

ENGLISH TRANSLATION OF DUTCH FRAMEWORK REGULATIONS FOR DIVIDING PROPERTY INTO APARTMENT RIGHTS JANUARY 2006

This document is an unofficial English translation of a document prepared in Dutch. In preparing this document, an attempt has been made to translate as literally as possible without jeopardizing the overall continuity of the text. Inevitably, however, differences may occur in translation and if they do, the Dutch text will govern by law. In this translation, Dutch legal concepts are expressed in English terms and not in their original Dutch terms. The concepts concerned may not be identical to concepts described by the English terms as such terms may be understood under the laws of other jurisdictions.

FRAMEWORK REGULATIONS FOR DIVIDING PROPERTY INTO APARTMENT RIGHTS

A. Recital and general provisions

Article 1

In the present regulations, the following will be construed as:

- a. "**deed**": the deed of property division, including the drawing described in section 5:109(2) of the Netherlands Civil Code, including the regulations, together with any amendments or supplementary provisions thereto;
- b. "**managing agent**": a natural person or legal entity who or which discharge(s) the executive tasks to be specified as the need arises, such as the administrative, financial, technical or structural management;
- c. "**executive**": the association's executive as described in section 5:131 of the Netherlands Civil Code, and consisting of one or more directors;
- d. "**financial year**": the association's financial year;
- e. "**owner**": the title-holder of an apartment right as described in section 5:106(5) of the Netherlands Civil Code, including lessees, holders of building or planting rights, usufructuaries or right holders pursuant to a right of use and/or residence concerning a private section or apartment right, unless the contrary is evident from the text or purport of the relevant section of law;
- f. "**building**": the building or buildings subject to the division;
- g. "**user**": the person or entity that uses the private section as tenant or otherwise, otherwise than pursuant to a restricted right, as described in section 5:120 of the Netherlands Civil Code;
- h. "**community of property**": the property subject to the division;
- i. "**communal sections**": those sections of the building and/or the land not intended for use or used as a separate whole, as evidenced by the deed;
- j. "**communal property**": any property intended for use by all the owners or a certain group of owners, to the extent not covered by i above;
- k. "**land**": the land subject to the property division, or the right to that land;
- l. "**bylaws**": the bylaws referred to in article 59 of the regulations;
- m. "**annual accounts**": the annual accounts which will include a balance-sheet, operating accounts and explanatory notes;
- n. "**annual report**": the report by the executive on the state of affairs in the association and the policy adhered to;
- o. "**sub-apartment right**": an apartment right which is created as a result of a subdivision;
- p. "**sub-owner**": the owner of a sub-apartment right;
- q. "**subdivision**": the division into apartment rights as described in section 5:106(3) of the Netherlands Civil Code;
- r. "**private section**": that section or those sections of the building and/or the land intended for use as a separate whole, as evidenced by the deed;
- s. "**non-executive board**": the non-executive board described in section 2:48 in conjunction with section 5:135 of the Netherlands Civil Code;
- t. "**regulations**": the property division regulations as described in sections 5:111 and 5:112 of the Netherlands Civil Code, *inter alia* including the association's Articles of Association and setting forth the owners' rights and obligations;
- u. "**subdivision regulations**": the regulations for the division of the property applicable to the subdivision;
- v. "**reserve fund**": the reserve fund described in section 5:126(1) of the Netherlands Civil Code;
- w. "**association**": the association of owners described in section 5:112(1) under e and section 5:124 of the Netherlands Civil Code;
- x. "**association of sub-owners**": the association of owners created upon the subdivision;

- y. **"meeting"**: the meeting of owners described in section 5:112(2) under d and section 5:125(1) of the Netherlands Civil Code;
- z. **"chair"**: the chair of the meeting.

Article 2

1. The owners and users must conduct themselves in conformity with the principles of reason and fairness. Every owner and user must furthermore comply with the terms of the regulations, the bylaws, if any, the rules referred to in section 5:128(1) of the Netherlands Civil Code and any other rules or regulations imposed on them in law or custom, to the extent applicable to him or her.
2. An owner or user may not unreasonably inconvenience the other owners and users. Professional erotic services are not permitted. Rules to prevent noise pollution or other forms of nuisance may be laid down in the bylaws as the need arises.
3. All owners and users are required to refrain from any conduct which could damage the interests of the other owners, users, mortgagees or other holders of restricted rights or the association's interests. All owners and users are required to undertake any action which could be conducive to preventing such damage and are required, to the extent reasonably possible, to permit measures intended to prevent, restrict or cut short such damage.
4. All owners and users are required to ensure that their fellow occupants and staff comply with the terms and rules laid down in the preceding paragraphs of this article.

Article 3

All owners and users are liable for any damage they cause to the building, the land or the communal property and for unreasonable nuisance, to the extent that such damage or nuisance can be attributed to the owner or user himself, his fellow occupants or staff. An owner or user is required to take or permit any reasonable measures intended to prevent, restrict or cut short such damage.

Article 4

All owners and users are authorised and required, at all times, to take steps intended to prevent immediate damage or the threat of such damage to the communal sections or the communal property. In that event, the owner or user is required to notify the executive of this without delay.

Article 5

If significant damage has occurred or threatens to occur in a private section or if there is a threat of serious nuisance for the other owners and users, every owner and user is required to notify the executive of that fact without delay and to take the necessary steps.

Article 6

Chapter 4 of Book 5 of the Netherlands Civil Code is applicable to the owners and users *mutatis mutandis*, to the extent possible, in the sense that they must tolerate any circumstances which conflict therewith in practice when the building is divided into apartment rights or, if this is later, when the building is delivered.

Article 7

No internal or external alterations to the building which are permitted pursuant to the regulations, the bylaws or any resolution adopted by the meeting may be made to the building until the relevant public law permits, licences or permission has or have been obtained. Neither may such use be made of the communal and/or private section, nor may any other act be undertaken in connection with the building and/or the land which is permitted pursuant to such regulations, bylaws or resolutions until such a permit, licence or permission has been obtained. The rights arising from such a public law permit, licence or permission may not be exercised if this conflicts with the provisions laid down on that subject in the deed.

B. Shares created as a result of the division, and shares in the obligation to contribute towards the debts and costs for account of the joint owners

Article 8

1. Each owner will participate in the community of property for the fraction fixed in the deed in conformity with the principles laid down in the deed.
2. The owners are entitled to the proceeds accruing to the joint owners for the fraction referred to in paragraph 1 and are required to contribute towards the debts and costs for account of the joint owners for that same fraction.
3. If the division includes a long-term lease or building or planting rights, the agreements made on that subject with the owner of the land will apply to the distribution of the ground rent or the requital to be distributed amongst the owners.
4. In the event of subdivision, the rights and obligations of the owner of the apartment right subject to the sub-division will be deemed to be the rights and obligations of the joint sub-owners in conformity with the provisions laid down in the subdivision regulations.

C. Debts and costs for account of the joint owners and the proceeds accruing to the joint owners, the reserve fund and the maintenance plan

Article 9

1. The following will be deemed to be included amongst the debts and costs for account of the joint owners as described in section 5:112(1) under a of the Netherlands Civil Code:
 - a. those incurred in connection with the maintenance or use of the communal sections or of the communal property or the maintenance thereof;
 - b. those connected with the necessary repairs, renewals and replacements of the communal sections and the communal property, to the extent these are not for account of specific owners pursuant to the regulations or a court order as described in section 5:121 of the Netherlands Civil Code, and to the extent not covered by a.;
 - c. the association's debts and costs;
 - d. the sum of the damages payable by the joint owners as such to one of their number or to a third party;
 - e. the judicial and extra-judicial costs connected with an action as plaintiff or defendant by or on behalf of the joint owners, without prejudice to the provisions of article 13, paragraph 3;
 - f. the premiums payable for the insurance prescribed in the regulations or which the meeting resolves to take out pursuant to article 15;
 - g. any public law charges, to the extent no return has been imposed on the individual owners;
 - h. the heating costs in the case of a communal installation, including the costs of the hot water systems, the fuel and electricity charges, the administrative charges connected with these costs and, to the extent applicable, the costs of registering and computing hot water consumption, all this to the extent that the owners are not invoiced for this individually;
 - i. the costs of water consumption, to the extent that the owners are not invoiced for this individually;
 - j. any other debts and costs incurred in the interests of the joint owners as such, including the debts and costs arising from resolutions adopted by the meeting.
2. The proceeds accruing to the joint owners will include interest and other income from assets, any other proceeds accruing to the joint owners as such, as well as the proceeds accruing to the association, such as the penalties referred to in article 41.

