit of **HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM UNIT OWNERS**", of the several Unit Owners and of their respective mortgagees" as the Named Insureds and covering the buildings and all other insurable improvements forming part of The Condominium, including The Common Area and facilities, all of the Units and Limited Common Areas pertaining thereto (but not including the furniture, furnishings and other personal

property of the Unit Owners therein), together with the service machinery, apparatus, equipment, and installations located in the Common Area and facilities of the Unit, in an amount not less than one hundred percent (100%) of their full replacement value (exclusive of the land and foundations) without reduction for depreciation as determined by the Board of Directors, against (i) all risk, and loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (ii) such other hazards or risks as the Board of Directors from time to time in their discretion shall determine to be appropriate, including but not limited to, vandalism, malicious mischief, windstorm and water damage, boiler and machinery explosion or damage.

The Board shall be required to make every effort to see that all policies of physical damage insurance provided for under Subparagraph "(2)" below:

(i) shall contain waivers of subrogation by the insurer as to claims against The Association, its employees, and agents, member of The Board, the Manager, Owners and member of the family of any Owner who resides 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 canceled or substantially modified without at least thirty (30) days written notice to all the insureds thereunder and all mortgagees of Units in The 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; (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 canceled for nonpayment of premiums; (viii) shall recognize an Insurance Trust Agreement should The Association enter into one; (ix) shall contain a "loss payable" clause showing The Association as trustee for each Unit Owner and the holder of each Unit's mortgage; (x) shall contain the standard mortgage clause naming the mortgagees of the Units; and (xi) shall contain (a) Inflation Guard Endorsement; and (b) such construction code endorsements, to the extent applicable.

(2) All policies of casualty or physical damage insurance shall (i) provide that such policies may not be canceled, terminated, or substantially modified without at least thirty (30) days written notice to the insureds and each unit mortgagee; (ii) provide that, notwithstanding any provision thereof which gave the insurer the right to elect to restore damage in lieu of making a cash settlement, such election may not be exercisable without the approval of the Board of Directors and may not be exercisable in any event if in conflict with the terms of the Condominium Instrument; (iii) contain a "special Condominium

1. No resale or lease of any Unit shall occur, nor shall any proposed Buyer/Tenant be recognized as an Owner/Lessee of, nor occupy any Unit until this provision has been complied with. This Bylaw provision may be enforced by The Board by a petition to enjoin and/or quiet title in the Rockingham County Superior Court, and/or by eviction proceedings pursuant to **New Hampshire RSA 540 et seq.**

B. In the event of resale of a Unit, the Treasurer and The Association shall, within twenty (20) days after request thereof is made by a Unit Owner, prospective purchaser or prospective mortgagee, provide a reasonable certificate stating such of the following information as is so requested:

1. The amount of unpaid assessments as set forth in Section IV., Subparagraph "B." above;

2. A statement of items of major maintenance or capital expenditures anticipated within the current or succeeding two (2) fiscal years;

3. A statement as to the status and amount of the reserves for major maintenance or replacement of The Common Area, including the amount of funds earmarked for specified projects;

4. A copy of the income statement and balance sheet of The Association for the preceding fiscal year;

5. A statement setting forth the nature and status of any pending suits or judgments against The Association;

6. A statement as to the insurance coverage maintained by The Association and the nature of additional coverage required or normally secured by Unit Owners with regard to their interest therein; and

7. A statement that the Unit and any alterations or improvements thereto are not known to be violations of The Condominium Instruments, or if there is a violation, the nature and extent thereof.

#### **NEW HAMPSHIRE RSA 356-B:43:**

#### **VII. INSURANCE.**

In supplementation of the precision of **ARTICLE "3"** of the Declaration:

A. (1) The Board of Directors shall obtain and maintain to the extent available, master policies of casualty and physical damage insurance naming "Board of Directors of **HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM ASSOCIATION**" as "Insurance Trustee for the use and benefit of **HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM UNIT OWNERS**", of the several Unit Owners and of their respective mortgagees" as the Named Insureds and covering the buildings and all other insurable improvements forming part of The Condominium, including The Common Area and facilities, all of the Units and Limited Common Areas pertaining thereto (but not including the furniture, furnishings and other personal

property of the Unit Owners therein), together with the service machinery, apparatus, equipment, and installations located in the Common Area and facilities or the Unit, in an amount not less than one hundred percent (100%) of their full replacement value (exclusive of the land and foundations) without reduction for depreciation as determined by the Board of Directors, against (i) all risk, and loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (ii) such other hazards or risks as the Board of Directors from time to time in their discretion shall determine to be appropriate, including but not limited to, vandalism, malicious mischief, windstorm and water damage, boiler and machinery explosion or damage.

