

## ARTICLE VI

## INSURANCE

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

(a) Fire insurance with standard extended coverage endorsement, vandalism and malicious mischief endorsements, insuring all the buildings in the Condominium including without limitation all such portions of the interior of such buildings as are for insurance purposes normally deemed to constitute part of the building and customarily covered by such insurance, such as heating and air conditioning and other service machinery, interior walls, all finished wall surfaces, ceiling and floor surfaces including any wall to wall floor coverings, bathroom and kitchen cabinets and fixtures, including appliances which are affixed to the buildings, and heating and lighting fixtures, except for improvements made by individual Owners which exceed a total value of One Thousand Dollars (\$1,000.00) and are not reported to the insurer, such insurance to be in an amount at least equal to the replacement value of the buildings and to be payable to the Board as trustee for the Owners and their mortgagees as their respective interest may appear.

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

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

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

2. GENERAL INSURANCE PROVISIONS.

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

(b) The Board shall be required to make every effort to see that all policies of physical damage insurance provided for under Paragraph 1 above; (i) shall contain waivers of subrogation by the insurer as to claims against the Association, its employees and agents, members of the Board, the Manager, Owners and members of the family or any Owner who reside with said Owner, except in cases of arson and fraud; (ii) shall contain a waiver of defense of invalidity or prejudice on account of the conduct of any of the Owners over which the Association has "no control"; (iii) shall contain a waiver of defense of invalidity or prejudice by failure of the insured, or Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or Owners collectively, have no control; (iv) shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days written notice to all of the insured 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; and (vii) shall provide that until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any unit, the mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents, employees or household members, nor cancelled for non-payment of premiums.

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

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

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

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

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

4. NOTICE TO UNIT OWNERS. Excepting such policies as are obtained on behalf of the Association prior to the conveyance of the first Unit in the Condominium, when any policy of insurance has been obtained on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or in such initial policies, or termination thereof shall be promptly furnished to each Unit Owner by the Clerk of the Association. Such notice shall be sent to all Unit Owners of record at the address of their respective Units and to such other addresses as any Unit Owner may have designated to the Clerk; or such notice may be hand delivered by the Clerk or the Manager.

## ARTICLE VII

### REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

1. WHEN REPAIR AND RECONSTRUCTION ARE REQUIRED. Subject to the provisions of Paragraph 3(1) of the Declaration, in the event of damage to or destruction of all or part of the building in the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the damaged or destroyed portion of the buildings.

Notwithstanding the foregoing, each Owner shall have the right to supervise the redecorating work in his own Unit.

2. PROCEDURE FOR RECONSTRUCTION AND REPAIR.

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

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

(c) Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the damaged building was originally constructed.

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

3. DISBURSEMENTS OF CONSTRUCTION FUNDS.

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

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

(c) It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in the construction fund after the payment of all of the cost of the

reconstruction and repair for which the fund is established, such balance shall be contributed to the affected Owners.

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

#### ARTICLE VIII

##### SALES, LEASES, AND ALIENATION OF UNITS

1. NO SEVERANCE OF OWNERSHIP. No Owner shall execute any deed, lease, mortgage, or instrument conveying or mortgaging the title to his unit without including therein the undivided interest of such unit in the Common Area, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, lease, mortgage, or other instrument purporting to affect one or more of such interest, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. Except to the extent otherwise expressly provided by the Declaration, these Bylaws or the Condominium Act, the undivided interest in the Common Area allocated to any Unit shall not be altered and any purported transfer, encumbrance, or other disposition of that interest without the Unit to which it appertain shall be void. Nothing herein shall be construed to prohibit the leasing of a Unit by A Unit Owner.

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

## ARTICLE XI

## NOTICE

1. MANNER OF NOTICE. All notices, demands, bills, statements or other communications provided for or required under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, return receipt requested, first class postage prepaid, (i) if to an Owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Clerk, or (ii) if to the Unit Owners' Association, the Board of Directors or the Manager at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

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

## ARTICLE XII

## COMPLIANCE AND DEFAULT

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

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these Bylaws, and the Rules shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, and other relief provided for in these Bylaws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners' Association, the Board of Directors, the Manager, or, if appropriate, by any aggrieved Owner.