Article 10

1. A reserve fund must be created to settle the costs foreseen in the maintenance plan referred to in paragraph 2 and to settle any unforeseen debts and costs. The reserve fund may not be used for any other purpose unless this is done pursuant to a resolution adopted by the meeting in conformity, *mutatis mutandis*, with the provisions of paragraphs 5 and 6 of article 52, or after the cancellation of the division.
2. The executive is required to draw up a maintenance plan (or to have this done), setting out the maintenance, repairs and replacements over a several-year period, together with an estimate of the costs connected therewith and an equal allocation of those costs over the various years. This several-year maintenance plan must be drawn up for a period to be fixed by the meeting, but for at least five years. If that period exceeds five years, the plan must be reviewed every five years.
3. The maintenance plan referred to in paragraph 2 must be adopted by the meeting. Specific reserves may be created within the reserve fund within the context of this several-year maintenance plan.
4. Only the chair of the meeting and one of the owners to be designated for that purpose by the meeting will be able to dispose of the funds in the reserve fund, and only after obtaining the meeting's authorisation.

D. The annual budget, annual accounts and contributions

Article 11

1. The executive must submit a budget over the coming financial year to the meeting before the commencement of every financial year; this budget must make a clear distinction between the following items:
 - a. the debts and costs referred to in article 9, paragraph 1;
 - b. the sums to be allocated to the relevant financial year for the maintenance plan referred to in article 10, paragraphs 2 and 3;
 - c. any sums transferred into the reserve fund; and
 - d. the proceeds referred to in article 9, paragraph 2.
2. The meeting will adopt the budget. When doing so, the meeting will also fix the sum payable by the owners by way of advance, as well as each owner's share therein, with due observance of the ratio referred to in article 8, paragraph 2.
3. The owners are required to pay the association one-twelfth of this sum per month and in advance as of the first month of the relevant financial year, unless the meeting resolves otherwise. The payment of the advances payable by the owners cannot be set off or suspended in connection with a claim, alleged or otherwise, against the association or the joint owners.

As long as the meeting has not fixed the advance to be paid in a financial year, the owners must continue to pay the most recent advance. These advances will be set off against the advances fixed by the meeting pursuant to paragraph 2 of this article. The owners will be restituted any surplus, while a deficit must be made good within one month.

Article 12

1. After the end of each financial year, the executive will draw up the annual accounts and the annual report. The balance-sheet forming a part of the annual accounts must indicate the extent of the reserve fund. The operating accounts forming a part of the annual accounts will be the accounts referred to in section 5:112(1) under b of the Netherlands Civil Code and will set forth the assets and liabilities over the financial year, specified according to the items referred to in article 11, paragraph 1.
2. The executive will submit the annual accounts for adoption to the annual meeting referred to in article 45, paragraph 2. The annual accounts must be signed by the executive and the non-executive directors. If there is no non-executive board and if the meeting does not

submit a certificate issued by an accountant referred to in section 2:393(1) of the Netherlands Civil Code stating that the accounts are true and fair, the audit committee referred to in article 58, paragraph 2 will report on its findings concerning the annual accounts in the meeting.

3. When adopting the annual accounts, the meeting will also decide on the definitive sums payable by the owners, with due observance of the ratio referred to in article 8, paragraph 2.
4. When applying the principles of paragraph 3, the definitive sums will supersede the advances referred to in article 11, paragraph 2. If these advances exceed the definitive sums, the owners will be restituted for the difference, unless the meeting resolves otherwise. If the definitive sums exceed the advances, the owners will be required to make good the deficit within one month of the adoption of the operating accounts, unless the meeting resolves otherwise.

Article 13

1. If an owner has not paid the association a sum payable by him pursuant to the provisions of article 11 and/or article 12 within one month of the date on which that sum became payable, he will be in default without requiring any notice of default and will be required to pay interest on the basis of the statutory interest referred to in section 6:119 of the Netherlands Civil Code over that sum, as of the date on which the sum became payable, with a minimum of ten Euros (€10) or as much more as the meeting may decide each year. The executive is authorised to moderate this sum. Article 41 is not applicable.
2. If an owner has not settled his definitive contribution within six months of the end of the period referred to in paragraph 4 of article 12, his debt will be allocated amongst the other owners according to the ratio described in article 8, paragraph 2, irrespective of the steps which can be taken vis-à-vis the defaulting owner and without prejudice to the other owners' rights to recover this debt from the relevant owner.
3. An owner is required to compensate the association for all the costs which it incurs to recover the sums which that owner owes the association, both judicial and extra-judicial, including the costs of legal counsel.

Article 14

1. If an apartment right belongs to more than one owner jointly, those owners will be jointly and severally liable for the obligations arising from that right, unless the community of property is a result of a subdivision.
2. In the event of a subdivision, the sub-owners will be jointly liable for complying with the obligations arising from the apartment right subject to the subdivision.
3. If a private section or an apartment right has been charged with a long-term lease, a usufruct, a right of use and/or occupation, the holder of that restricted right will supersede for the owner in terms of his liability for the joint debts and costs, unless the deed in which that right was created provided otherwise.

E. Insurance

Article 15

1. The executive will insure the building with one or more insurers to be designated by the meeting against flooding, storm, fire and explosions. The executive will also take out insurance for the third party liability which could arise for the association and for the owners as such. The meeting is furthermore authorised to resolve to take out insurance against other hazards or for a director's statutory liability.

2. The meeting will fix the extent of the insurance cover. For the building insurance, this cover must equal the reconstruction costs of the building. The question whether this sum is still adequate must be checked with the insurer at regular intervals.
3. The executive will take out insurance policies in the name of the association and the joint owners, but is only authorised to do so, to the extent that it concerns the insurance referred to in the first sentence of paragraph 1, if the provisions of paragraph 5 have been complied with.
4. The owners undertake to ensure that the sums paid out under the terms of the insurance policies referred to in the first sentence of paragraph 1, if these exceed a sum equivalent to one percent of the insured value of the building, are placed in a separate account in the association's name to be opened by the executive to finance the repair of the damage, in response to a resolution adopted by the meeting, whereby the association will hold the funds in this account on behalf of the owners. These funds must remain available to repair or re-construct the building, without prejudice to section 5:136(4) of the Netherlands Civil Code.
 If the provisions of the latter section of law are applied and if an owner is guilty of an act or omission which entails that the insurer is not required to pay out the compensation for a loss, in whole or in part, pursuant to the insurance policy or the law, the share of the distribution to be paid out to the relevant owner must be paid out to the insurer.
5. The executive must ensure that the insurance policies referred to in the first sentence of paragraph 1 include the following clause:
 "As long as the title of the building insured under the present policy is divided into apartment rights, the following supplementary terms will be applicable.
 An act or omission by an owner which entails that the undersigned is/are not required to pay out damages for a loss, in whole or in part, pursuant to the law or the insurance policy, will not prejudice the rights arising from this policy.
 In such a case, the insurance company will nevertheless be authorised to reclaim the share of the damage corresponding to the share for which the relevant owner participates in the community of property, provided that it has indicated this wish before the damage was paid out. If section 5:136(4) of the Netherlands Civil Code is applicable, the share of the loss payable to the owner will be paid out to the insurance company instead of to the owner.
 If the distribution exceeds eleven thousand, three hundred and forty-five Euros (€11,345), it will be paid out in the manner to be fixed by the meeting of owners, which must be evidenced by a copy of the minutes of the meeting authenticated by the executive.
 The insurance company will be discharged in full vis-à-vis all the interested parties as a result of a distribution in conformity with the terms of this policy. "
6. If the meeting resolves to repair or re-construct the building, the provisions of section 5:136 (2) to (4) and section 5:138 of the Netherlands Civil Code will be applicable, in the sense however that the share of the loss payable to each owner can only be paid out with the permission of the persons with a mortgage on the relevant apartment right, to the extent that the provisions of paragraph 4 above are not applicable.
7. If the compensation for the loss appears to be inadequate to repair or re-construct the building, each owner must contribute to the deficit in the ratio described in article 8, paragraph 2, without prejudice to their right to recover the loss from the person liable for the damage.
8. Each owner is authorised to take out additional insurance. If there are changes to the private section as referred to in section 5:119 of the Netherlands Civil Code, the executive is required to take out additional insurance. Each owner is required to notify the association of any change in the private section in writing and without delay. If the change results in an amendment of the insurance premium, the difference will be for account of the relevant owner.
9. If the use of a private section results in an increase to the insurance premium, that increase will be for account of the relevant owner.