The Board shall be required to make every effort to see that all policies of physical damage insurance provided for under Subparagraph "(2)" below:

(i) shall contain waivers of subrogation by the insurer as to claims against The Association, its employees, and agents, member of The Board, the Manager, Owners and member of the family of any Owner who resides 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 canceled or substantially modified without at least thirty (30) days written notice to all the insureds thereunder and all mortgagees of Units in The 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; (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 canceled for nonpayment of premiums; (viii) shall recognize an Insurance Trust Agreement should The Association enter into one; (ix) shall contain a "loss payable" clause showing The Association as trustee for each Unit Owner and the holder of each Unit's mortgage; (x) shall contain the standard mortgage clause naming the mortgagees of the Units; and (xi) shall contain (a) Inflation Guard Endorsement; and (b) such construction code endorsements, to the extent applicable.

(2) All policies of casualty or physical damage insurance shall (i) provide that such policies may not be canceled, terminated, or substantially modified without at least thirty (30) days written notice to the insureds and each unit mortgagee; (ii) provide that, notwithstanding any provision thereof which gave the insurer the right to elect to restore damage in lieu of making a cash settlement, such election may not be exercisable without the approval of the Board of Directors and may not be exercisable in any event if in conflict with the terms of the Condominium Instrument; (iii) contain a "special Condominium

endorsement" to provide waivers of subrogation as to any claims against The Association, the Board of Directors, the Manager, agents, employees, the Unit Owners, and their respective employees, agents and quests; (iv) provide waivers of any defense based upon the conduct of any insured; (v) contain provision to the effect that the insurer shall not be entitled to contribution on account of casualty insurance which may be purchased by individual Unit Owners as hereinafter permitted; (vi) contain a standard mortgagee clause or equivalent endorsement (without contribution) which appropriately names the mortgagee of Unit(s) within The Condominium and (vii) provide for recognition of the Board of Directors as Insurance Trustee, for all insurance proceeds, pursuant to the provisions hereof; and (viii) provide for a maximum deductible amount of the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount, or One Thousand Dollars (\$1,000.00) or ten percent (10%) of the Unit's replacement cost for each individual Unit covered thereby, whichever is the lesser.

(3) The Board of Directors, as Insurance Trustee under the Declaration, shall collect all casualty loss insurance proceeds and shall hold, use and disburse the same for the purposes and in the manner set forth in this Section. If repair and restoration is to be made pursuant hereto, all insurance loss proceeds shall be disbursed to defray the cost of repair and restoration of the damaged Common Area and facilities and in one or more damaged Units. If there are insurance proceeds in excess of the cost of repairs and restoration, the Board of Directors shall add the same to The Condominium reserve fund or, at the option of the Board of Directors, distribute the same to the Unit Owners in proportion to their respective beneficial interest as set forth in Paragraph "10" hereof, subject to the right of a Unit mortgagee to receive the same.

(4) Upon notification of improvements to be made to a Unit, the Board of Directors shall promptly notify the insurer of The Condominium and increase the amount of coverage on the aforementioned master policy by an amount at least equal to the value of the improvements made by the Unit Owner. Any increase in insurance premiums resulting from the increase in coverage as aforesaid may be specially assessed to the Unit Owner as an addition to his or her share of the Common Expense of The Condominium.

(5) The Board of Directors shall reappraise, at least annually, the value of the buildings and all other insurable improvements forming part of The Condominium and, if necessary, shall increase the amount of coverage on the aforementioned master policy accordingly.

B. (1) The Board of Directors shall also obtain and maintain, to the extent available, master policies of insurance of the following kinds naming "Board of Directors of **HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM ASSOCIATION** as Insurance Trustee for the use and benefit of **HADLEIGH WOODS ADULT COMMUNITY CONDOMINIUM ASSOCIATION** and of the several Unit Owners" as the Named Insureds: (i) comprehensive public liability insurance in such amounts and forms as shall be determined by the Board of Directors with not less than a single limit of One Million Dollars (\$1,000,000.00) for claims for bodily injury, including death, or property damage arising out of one occurrence and with cross liability endorsement to cover liability of any insured to other insureds; but such insurance shall not cover the liability of any Unit Owner as to claims arising out of incidents occurring within his or her own Unit, and it shall be the duty of each Unit Owner to maintain public liability insurance

with respect to such claims for his or her own protection; (ii) workmen's compensation and employees liability insurance covering any manager, agent or manager; and (iii) such other insurance as the Board of Directors deem appropriate, including supplement coverage to protect against such risks as host liquor insurance, comprehensive automobile liability insurance and contractual and all written contract insurance.

