

# **ARTICLES**

**Unit Owners Association for Korunní 810 Building**

## Article I

### Introductory Provisions

- 1) The Owners Association (hereinafter referred to as the "Association") is a legal person that was established in accordance with Section 9 of the Act No. 72/1994 Coll., for purpose of the building and land lot management (hereinafter referred to as the "building management").
- 2) When fulfilling its purpose, the Association is able to acquire rights and undertake to obligations. If any rights incur to the Association members due to the defect of a unit or of common building parts, the Association will represent its members when exercising these rights.
- 3) The Association may acquire the assets and treat them only for purposes of the building management.
- 4) The Association mustn't carry on, directly or indirectly, or partake in any business or in another activity of enterprisers, or be their partner or member.

## Article II

### Title and Registered Office of the Association

- 1) The Association's title is "*Unit Owners Association for Korunní 810 Building*".
- 2) The Association's registered office is at the address: Korunní 810, Prague 10, 101 00.

## Article III

### Association's Activity

- 1) The Association's activity consists in ensuring of the management of building No. 810 and land lot No. 3093/1, both registered in the Land Register, abstract of title No. 13279, kept by the Land Register Office for the capital of Prague, cadastral workplace in Prague, for the municipality of Prague, cadastral district of Vinohrady 727164 (hereinafter referred to as the "**building**").
- 2) From the operational and technical viewpoint, the building management includes mainly:
  - a. Operation, maintenance, repairs, modernization, reconstruction, construction works and other modifications, including the modifications leading to the changed purpose of using
    1. Common building parts;
    2. Technical building equipment as common building parts; and
    3. Common building parts restricted to the exclusive usage of a unit owner if it is not an activity, based on the Contract for Construction or based on these Articles, belonging to a unit owner in terms of the common building parts management at the owner's own expense; whereas the common building parts and definition of the common building parts restricted to the exclusive usage of a unit owner are determined in the Contract for Construction;
  - b. Revisions of underground utilities, common technical building equipment, fire-fighting equipment, lightning rods, distributions of powers including heat, hot water, drinking water, air conditioning, elevators, chimneys, telecommunication devices and other common equipment pursuant to the technical building equipment;

- c. Maintenance and repairs of the land lot and common building parts and maintenance of the access roads on the land lot;
  - d. Exercise of a right to enter a unit in case a unit owner performs construction works in the unit, including the possibility to ask for the submission of a construction documentation in reasonable cases if it is required in accordance with other legal regulations, to verify whether the construction works do not endanger, damage or change the common building parts.
- 3) From the viewpoint of managing activities, the building management activities include mainly:
- a) Ensuring of any managing, administrative and operational technical activity, including keeping of the appropriate technical and operational documentation of the building, keeping of the construction documentation corresponding to its real design in accordance with other legal regulations, and ensuring of other activities that result from other legal regulations for a person being responsible for the building management;
  - b) Stipulation and collection of financial means, that were determined in advance, from the Association members as advance payments for fees for the building management and for payment of costs related to the usage of units (hereinafter referred to as the “services”), their evidence, accounting, and settlement with the Association members;
  - c) Accounting management, elaboration and submission of tax declarations, proper management of the assets and incomes of the Association, management of financial means paid by the Association members, evidence of costs related to the building and Association’s activity, and execution of other related economic, operational and managing activities;
  - d) Keeping a list of the Association members;
  - e) Application and enforcement of the performance of obligations towards individual Association members, i.e. obligations imposed by the legislation or arising from these Articles or from a decision of the assembly;
  - f) Execution of activities related to the application of the protection of unit owners’ rights;
  - g) Activities related to the operation of common building parts and technical building equipment, that is used also by other persons than by unit owners in the building, including the negotiation on and conclusion of related contracts;
  - h) Activities related to the lease of common building parts, that are in co-ownership of all the unit owners in the building, including the collection of rent and payment of services, their evidence, extortion, accounting, and settlement with the Association members.
- 4) The Association is entitled to conclude contracts, check their performance and exercise rights from the breach of contractual obligations of the other contracting party, mainly as regards the contracts on
- a) Ensuring of some activities related to the building management by a professional person (manager) under terms stipulated by law or by the Association;
  - b) Ensuring of the supply of services related to the usage of units (if these are not services ensured by the Association members on their own directly from the supplier);
  - c) Building insurance;
  - d) Lease of the common building parts;
  - e) Lease of apartments or non-residential premises, that are in the ownership of the Association;
  - f) Ensuring of the operation of the selected technical building equipment related to usage of the common building parts and units, which the manager is not entitled to operate, such as boiler rooms, junction exchange (transfer) stations, diesel generators, elevators, and similar restricted technical equipment.