F. The use, management and maintenance of the communal sections and the communal property

Article 16

1. The association will conduct the management over - and be responsible for the maintenance of - the communal sections and the communal property.
2. The use, management and maintenance of the communal sections and the communal property can be detailed in bylaws.

Article 17

1. To the extent these exist, the following will be deemed to constitute a part of the communal sections and the communal property:
 - a. the land, the foundations, the load-bearing walls, the pillars, the shell of the building, the facades (including the cladding and joints), the balconies, the galleries, the roofs (including the waterproof layers), the roofing, the dormer windows, the chimneys, the smoke and ventilation channels, the waste chutes, the lift shafts and services, as well as the floors and walls forming the demarcation between communal sections, between one or more communal sections and one or more private sections or between private sections;
 - b. the gates and railings (to the extent not private garden fences), the balustrades or lower walls, the fire escapes or emergency exits, the entrances, the halls, the corridors, the stairwells, the ramps, the general storage areas, the cycle lockups, the container areas, the areas for energy facilities, the lift installations, the private or municipal heating system and the hot water system (to the extent not belonging to third parties), the pressurisation booster and the waste containers;
 - c. the ceilings and other finishing layers, the floor coverings, the walls otherwise than in a private section, as well as the ceilings and other finishing layers of the floors of the balconies, including to the extent located in a private section;
 - d. the window frames, the glazing and the rebates as well as the door frames, the doors and thresholds (including sliding doors, sliding panels or windows with sliding panels) in the facades (giving access to balconies or patios or otherwise) and/or in the walls dividing the communal sections or between one or more communal sections and a private section, as well as the ironmongery, standard or otherwise, forming a part thereof;
 - e. the energy-saving devices or systems in or on any of the communal sections and/or the communal property;
 - f. the installations and the relevant services, facilities and other works for:
 - the lift(s);
 - the pressurisation booster(s);
 - the private or municipal heating system, the individual or combined building heating system and/or hot water system, including the radiators, radiator taps and thermostats in a private section (to the extent not belonging to third parties);
 - the air-conditioning system and the ventilation;
 - the smoke and fire detection and fire-fighting facilities;
 - the lightning conductors or similar central earthing system;
 - general security;
 - the communal lighting;not intended for exclusive use by or at the exclusive disposal of the owner or user of one private section;
 - g. the services for:
 - rainwater, guttering and sewerage, to the extent not at the exclusive disposal of one private section;
 - the transportation of gas, water, electricity, telephone, audio and video signals from the connection points on the service pipes up to the meter cupboard in a private section;

- h. the central doorbell and door release system (central panels with push buttons, intercom, videophone and business card holders), also to the extent that these are in the private sections, together with the relevant ducts, services, facilities and other items as well as letter boxes;
 - i. the other collective facilities.
2. The communal sections and the communal property will not be deemed to include the following:
 - a. the services for:
 - rainwater discharge, guttering and sewerage, to the extent at the exclusive disposal of one private section;
 - the transportation of gas, water, electricity, telephone, audio and video signals in a private section from the meter cupboard onwards;
 - b. the installations together with the relevant services, ducts, facilities and other works for independently heating or cooling a private section;
 - c. all the items intended for exclusive use by or at the exclusive disposal of the owner or user of one private section, to the extent not otherwise recorded in the regulations or classified as such with due observance of the provisions in article 18.
 3. The items described in paragraph 2 constitute a part of the relevant private section.
 4. The above is applicable to new communal sections and communal property, such as new communal installations, as of the date on which these are installed.

Article 18

If there is any doubt whether a section of the building or the land or an item of property constitutes a part of the communal sections and/or the communal property, the meeting will decide.

Article 19

The meeting may resolve to remove a communal installation. As of that point, all the provisions on communal installations will no longer be applicable to the installation which has been removed. The same applies to other communal property.

Article 20

1. All owners and users are entitled to use the communal sections and the communal property in conformity with their purpose.
All owners and users are required to exercise the necessary due care in connection with the communal sections and the communal property, even if these are in their own private section. Owners or users may not infringe on the rights of joint use for other owners and users.
2. In derogation of the provisions of the first sentence of paragraph 1, the regulations may stipulate that the owners of one or more apartment rights are not entitled to use a certain communal section or a certain item of communal property. In that case, that owner is not required to contribute towards the debts and costs connected with that communal section or that item of communal property.

Article 21

1. All owners and users are required to refrain from noisiness, unnecessarily spending time in the communal sections, to the extent that these are not intended for brief or long-term use, and from placing vehicles or other objects in places for which these are not intended.
2. The walls and/or ceilings of the communal sections may not be used for hanging paintings, images or other objects or for affixing decorations and so forth.
3. The meeting can grant its permission for the acts referred to in paragraphs 1 and 2.
4. For safety reasons, it is not permitted to block access to the communal areas in any manner, and specifically, to emergency exits, by placing objects or other obstacles (such as vehicles, bags of rubbish, fixed or movable window boxes or planters).

Article 22

1. No extensions, protrusions, sub-constructions or top-ups may be placed in, on, under or outside the building without the meeting's prior permission.
This is also applicable if an owner wishes to create a long-term lease or building or planting rights.
2. Visible alterations in or to the building such as name plates, advertisements, signs, awnings, wind screens, flags, banners, window boxes or planters, spotlights, satellite dishes or antennas, amateur radio antennas, air-conditioning and cooling systems and, in general, any protruding objects, as well as drying laundry which is visible from outside the building, may only be installed with the meeting's permission or in conformity with the rules laid down in the bylaws.
3. The owners and users may not make any alterations to the communal sections or the communal property without the meeting's permission, even if these are in the private sections.

Article 23

1. The owners and users may make no alterations which could entail changes to the architectural appearance or structure of the building without the meeting's permission. Such permission can not be granted if it threatens to detract from the unicity of the building.
2. In derogation of the provisions of paragraphs 1 and 3 of article 22, an owner who is authorised to use two or more vertically and/or horizontally-adjacent private sections, is authorised to remove the (communal) dividing wall(s) or (communal) floor(s) between those private sections, in whole or in part, after obtaining the executive's permission, and/or – if such walls or floor(s) have not yet been constructed, to refrain from installing these, provided that these dividing wall(s) or floor(s) do not have a load-bearing function supporting the structure of the building.
This power will be terminated as soon as the owner is no longer authorised to the relevant adjacent private sections, in which case the owner is required to restore the relevant demarcation between the private sections to their original condition by (re)placing the dividing wall(s) or floor(s) according to a technical standard which is equivalent, to the extent possible, to the other dividing wall(s) or floor(s) of the aforementioned private sections.
The relevant owner(s) must notify the executive of his or their intention to remove such non load-bearing dividing wall(s) or floor(s), or to install or replace these, in advance and in writing.
The executive may lay down further conditions in connection with the removal of the dividing wall(s) or floor(s) and the installation or replacement thereof in terms of finish, quality and (noise) insulation.
The relevant owner and his successors in title are jointly and severally liable for complying with the provisions of this paragraph.
3. To the extent that the adjacent private sections referred to in paragraph 2 are in use by the same user while the relevant apartment rights belong to two or more owners, the executive may waive the obligation referred to in paragraph 2 to install or replace the dividing wall(s) or floor(s).