(2) All such public liability policies shall (i) provide that such policy may not be canceled, terminated, or substantially modified without at least ten (10) days prior written notice to all of the insureds, including each holder of a first mortgage on any Unit; (ii) provide waivers of subrogation as to any claims against The Association, the Board of Directors, the Manager, agents, employees, the Unit Owners and their respective employees, agents and guests; (iii) provide waivers on claims by individual Unit Owners of any defense based on the conduct of (a) any other Unit Owner, or (b) The Association, its agents and employees; and

(iv) contain provision to the effect that the insurer shall not be entitled to contribution of account of other insurance which may be purchased by individual Unit Owners as hereinafter permitted. Said general and comprehensive liability policy or policies shall insure against all claims owing out of the operation maintenance, or use of the Common Elements, including garages, porches and sun decks maintained by The Association as a Common Expense, and public ways lying within the Common Elements.

- C. The cost of such insurance to be obtained and maintained by the Board of Directors pursuant to this section and ARTICLE "3" of the Declaration, shall be assessed to the Unit Owners as Common Expense of The Condominium at such times and in such amounts as provided herein. However, the cost of additional insurance ("The Additional Cost") for improvements to Units shall be paid to The Board by the Unit Owners making such improvements promptly upon receipt of statements from The Board who shall allocate The Additional Cost in such manner as they determine to be equitable.
- D. Each Unit Owner or his or her mortgagee may obtain additional insurance at his or her own expense, provided that all such insurance shall contain provisions similar to those contained in The Association's master policy waiving the insurer's right to subrogation and contribution. If the proceeds for the master policies on account of any casualty loss shall be reduced due to preparation with insurance individually purchased by a Unit Owner, such Unit Owner agrees to assign the proceeds of such individual insurance to the extent of the amount of such reduction to the Board of Directors, to be distributed as herein provided.
- E. Each Unit Owner, by acceptance of his or her Unit Deed, has appointed and shall hereby be deemed to have appointed the Insurance Trustees designated above, as attorney-in-fact for the purpose of purchasing and maintaining the Insurance required in ARTICLE "3" and of the Declaration herein, including without limitation the collection and appropriate disposition of proceeds thereof in accordance with the Declaration, the negotiation of losses and

execution of releases of liability, the execution of all documents relating to said insurance and the performance of all other acts necessary to accomplish such purpose(s). Each Unit Owner shall be obliged to execute any and all other documents required by any insurance carrier in order to constitute the Board of Directors as Insurance Trustee for The Condominium's insurance policies and proceeds.

- F. The Board shall also obtain and maintain blanket Fidelity Bond coverage for any person who handles or is responsible for association funds that such person holds or administers. Such policies shall name The Association as the obligee. Such policies shall require ten (10) days written notice to The Association before such can be canceled or substantially modified with such notice also being sent to each mortgage that services a FNMA or FHLMC Loan in The Condominium. Such policy shall cover the estimated maximum anticipated funds on hand in The Association account at any time, but in no event less than three (3) months Assessment on all Units then constituting The Condominium.

#### VIII. INDEMNIFICATION OF OFFICERS AND DIRECTORS.


- A. Indemnification. The Association shall indemnify every Director and Officer, whether or not at the time in office, against all loss, cost and expense reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of The Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights of indemnification to which such Director or Officer may be entitled.

#### IX. OTHER DUTIES OF THE BOARD OF DIRECTORS

- A. Ombudsman Committee. The Board of Directors shall form an Ombudsman Committee which shall be charged with the task of providing information to the unit owners in writing on at least a quarterly basis concerning recreational, educational, social, medical and other opportunities in the Windham area. Said committee will specifically provide information with respect to all matters concerning "significant facilities and services" listed within regulations promulgated under New Hampshire Revised Statutes Annotated Chapter 354-A, Section 15, by the Commission for Human Rights, said regulation now being designated as Hum 302.03 (c).
- B. Verification of Occupancy. The Board of Directors shall annually survey the owners and/or occupants of the units to verify that they are 55 years of age or older. The procedure followed shall be that outlined in 24 CFR Part 100.307, as the same may be amended from time to time, except that the survey shall be performed annually, instead of every two years as required therein, and the results provided to the Windham Planning and Development Department.

**HADLEIGH WOODS ADULT COMMUNITY  
CONDOMINIUM UNIT OWNERS' ASSOCIATION**

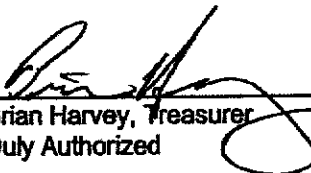
Date: August 14, 2003

By:   
H and B Homes Corp., its Sole Director  
By: Brian Harvey, Treasurer

**DECLARANT**


**H AND B HOMES CORP.**

  
\_\_\_\_\_  
Witness

By:   
\_\_\_\_\_  
Brian Harvey, Treasurer  
Duly Authorized

**STATE OF NEW HAMPSHIRE  
ROCKINGHAM, SS.**

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of August, 2003, by Brian Harvey, the Treasurer of H and B Homes Corp., a New Hampshire corporation, on behalf of the corporation.

  
\_\_\_\_\_  
Peter H. Bronstein, Justice of the Peace  
My commission expires: 05-29-07