- 5) When fulfilling the tasks in accordance with the Civil Code and these Articles, the Association ensures mainly the following activities related to the building management:
  - a) Collection of pre-defined financial means from the Association members for payment of the costs related to the building management, eventually other fees for the remuneration of a manager in accordance with the contract concluded with the manager, or for the remuneration of the members of Association bodies;
  - b) Evidence of the payments of Association members, that are collected pursuant to clause a);
  - c) Evidence of the costs related to the building and land lot and Association's activity;
  - d) Establishment of a bank account and financial means management;
  - e) Accounting management in accordance with special legal regulations.
- 6) The Association ensures, either directly or based on contracts concluded between the Association and suppliers, the performances related to or connected with the usage of units and common building parts, i.e. services such as supplies of heat, hot service water, electricity, water supplies and sewerage water collection, waste disposal, cleaning of common building parts, usage of an elevator, equipment for the reception of a TV and radio signal, etc. In terms of this activity, the Association ensures mainly:
  - a) Collection of advance payments for services;
  - b) Accounting of the prices for services and their allocation to individual Association members, according to the rules approved by the assembly in accordance with these Articles or in a manner stipulated by a special legal regulation, unless the Association approves its own cost allocation rules, and allocation of the received advance payments to individual Association members;
  - c) Keeping of necessary records related to ensuring of services and their payment, including the financial statement.
- 7) In terms of the activities executed within the Civil Code, the Association ensures also:
  - a) Timely enforcement of meeting the obligations imposed on the Association members by a competent Association body or by the Association members determined by special legal regulations;
  - b) Proper management of the assets and financial means provided by the Association members;
  - c) Meeting of other obligations related to the Association's activity in accordance with the legislation.

#### **Article IV**

##### **Ensuring of Building Management and Other Activities Based on a Contract with a Manager**

- 1) The Association may ensure operational, technical, managing and similar activities related to the building management and other activities, eventually only some of these activities, based on a contract by means of the third party (hereinafter referred to as the "manager").
- 2) The changes of a manager or changes in the contract content concerning the price arrangement or scope of the manager's activity shall be approved by the assembly.
- 3) The conclusion of a contract with a manager pursuant to paragraphs 1 and 2 may not affect the exclusive decision-making competence of the Association bodies, arising from the legislation and from these Articles.