Article 24

Waivers or permission may be made conditional. Waivers or permission may be amended or withdrawn. The waivers or permission referred to in articles 21, 22 and 23 may not be amended or withdrawn on unreasonable grounds.

G. The use, management and maintenance of the private sections

Article 25

1. All owners and users are required to use their private sections in conformity with the purpose to be described in the deed. Any use which derogates from the purpose described in the deed will be permitted only with the meeting's permission.
2. The use, management and maintenance of the private sections can be provided for in more detail in the bylaws.
3. In the event of subdivision, the use, management and maintenance of the property subject to the subdivision will be provided for upon the subdivision with due observance of the provisions of the present regulations.

Article 26

1. The floor covering in the private sections must be constructed in such a way as to prevent impact noise to the extent possible. It is specifically prohibited to install parquet or stone floors, unless this is done with due observance of the standards laid down in the bylaws or by the meeting and if this can cause no unreasonable nuisance to the other owners and/or users.
2. The owners and users may not install hearths or open fireplaces without the meeting's permission.
3. Situations which exist at the time of the division must be tolerated.

Article 27

Hazardous, flammable, explosive, contaminated or polluted substances and/or materials, other than those intended for normal household use, can be stored only with the executive's written permission. The executive can only grant this permission if these substances or materials are stored in specially-designed storage units or tanks and if this storage has been promptly reported to the insurer for insurance purposes.

The extra premium payable for the building insurance as a result of the possession and storage of the aforementioned substances will be for the relevant owner's account.

Article 28

1. All owners and users are required to properly maintain their private sections. That maintenance specifically includes repairs, renewal and replacement, the painting, wallpapering and tiling, the maintenance of the ceilings and finishing layers of the floors, barring balconies which protrude from the building, plastering and the private internal doors (including locks and hinges), cleaning and unblocking any sanitary equipment or pipes, barring the services referred to in article 17, paragraph 1 under g. That maintenance also includes the paintwork on doors and the glass window frames referred to in article 17, paragraph 1 under d located in the private section if locked or closed.
2. All owners and users must ensure that the communal sections and the communal property in their private sections are easily accessible at all times.
3. If the executive believes that access to or the use of a private section is necessary to perform any actions in connection with another private section, the communal sections or communal property, each of the relevant owners and users concerned are required to grant their permission and co-operation. The owner of the other apartment right or the association will compensate any damage which this causes.
4. If the association resolves to replace or repair the roofing under the private roof terraces, that owner must remove and repair the surface which can be walked on (such as tiling or synthetic grass) for his own account. The relevant owner therefore does not qualify for compensation for damage in the manner described above in paragraph 3.
5. The owners and users are required to grant a director or any persons designated by the executive access to the private sections if this is necessary for fulfilling the executive's tasks.

6. Broken glass in or to a private section will be for account of each owner and user concerned if and to the extent that there is no insurance in the sense of article 15. If and to the extent that there is such an insurance, the executive will arrange the repairs.

Article 29

All owners and users are required to tolerate the communal technical installations and the relevant services and other communal property referred to in article 17, paragraph 1.

Article 30

1. All the private sections, barring the communal sections and/or communal property included therein, are for the account and risk of the owner concerned.
2. The provisions of paragraph 1 do not apply to damage caused by an event which occurred outside the relevant private sections. In that case, the damage to that private section will be for account of the joint owners, without prejudice to their right to recover their damage from the person liable for the damage.
3. All the communal sections and/or communal property included in the private sections are for the account and risk of the joint owners, without prejudice to their right of recovery against the owner liable for the damage.

Article 31

1. All owners and users entitled to use a private section intended for use as garden are required to lay out and maintain these as garden for their own account with due observance of the meeting's resolutions and the provisions of the bylaws. This includes the maintenance, repair, renewal and replacement of fences, storage areas and sheds.
2. Private roof terraces and balconies may only be used as such and, to prevent damage to the balconies, ceilings and roofs, no heavy planters/erectations, earth and so on may be installed on terraces, balconies or roofs which could exceed the load-bearing capacity thereof.
Neither may greenery be planted on the roof terraces or balconies if it is reasonably likely that these will exceed the load-bearing capacity as yet after growing to maturity or that such greenery will flourish to such an extent that it will block out proper light for the other sections of the building.
3. It is not permitted to let trees grow unchecked in the garden without the meeting's permission if this could impede the views of other owners or users and/or the air and light through the building's windows and openings. Neither is it permitted to place cars, caravans, sheds, storage units, animal cages, carports, boats, trailers, tents and so on in the garden without the aforementioned permission.
4. Neither is it permitted to let plants or shrubs climb along the walls to a height exceeding fifty centimetres under the lowest windowsill of the first floor of the building without the meeting's permission.

Article 32

Permission may be granted conditionally and may be withdrawn or amended.

The permission referred to in articles 25, 26, 27 and 31 may not be amended or withdrawn on unreasonable grounds.

Article 33

The provisions of articles 26 to 31 can be provided for further in bylaws.

H. The occupation of a private section by an owner himself

Article 34

1. All owners and users are entitled to the exclusive use of their private sections.
2. An owner does not require permission to occupy his private section with his fellow occupants, or to co-habit with a person not previously included amongst his fellow-occupants.
3. The provisions of articles 35 to 38 are applicable if an owner makes his private section available to a user.

I. If an owner makes his private section available to a user

Article 35

1. An owner can let a third party exercise the rights of use arising from his apartment right, provided that he ensures that that third party only acquires the right after the user has provided the executive with a signed and dated statement, in duplicate, that that third party will comply with the provisions of the regulations and bylaws, if any, as well as the rules referred to in section 5:128(1) of the Netherlands Civil Code, to the extent applicable to a user.
An owner will be deemed to have complied with the provisions of this paragraph if the provisions of the preceding sentence of this article are incorporated into the agreement in which the private section (including the joint use of the communal sections and/or communal property) is leased to a third party or made available in use in any other way and if a copy of or an extract from this agreement has been handed over to the executive in duplicate and if the latter has signed that copy or extract in evidence of its approval.
2. Both the user and the executive will retain a copy of the statement referred to in paragraph 1 or a copy or extract from the agreement.
3. The statement referred to in paragraph 1 will be deemed to also cover the resolutions adopted and the provisions drawn up after that statement, unless the invocation of such resolutions and provisions would be in breach of the principles of reason and fairness vis-à-vis the user. Section 5:128(2) of the Netherlands Civil Code is applicable.
4. The provisions of the preceding paragraphs of this article are not applicable to users when the property is divided, unless the judge of the Sub-District court rules otherwise on the basis of section 5:128(2) of the Netherlands Civil Code.
5. The executive will notify the user of any supplementary provisions or amendments to the regulations or any bylaws, or of any rules referred to in section 5:128 of the Netherlands Civil Code.
6. The owner will remain liable for the obligations arising from the regulations and for the conduct of the user of his private section despite the fact that his private section has been made available to a third party. The owner and the user can jointly notify the executive in writing that the user will pay the definitive contributions and advances payable by the owner, without prejudice to the owner's payment obligations.

Article 36

1. The executive can require the user to bind himself vis-à-vis the association as guarantor on behalf of the owner at any time, and specifically for the payment of any sums payable to the association by the latter in the past or future pursuant to the regulations.
2. The aforementioned surety will only cover the relevant owner's obligations which become payable after the date on which the executive informed the user by registered letter that the association wishes to exercise the powers referred to in the preceding paragraph. The user will furthermore never be required to pay more than a sum corresponding to the estimated monthly lease value of the relevant private section per month on the grounds of the aforementioned surety.