(b) Additional Liability. Each Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his acts, neglect or carelessness or the act, neglect or carelessness of any member of his family or his tenants, guests, employees, agents or invitees, but only to the extent carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use,

misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance Company of its right of subrogation.

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

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

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

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

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## BY-LAW AMENDMENTS

Passed by 2/3rds Majority at Island Shores Estates Condominium Association Meeting on November 21, 1996. (Vote 80 in favor, 20 against)

Amendments to By-laws of Island Shores Estates Condominium Association to clarify the description of Units as described on 1526 P0836 and P0837, for the purposes of Insurance Coverage and unit owner's maintenance responsibility. To be effective upon passage.

### B1526P0881 MAINTENANCE AND REPAIR

Remove section 4. (b) as now exists and replace with the following;

(b) By the owner. Each owner shall be responsible for the maintenance repair and replacement, at his/her own expense, of his Unit and any part thereof, including but not limited to, any interior walls (wallboard), finished interior surface of ceiling walls and floors, windows and doors, kitchen and bath room fixtures and appliances, and those parts of the heating, plumbing, and electrical systems which serve no other Unit. Each owner shall be responsible for performing the normal maintenance of any Limited Common Area which is appurtenant to his/her Unit, including keeping it in a clean and sanitary condition free and clear of snow, ice and any accumulation of water, and shall make, at his /her own expense, all repairs thereto, beyond normal maintenance, caused or necessitated by his/her negligence, misuse or neglect. Each owner shall keep the interior of his/her Unit and its' equipment and appurtenances in good order, condition, and shall do all interior redecorating, interior painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his/her Unit. In addition, each owner shall be responsible for all damage to any and all other Units or to the common area resulting from his/her failure to make any of the repairs required to be made by him/her by this Section, and shall obtain adequate insurance to cover such damage. Each owner shall perform his responsibility in such a manner as shall not unreasonably disturb or interfere with the other Owners. Each owner shall promptly report to the Board of Directors or the Manager, any defects or need for repairs for which the Board of Directors is responsible.

### B1526P0885

### INSURANCE

Remove paragraph 1.(a) as now exists and replace it with the following;

(a) Fire insurance with standard extended coverage endorsement, vandalism and malicious mischief endorsements, insuring all the buildings in the Condominium, and items customarily covered by such insurance, except heating and other service machinery, interior walls, all finished wall surfaces, ceiling and floor surfaces, including any wall to wall floor coverings, bathroom and kitchen cabinets and fixtures, including appliances which are affixed to the buildings, and heating, plumbing, wiring, and fixtures that serve the individual Unit.



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Improvements made by individual Owners, that are not reported to the insurer are also not included. Such insurance is to be in an amount at least equal to the replacement value of the buildings (to the innermost portion of the stud, excluding wiring and plumbing) and to be payable to the Board as trustee for the Owners and their mortgagees as their respective interests may appear. The deductible as determined by the Board of Directors must be paid by the Unit owner, prior to disbursement of funds from any insurance claim.

B1526P0886 GENERAL INSURANCE PROVISIONS

Remove Section 3. (FIRST PARAGRAPH) as currently exists and replace it with the following;

3. INDIVIDUAL POLICIES Any owner and any mortgagee is responsible for obtaining at his or her own expense insurance (including a condominium unit-owner's endorsement) which covers the interior of the Unit from the interior surface of the studs, all plumbing and wiring that serve the Unit, all wall, ceiling and floor coverings, all appliances, all fixtures and cabinets, all personal belongings, and all improvements that are made at the expense of the owner. Such insurance must contain the same waiver of subrogation provision as that set forth in section 2(b) of this Article VI. It is the responsibility of each owner to obtain, in addition to the insurance herein above provided to be obtained by the Board of Directors, a Homeowner's Policy or equivalent to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living expenses, vandalism or malicious mischief, theft, personal liability and the like.

B1526P0887 INDIVIDUAL POLICIES CONT'D

Amend 3. (a) First sentence to read as follows. Each owner is responsible for obtaining insurance for his/her own benefit and at his/her own expense.

Remove 3. (b) as presently exists and replace with the following.

(b) Each owner is responsible for obtaining insurance for his/her own benefit and at his/her own expense insuring all personal property presently or hereafter located in his/her unit or Limited Common Area including all items described in paragraph 3. above.