Article 37

1. An owner is required to ensure that his private section is not occupied by a person who has not signed the statement referred to in article 35.
2. A user who has occupied or makes use of a private section without having signed the statement referred to in article 35 or without having complied with the obligation referred to in article 36 can be removed by the executive for the owner's account and can be denied the use of the communal sections and the communal property.
3. If a third party occupies a private section without a title to do so, the executive will promptly take any measures which could lead to his eviction from the private section. The owner is then also required to take steps to evict that person.
The executive will not proceed with eviction until the party concerned has been summoned to vacate the property. The person concerned can at any rate be barred from using the communal sections and the communal property.

Article 38

Articles 35 to 37 are applicable *mutatis mutandis* to any users who derive their rights from another user.

J. Barring a user from the use of a private section

Article 39

1. The meeting can issue a warning to an owner who exercises the right of use himself and who:
 - a. breaches or fails to comply with the provisions of the regulations, the bylaws, any of the rules referred to in section 5:128 of the Netherlands Civil Code or resolutions adopted by the meeting;
 - b. is guilty of inappropriate conduct vis-à-vis other owners and/or users;
 - c. causes a serious disruption of the peace within the building as a result of his presence in the building;
 - d. fails to comply with his financial obligations vis-à-vis the association;so that if that owner undertakes or fails to discontinue one or more of the above, despite this warning, the meeting can proceed with the measure referred to in the following paragraph.
2. If that owner is subsequently again guilty of this conduct or fails to discontinue one or more of the acts referred to in the preceding paragraph, the meeting can resolve to bar him from using his private section, the communal sections and the communal property.
3. The meeting can only resolve to issue a warning or to bar an owner from using certain areas after having interviewed or properly summoned him. The summons will be issued by registered letter recording the problems which have arisen and will be despatched simultaneously with the notice convening the meeting. The owner may represent himself or have himself represented in the meeting by counsel.
4. The resolutions referred to in this article must be adopted with due application of article 52, paragraphs 5 and 6.
5. The executive must bring the resolutions referred to in this article to the attention of the interested party and the mortgagees registered for his apartment right by registered letter. The resolutions must state the grounds which led up to the measure.
6. A resolution to bar an owner from the use described above can not be executed until one month after the despatch of the notification referred to in paragraph 5. An appeal to the courts pursuant to section 5:130 of the Netherlands Civil Code will suspend the execution of the aforementioned resolution, unless the court decides otherwise.
7. If an owner has made his private section available for use by third parties, the provisions of the preceding paragraphs will be applicable to the user if the latter is guilty of the conduct

- referred to in paragraph 1, or if he fails to comply with the financial obligations arising from the surety provided by him.
8. If a sub-owner or the user of a sub-owner's private section is guilty of the conduct referred to in paragraph 1, the meeting of owners may resolve that the meeting of sub-owners is required to adopt a resolution to bar the person who committed the breach from the use referred to in paragraph 1, in which case the relevant meeting of sub-owners is required to take such a measure with due application of the provisions of this article.
 9. The provisions of the preceding paragraphs of this article will also apply to a user who derives his rights from another user.

K. The transfer of an apartment right

Article 40

1. An apartment right can be transferred. Transfer also includes apportionment as a result of the division of a community of property as well as the creation of the restricted rights of usufruct, of use and/or occupation, a long-term lease or building or planting rights.
The executive is required to issue a statement to the civil-law notary charged with the transfer to be annexed to the deed and indicating the sums payable to the association by the relevant owner as of the date of transfer. The acquirer will not be liable vis-à-vis the association for any sums exceeding the sum set forth in that statement. The statement must also give an overview of the extent of the reserve fund and the owner's share thereof.
2. If a long-term lease is created, the powers granted to the owner in law, the deed and any bylaws may be exercised by the holder of the long-term lease, while the obligations imposed on the owner will be for the former's account, unless the deed in which the lease is created provides otherwise.
3. After a transfer as referred to in paragraph 1 of this article, the new owner or holder of the restricted right must notify the executive of that fact in writing and without delay. If a restricted right is created as described in paragraph 1, the notification must also state who is entitled to exercise the voting-rights.
4. Without prejudice to the provisions of paragraph 1, the old and the new owner will be jointly and severally liable for the advances and definitive contributions payable for the transferred apartment right before the transfer date or which became payable in the current or the preceding financial year.
5. Without prejudice to the provisions of paragraph 1, only the former owner will be liable for the extra advances referred to in article 52, paragraph 7 and the definitive contributions payable as a result of the resolutions adopted by the meeting referred to in article 52, paragraph 5, and which became payable in the period that he was owner. The same applies to any special contributions payable in connection with other juristic facts which occurred in the aforementioned period.
6. The executive must ensure that all the relevant agreements are made out in the name of the new owner.
7. The executive is authorised to demand sufficient security for the compliance with the obligations described in paragraphs 1, 4 and 5 in the shape of a deposit with the civil-law notary.
8. If the association is required to pay the managing agent a financial contribution for the transfer of title, this will be for account of the former owner.
9. Any information, credit reference or admission costs will be for the new owner's account, in the sense however that these may not exceed cost price.

L. Breaches

Article 41

1. In the event of a breach or non-compliance by an owner or user with any of the provisions laid down in law, the regulations, the bylaws or any resolution adopted by the meeting, the executive will send the party concerned a written warning by registered letter drawing his attention to the breach or non-compliance.
2. If the party concerned has failed to comply with the warning within one month, the executive can impose a once-only or daily penalty of at most the sum to be fixed for each breach or non-compliance by the meeting for such breaches or non-compliance, without prejudice to that party's obligation to compensate damage if there are grounds for doing so, and without prejudice to the other measures the meeting can take pursuant to the law or the regulations.
3. The penalties which are forfeit will benefit the association.
4. If the penalty is not settled promptly, article 13, paragraph 1 will be applicable.
5. For the purposes of this article, a sub-owner will be deemed to be an owner.

M. The incorporation of the association and the adoption of the association's Articles of Association

I. General provisions

Article 42

1. The association will be incorporated in the deed and the Articles of Association will form a part of the regulations.
2. The name of the association and the municipality where it has its registered offices will be recorded in the deed.
3. The association's objects are managing the building and the land and promoting the owners' common interests.
4. In order to achieve its objects, the association can acquire the title to an apartment right or another registered property and charge it with a mortgage as security for one or more loans to be taken out by the association. The association is authorised to transfer that apartment right/registered property or to make it available for use to the owners or to third parties.
5. The association can apply for permits and licences in connection with the building, the land and the operation thereof and can hold these in its own name.

Article 43

1. The association's resources are formed by the contributions payable by the owners pursuant to the regulations, and by other income.
2. The executive is required to deposit the association's cash in a bank account in the association's name.
3. The funds in the reserve fund will be deposited in a separate bank account in the name of the association.
4. The meeting can resolve to invest the funds in the reserve fund, in the sense that this investment must be made with due observance of generally-accepted economic principles for investment, such as profitability, solvency, the spreading of risks and compatibility with the objects of the reserve fund.

Article 44

The financial year is concurrent with the calendar year. In the event of subdivision, the association of sub-owners' financial year will be concurrent with that financial year.

II. The meeting

Article 45

1. Meetings will be conducted at a venue to be fixed by the executive in the municipality where the land is located, preferably near the building.
2. A meeting must be conducted annually within six months of the end of the financial year: the annual general meeting. In this meeting, the executive will submit the annual accounts to the meeting for adoption, in conformity with the provisions of article 12, paragraph 2. The executive will also submit the annual report to this meeting.
3. Meetings will furthermore be conducted as often as the executive, the non-executive board or the chair believes necessary and as often as a number of owners (able to cast at least ten percent of the votes), requests the executive to do so in writing.
4. If the executive fails to convene a meeting requested by the owners within such a period that the desired meeting can not be conducted within three weeks of receipt of the request, the parties requesting the meeting are themselves authorised to convene the meeting with due observance of the present regulations.
5. The meeting will appoint the chair from amongst the owners or otherwise. The first chair can be appointed in the deed.
Unless the meeting decides otherwise upon the appointment, the chair will be appointed for an indefinite period. The meeting can dismiss the chair at any time.
6. The chair is charged with chairing the meeting; in his absence, the meeting will appoint its own chair.
7. If the executive consists of more than one person, that one person can act both as chair of the executive and chair of the meeting. In that case, all the provisions of the present regulations or any bylaws which prescribe an authorisation for the executive by the chair will be deemed not to have been written.
8. The notice convening the meeting will be issued in writing giving at least fifteen days' notice – not counting the date of the convening notice and the date of the meeting - and will be despatched to the places of residence elected by the owners (or their actual residence) in conformity with section 1:15 of the Netherlands Civil Code; the notice will set out the items on the agenda and the venue and time of the meeting. Each owner is authorised to place items on the agenda until at the latest seven days before the meeting and provided that the executive is notified thereof in writing – or by fax or e-mail. In that event, the executive is required to notify the other owners thereof at the earliest opportunity.
9. All those present at the meeting and entitled to vote are required to sign an attendance book. This attendance book will be conclusive for fixing the quorum. Holders of a power of attorney must sign the attendance book on behalf of the party issuing that power.

Article 46

1. Ordinary minutes will be taken of the proceedings of the meeting, unless a notarial record is drawn up thereof, and these must be signed by the chair and the executive and must be adopted in the same or the next meeting.
2. The executive will send each owner the minutes or the draft minutes by post, fax or e-mail within two weeks of the meeting.
3. Each owner is authorised to examine the minutes.

Article 47

1. The owners have voting rights. In the case of a long-term lease, usufruct or a right of use and/or occupation, the voting rights will accrue to the holder of that restricted right, unless the contrary had been provided for when that right was created. In the case of building or planting rights, the owner will retain the voting rights, unless the contrary had been provided for when that right was created.
2. The total number of votes and the total number of votes which each of the owners may cast will be recorded in the deed.

3. In the case of subdivision, the voting rights accruing to the apartment right involved in the subdivision will be cast by the executive of the association of sub-owners in the ratio provided for upon the subdivision, in the sense that the ratio between the voting rights accruing to the subdivided apartment rights and the other apartment rights may not be amended. In the case of subdivision, the meeting may resolve to multiply the number of votes to be cast, but only if it maintains the ratio between the voting rights accruing to the owners in the manner provided for in the deed. The votes cast for the apartment right subject to the subdivision do not need to be cast unanimously, unless the subdivision regulations provide otherwise. The sub-owners are authorised to attend the meeting of owners, but only the executive of the association of sub-owners is authorised to address the meeting.
4. A party entitled to vote cannot exercise his voting rights when resolutions are adopted whereby rights are granted to him, his spouse, registered partner, blood relatives in the direct line of ascent or descent, or the companies in which he, his spouse, registered partner, blood relatives in the direct line of ascent or descent, has a direct or indirect majority interest otherwise than in their capacity of owner, or when resolutions are adopted whereby any of the above are discharged of any obligations.

Article 48

1. If an apartment right belongs to more than one owner, otherwise than as a result of subdivision, these joint owners will only be able to exercise their voting rights in the meeting via one of their number or via a third party to be appointed by them for that purpose in writing.
2. If they are unable to agree on their representation in the meeting, those of them most willing to take the initiative thereto is authorised to request the judge of the Sub-District Court to designate a third party as their representative.

Article 49

Every owner is authorised to attend the meeting, either in person or via a holder of a written power of attorney who may be either a member of the association or otherwise, to address the meeting and to exercise the voting rights, the latter with due observance of the provisions of article 47, paragraph 3 and article 48, paragraph 1. A director can not act as holder of a power of attorney. Every owner and holder of a power of attorney is authorised to invite a legal expert or an accountant to accompany them and to address the meeting.

Article 50

1. All resolutions must be adopted by an absolute majority of the votes cast, unless the present regulations or the law prescribe otherwise. For the present purposes, an absolute majority of the votes cast will be deemed to be: more than half of the votes cast in the meeting; blank and invalid ballot sheets and abstentions or declarations thereof will not be deemed to be included amongst the votes cast.
2. In the event of a tie when voting on matters of business, the motion will be deemed to have been rejected. If no candidate receives an absolute majority when voting on persons, there will be a second round of voting between the two persons who received the most votes. If more than two persons have received the most votes, lots will be drawn to decide which of them qualify for the second round of voting.
If just one person has received the highest number of votes, there will be a second round of voting between that person and the person who received the second-highest number of votes and, if this concerns more than one person, lots will be drawn to decide which of them will proceed to the second round of voting. The person who receives the highest number of votes will be deemed to have been elected in this second round of voting, while if voting is again tied, lots will be drawn.
3. A motion to which all the owners have consented in writing, including by fax and e-mail, will be deemed equivalent to a resolution adopted by the meeting.

Article 51

Resolutions can be annulled in conformity with the relevant provisions in sections 2:15 and 5:130 of the Netherlands Civil Code. The power to request the annulment of a resolution will elapse after one month, and this period will commence on the date following the date on which the interested party was informed or could have been informed of the resolution.

The above is not applicable to a resolution to amend the deed referred to in article 60.

Article 52

1. The meeting will decide on the management of the communal sections and the communal property, to the extent that this decision is not the prerogative of the executive.
The meeting will fix the sum referred to in paragraph 5 with due observance of the decision-making procedure provided for in that paragraph.
2. Decisions on the maintenance of the communal sections and the communal property are the prerogative of the executive, without prejudice to the provisions of article 56, paragraph 2.
The executive can not give instructions for maintenance which is not provided for in the budget adopted by the meeting, unless the meeting had authorised it to do so in advance.
3. The meeting will decide on the colour of the outside paintwork and the colour of the inside paintwork in the communal sections, the communal property and on that side of the private front doors which front the communal section.
4. All owners and users are required to co-operate in executing the resolutions adopted by the meeting, to the extent that they could be reasonably required to do so.
If an owner or user suffers damage as a result, the association will compensate this.
5. Resolutions adopted by the meeting:
 - a. to carry out maintenance not covered by the expenditure referred to in article 9, paragraph 1 sub a and b;
 - b. for expenditure to the debit of the reserve fund;
 - c. to enter into obligations with a financial interest exceeding a total sum to be fixed by the meeting;can only be adopted by a majority of at least two-thirds of the votes cast in a meeting in which at least such a number of owners is present or represented that at least two-thirds of the total number of votes can be cast. The final sentence of article 50, paragraph 1 will be applicable *mutatis mutandis*.
No valid resolution can be adopted in a meeting in which less than two-thirds of the aforementioned maximum number of votes can be cast.
6. A new meeting will be convened in the case referred to in the final sentence of the preceding paragraph; this meeting will be conducted no earlier than two and no later than six weeks after the first.
The notice convening this meeting must state that the proposed meeting is a second meeting as referred to in this article. A resolution can be adopted in this meeting on the motions on the agenda by a two-thirds majority, irrespective of the number of votes which can be cast in the meeting.
7. If a meeting convened in conformity with the provisions of paragraphs 5 or 6 above adopts a resolution in favour of expenditure, the meeting will also fix the extra advance or contribution which the executive can claim from the owners on that account. Such resolutions can not be adopted until the funds necessary for the execution of the resolution have been reserved in the association's financial resources.
8. The provisions of paragraphs 5 and 6 above are also applicable to resolutions to refurbish the building, to install new facilities or to remove existing installations or facilities, to the extent that these can not be deemed to be a result of the maintenance.
9. These resolutions must also stipulate which owners must contribute towards the costs and in which ratio. This ratio may derogate from the provisions of article 8, paragraph 2. A different allocation of the costs must be recorded in the bylaws.

III. The executive

Article 53

1. The executive is made up of an uneven number of directors, at least one. The meeting will fix the number of directors with due observance of this fact.
If the executive consists of more than one director, it will appoint a chair, a secretary and a treasurer from its midst.
The first executive can be appointed in the deed.
If a first executive is not appointed, the person(s) who proceed with the division will be deemed to be (a) director(s).
2. The executive must arrange for the names, full particulars and addresses of the directors in the registers of the Dutch Land and Public Registry Agency (*kadaster*).
3. The meeting will appoint the directors for an indefinite period and these may be suspended or dismissed by the meeting at any time.
If a director is absent or prevented from acting, the meeting can appoint a substitute.
4. The executive is charged with managing the association, with due observance of the provisions of the regulations. This executive includes the management of the association's resources, with due observance of the provisions of article 43. The meeting can adopt further rules in connection with this management.
5. The executive must obtain the meeting's approval for lodging or acquiescing in legal claims or petitions, concluding settlement agreements, performing juristic acts or for granting a discharge exceeding an interest to be fixed by the meeting as the need arises.
The executive does not require the meeting's approval to conduct a defence in proceedings, to take measures to protect assets or to conduct debt collection proceedings.
6. If it is necessary to take urgent steps, the executive will be authorised to do so without obtaining the meeting's approval, in the sense however that it will require the chair's approval for concluding agreements exceeding a sum to be fixed by the meeting as the need arises.
7. The executive will meet at least four times a year and furthermore as often as a director wishes.
8. If the executive consists of more than one director, the following will be applicable:
 - a. the period for convening an executive meeting will be at least five days;
 - b. each director will have one vote in executive meetings;
 - c. the executive can only adopt valid resolutions by an absolute majority of the votes cast in a meeting in which the majority of the directors is present or represented in writing; the second sentence of article 50, paragraph 1 will be applicable;
 - d. in derogation of the provisions under c. above, all the directors must be present if no convening notice was despatched for the meeting or if it was despatched with too little notice;
 - e. the executive can also adopt resolutions without adopting a meeting, provided that all the directors have approved the resolution in writing, by fax or e-mail.
9. A director cannot exercise his voting rights when resolutions are adopted in which he, his spouse, registered partner, blood relatives in the direct line of ascent or descent (otherwise than in their capacity of owner), or companies in which he, his spouse, registered partner, blood relatives in the direct line of ascent or descent have a direct or indirect majority interest, are granted any rights or when resolutions are adopted in which any of the above are discharged of any obligations.
10. Minutes will be taken of the proceedings in executive meetings.

Article 54

1. The executive will keep a register of owners and users.

2. If an owner requests the names and addresses of the other owners and persons entitled to vote to summon these to appear in legal proceedings, the executive will provide these free of charge and without delay.
3. The executive will update the register after receiving the notification referred to in article 40, paragraph 3 and after receipt of the statement referred to in article 35, paragraph 1.
4. The executive is required to provide information at the earliest opportunity if a civil-law notary submits a request to that effect pursuant to section 5: 122(5) of the Netherlands Civil Code.

Article 55

The executive must keep the association's books, records and other data carriers until the division of the property has been cancelled.

Article 56

1. The meeting may resolve to appoint a managing agent to keep the administrative records, which must be deemed to include the incoming and outgoing payments, the sums to be collected and to make all expenditure, keep the accounts in the widest sense of these words and to provide the owners, civil-law notaries and the executive with the necessary specifications and information; this managing agent will be appointed by the meeting on the terms to be agreed with that agent.
2. The meeting may resolve to charge a technical and/or structural expert to be designated by the meeting with the technical and/or structural management on the terms to be agreed by that expert and the meeting.

IV. The non-executive board and committees

Article 57

1. The meeting is authorised to appoint a non-executive board, in which case the following is applicable.
2. The non-executive board consists of one or more non-executive directors.
The meeting will fix the number of non-executive directors.
If the non-executive board consists of more than one non-executive director, it will appoint a chair and a secretary from its midst.
3. The meeting will appoint the non-executive directors for an indefinite period, but they may be suspended or dismissed by the meeting at any time.
If a non-executive director is absent or prevented from acting, the meeting can appoint a substitute.
4. A non-executive director does not need to be an owner.
Membership of the non-executive board is not compatible with the position of director, chair of the meeting or a seat on any of the association's committees.
5. Without prejudice to the provisions in the bylaws concerning its powers, tasks and *modus operandi*, the non-executive board will supervise the executive's policies and the general state of affairs within the association.
The non-executive board will furthermore advise the executive and the meeting as often as requested to do so or as often as that board deems desirable.
6. The executive will provide the non-executive board with any information it desires and, if requested to do so, will permit the inspection of all the association's books, records and other data carriers.
7. The non-executive board will meet at least twice a year and furthermore as often as the chair or a non-executive director wishes.
The non-executive board can summon the executive to attend its meetings.
8. If the non-executive board consists of more than one non-executive director, the following will be applicable:

- a. the period for convening a meeting of the non-executive board will be at least five days;
 - b. each non-executive director will have one vote in meetings of the non-executive board;
 - c. the non-executive board can only adopt valid resolutions by an absolute majority of the votes cast in a meeting in which the majority of the non-executive directors is present or represented in writing; the second sentence of article 50, paragraph 1 will be applicable;
 - d. in derogation of the provisions of c. above, all the non-executive directors must be present if no convening notice was despatched for the meeting or if it was despatched with too little notice;
 - e. the non-executive board can also adopt resolutions without convening a meeting, provided that all the non-executive directors have approved the resolution in writing, by fax or e-mail.
9. Minutes will be taken of the proceedings in the meeting of the non-executive board.

Article 58

1. The meeting is authorised to set up committees and to decide on their tasks.
2. If there is no non-executive board, the meeting will appoint an audit committee every year, consisting of at least two members. Membership of the committee is not compatible with the position of director or chair of the meeting.
The members of the audit committee will audit the annual accounts and report to the meeting on their findings. The executive is required to provide the committee with any information it desires in connection with its audit and, if requested to do so, will make all the association's books, records and other data carriers available for inspection.

N. The Bylaws

Article 59

1. The meeting can adopt bylaws to provide for the following:
 - a. the use, management and maintenance of the communal sections and the communal property;
 - b. the use, management and maintenance of the private sections;
 - c. proper procedure in the meeting;
 - d. instructions to the executive;
 - e. the *modus operandi*, tasks and powers of the non-executive board and the committees;
 - f. the handling of complaints;
 - g. rules to prevent unreasonable nuisance;
 - h. an alternative distribution of costs, as referred to in article 52, paragraph 9;
 - i. any other issues which the meeting believes need to be provided for, all this to the extent that these have not already been provided for in the regulations.
2. The rules and regulations referred to in section 5:128 of the Netherlands Civil Code must be included in the bylaws and constitute a part thereof.
3. Any provisions in the bylaws which conflict with the law or the regulations will be deemed not to have been written.
4. The meeting can only adopt, amend or supplement the bylaws in a majority resolution, as referred to in article 52, paragraph 5.
If no valid resolution can be adopted on the basis of the preceding sentence, a new meeting must be convened. In that event, article 52, paragraph 6 will be applicable *mutatis mutandis*.
5. The provisions of the preceding paragraph will be applicable *mutatis mutandis* to a resolution to waive the provisions of the bylaws.

6. The executive is required to publish the bylaws and any amendments thereto in the public registers.

O. Amendments to the deed

Article 60

1. The deed can only be amended with the co-operation of all the owners. If one or more owners are unwilling to co-operate in a motion to this effect, a court authorisation in the manner and on the terms recorded in section 5:140 of the Netherlands Civil Code will serve instead of that co-operation.
2. In derogation of the provisions of paragraph 1, the executive can also amend the deed, provided that this is done pursuant to a resolution by the meeting adopted by a majority of at least four-fifths of the total number of votes which may be cast by the owners.
3. The notice convening the meeting referred to in paragraph 2 must state that a motion to amend the deed will be put to that meeting, while the text and/or the drawings of the proposed amendment must be enclosed with that notice.
4. The provisions of paragraph 3 of article 50 are not applicable to such a resolution.
5. An owner who has not voted in favour of a resolution to amend the deed can claim the annulment of the resolution in court pursuant to the provisions of section 5:140a of the Netherlands Civil Code.
6. The power to claim annulment will elapse after three months; this period will commence on the date following the date on which the meeting adopted the resolution.
7. The amendment of the deed will require the permission of any persons or entities with a restricted right to an apartment right, of those that have served an attachment thereon (unless this only concerns an amendment of the regulations), and, if the division of the property concerns a long-term lease or building or planting rights, the permission of the owner of the land. The permission of the title-holders of any easements is also necessary if the latter's right will be curtailed as a result of the amendment.
8. The deed can only be amended in a notarial deed drawn up for that purpose. If the amendment is based on a resolution by the meeting referred to in paragraph 2, the notarial deed can not be executed until it has been confirmed that this resolution can not be annulled by the court.

P. The cancellation of the division of the property and the dissolution of the association

Article 61

The owners can only cancel the division of the property, and the association can only be dissolved in a notarial deed with due observance of the provisions of articles 5:139 et seq. of the Netherlands Civil Code.

Q. The adjudication of disputes

Article 62

Disputes between one or more owners or between one or more owners and the association can be submitted to one or more experts for adjudication in arbitration, for binding advice or for settlement via mediation with the joint consent of the parties involved in the dispute.

R. Final provision

Article 63

All the above is applicable to the extent that the deed does not provide otherwise.

ANNEX (ONLY APPLICABLE TO RESIDENTIAL BUILDINGS)

Alternative regulations:

BEPALINGEN OP TE NEMEN, WANNEER HET GEBRUIK VAN HET PRIVÉ GEDEELTE AFHANKELIJK WORDT GESTELD VAN DE TOESTEMMING VAN HET BESTUUR.

Article 34 will now read as follows:

Article 34

1. An owner must obtain the executive's permission before occupying his private section, alone or together with his named fellow occupants, or when permitting a previously-unnamed person to co-habit with him.
2. An owner (including purchasers or other persons or entities entitled to demand the transfer of the apartment right) must apply for the executive's permission in writing, giving the names of the fellow occupants for whom he is also applying for permission for occupation, and all the details which could be conducive to making a decision on the application.
3. The executive is required to give the applicant the opportunity to clarify his application orally within fourteen days of the receipt of the application, whereby the applicant can be represented by or seek the assistance of legal counsel. The executive must subsequently decide on the application within eight days and will notify the applicant of its decision, supported with reasons, in writing and without delay.
4. The executive may only refuse the applicant or the fellow occupants specified by him if the other residents cannot reasonably be required to tolerate the parties concerned in their midst.
5. If the principle described in paragraph 4 above is applied in practice, the executive will take special account of the solvability of the parties concerned. In this connection, the executive can require the applicant to arrange for a statement to that effect to be issued by an accountant to be designated by the executive. The costs of this statement will be for the applicant's account.
6. The applicant can appeal against the decision to the meeting within fourteen days of its despatch. Article 45, paragraph 4 is applicable *mutatis mutandis*.
7. The meeting will give the applicant the opportunity to clarify his appeal orally, whereby the applicant can be represented by or seek the assistance of legal counsel.
8. The meeting must subsequently decide on the appeal and notify the interested parties of its decision, supported with reasons, in writing and without delay within fourteen days.

Article 34a

1. In the event of the public sale of an apartment right, each candidate will be able to apply to the executive with the request for the statement that the executive does not object to the use of the private section to which the apartment right being sold refers by the candidate and his fellow occupants (or any other person or fellow occupants whom the candidate wishes to admit as user), if the apartment right is sold to him in a public sale. In order to obtain this statement, the candidate must provide the executive with the details referred to in article 34, paragraph 2, and pay the sum to be fixed by the executive for the costs incurred in that connection.
2. If the executive refuses its permission, the candidate can appeal to the meeting. In that event, the meeting will be immediately convened and will be authorised to make a decision irrespective of the quorum at the meeting, and whereby the period of notice for convening the meeting will be at most three days.
3. The provisions of paragraphs 1 and 2 are also applicable to a public auction by the mortgage creditor, unless the creditor concerned has notified the executive in advance by registered letter that it wishes to include the provision in the conditions of sale that the purchaser will be authorised to issue a statement pursuant to which the purchaser and his

fellow occupants will be authorised to use the private section itself or themselves - in derogation of the provisions of article 34, paragraph 1 and article 34c, paragraph 1 – or to make these available to third parties and without requiring the executive's permission. The statement referred to in this paragraph must be recorded in a notarial deed drawn up for that purpose and one copy will be registered in the public registers simultaneously with the copy or extract from the official record in which the apartment right is sold or of the deed of transfer in the event of sale, as referred to in section 3:268, paragraph 2 of the Netherlands Civil Code. The executive is required to notify the other owners of the statement.

Article 34b

The permission to use the private section as fellow occupant will entail that that occupant will not require the permission referred to in the preceding article if he becomes owner or user himself, provided that he otherwise complies with the admission requirements.

Article 34c, which reads as follows, will be included in chapter I after Article 34b and before article 35:

Article 34c

1. If an owner wishes to make his private section available in use to a third party, the latter can acquire that right only for himself and any fellow occupants after obtaining the prior written permission of the executive.
2. The provisions of article 34 are applicable *mutatis mutandis*, in the sense that the owner and the intended user must submit the application for permission jointly, submitting the agreement or other title on the basis of which the intended user acquires or will acquire his right.
3. The executive must also grant its permission if the user wishes to co-habit with a person not previously included amongst his fellow occupants.
4. The executive's permission is not valid until the intended user has issued the statement referred to in article 35.
5. The permission to use the private section as fellow occupant entails that the fellow occupant will not require the permission referred to in the preceding articles if he himself becomes user or owner, provided that the other requirements for permission, such as the issue of the statement referred to in article 35, have been complied with.

Article 38 will now read as follows:

Article 38

Articles 34c to 37 are applicable *mutatis mutandis* to a user who derives his rights from another user.

Eventueel op te nemen in het HUISHOUDELIJK REGLEMENT bij splitsing van een nieuw woongebouw:

- a. Hard floor coverings are only permitted in the private sections, with the exception of the bathroom(s), the kitchen(s), and the toilet(s), if a layer of flexible material has been installed under that floor covering; this must be done in such a way that it complies with the insulation index for impact noise (in Dutch the *Ico*) and achieves the minimum value recorded in the building decree (*bouwbesluit*) which was valid when the building permit was issued for the building.
The insulation index will be fixed on the basis of the "NEN5077 *geluidswering in gebouwen*" standard.
The floor must be installed as a sprung floor, and therefore completely free of the existing concrete floor or wall construction. This demands great care and installation by a properly qualified company or expert.
- b. If any of the owners suspect that a floor or floor covering in an adjacent private section does not comply with the standard set forth in paragraph a, that owner is authorised to arrange for a noise study to be performed.
- c. The owner of the apartment right entitling the user to use the adjacent private section referred to in paragraph b is required to co-operate in the aforementioned noise study without being entitled to any damages.
- d. The noise study must be carried out by a reputable body. The executive will designate that body in consultation with the parties concerned.
- e. The costs of the noise study are for account of the owners at whose request the noise study is being carried out, unless that study demonstrates that the floor or the floor covering does not comply with the standard referred to in paragraph a. In that event, the costs of the noise study will be for account of the owner of the apartment right entitling the user to the use of the private section the floor or floor covering of which does not comply with the standard described in paragraph a.
- f. If the noise study demonstrates that the floor or the floor covering does not comply with the standard described in paragraph a, the relevant owner will be required to take such steps, for his own account and risk, that the floor complies with the aforementioned standard as yet.
- g. If it appears to be impossible to take the appropriate steps described under f., the relevant owner will be required to remove the floor or floor covering for his own account and risk.
- h. This article can be executed without requiring any judicial intervention.