## **Article V**

### **Association Bodies**

- 1) The Association bodies are:
  - a) Assembly;
  - b) Committee.
- 2) The committee members are appointed and removed by the assembly. The committee members are appointed for an indefinite period provided that the committee includes the removal of all existing members and the appointment of new members in the program of assembly meeting, each leap calendar year. The assembly may appoint also individual committee members instead of individual existing members. The termination of office of an existing member, for whose position a new member was elected, and the origin of office of a newly appointed member is regulated by Article IX (7) hereof.
- 3) The Association bodies vote publicly so that a body member raises his/her hand if he/she agrees with the adoption of a decision, which it is being voted on, or by using the voting equipment. The assembly may decide that secret voting shall take place, mainly if the committee members shall be elected. The committee may also suggest secret voting to the assembly. Secret voting proceeds by means of voting papers or voting equipment.
- 4) At its first meeting, the committee shall appoint its chairman and vice-chairman. The first committee meeting shall be summoned by its oldest member who conducts also its meeting until the chairman is appointed. Otherwise, the committee members are summoned for the meeting by the committee chairman or by another member authorized by the committee to summon the meeting.
- 5) A committee member may be only a person who is competent and unimpeachable in terms of the legislation regulating the trade activities if such a person is fully competent as of an election day; this applies also to the representative of a legal person who is a member of the elected body. If the member of an elected body is a legal person, it shall entrust a natural person with its representation in the body otherwise this legal person is represented by a member of its statutory body.
- 6) A person accepting the office of a committee member undertakes to execute the office personally with necessary loyalty, knowledge, and care. It is deemed that a person who does not act with professional care acts carelessly though the person had to find it out when accepting the office or during its execution, and does not draw any consequences for himself/herself.
- 7) The committee members may be provided with the remuneration for the execution of their office. The provision of remuneration and its amount is approved by the assembly. The remuneration for the execution of office of the committee members is paid from the Association's budget.
- 8) Any committee member or any elected Association body may be elected repeatedly.
- 9) Any committee member may resign from his/her office during the term of office. The committee member shall announce the resignation to the committee in writing. The resignation is effective as of a day when the committee takes it into consideration. If the committee does not consider the resignation within thirty days after the delivery of an announcement of resignation, the resigning member's office will cease to exist on the thirties day after the announcement of resignation is delivered.

## Article VI

### Assembly

- 1) The supreme Association body is the assembly that is created by all the Association members – unit owners.
- 2) The assembly's competence includes
  - a. Change of the Articles,
  - b. Change of the Contract for Construction in terms of dividing the right to the building and land lot in the ownership right to units,
  - c. Appointment and removal of committee members and decision-making on the amount of their remunerations,
  - d. Approval of the final accounts, settlement of the economic result and report on the Association's economy and building management, as well as the total amount of fees for the building management for the future period and decision-making on the settlement of unexpended fees,
  - e. Approval of the budget, approval of the plan of repairs, modernization, and reconstruction of the common building parts (hereinafter referred to as the "**investment plan**"), and approval of changes to the budget and investment plan,
  - f. Approval of the type of services and the amount of advance payments; approval of the manner of accounting the prices for services and their allocation to the units,
  - g. Decision-making on:
    - 1) Membership of the Association in a legal entity being active in the field of housing,
    - 2) Change of the purpose of using the building and apartment,
    - 3) Change of the surface area of an apartment,
    - 4) Complete or partial connection or splitting of units,
    - 5) Change of a share in the common building parts,
    - 6) Change of the determination of common buildings parts used exclusively by a unit owner,
  - h. Granting a prior consent with:
    - 1) Acquisition, alienation or charging of immovable assets owned by the Association, or consent with another treatment,
    - 2) Conclusion of a loan contract and approval of the loan amount and conditions,
    - 3) Conclusion of a pledge agreement to a unit if the affected unit owner agreed in writing with the conclusion of a pledge agreement,
    - 4) Repair, modification, modernization or any other usage of the common building parts (in this clause hereinafter referred to as the "**activity**"), even the parts restricted to the exclusive usage of only certain Association members, if this activity shall or may affect the design of a building, if the realization of such an activity shall be announced to a Building Authority or requires a construction permit, or if the execution of such an activity shall intervene with the supporting framework, provided that this activity is executed by the Association member or by a person authorized by the Association member.
  - i. Determination of a person who shall ensure some activities falling within the building management, decision-making on the change of such a person, approval of a contract with such a person, and approval of the change of a contract concerning the price arrangement and scope of activities.
- 3) The assembly decides also on other matters stipulated in these Articles or on matters determined by the assembly for decision-making.

- 4) The committee shall summon the assembly's meeting so that it takes place at least once a year. The assembly shall be summoned by the committee also based on incentives of the Association members who have more than  $\frac{1}{4}$  of all the votes, however, the minimum is two members; if the committee does not summon the assembly, the Association members are entitled to summon the assembly at the Association's expense. A member appointed by the Association members shall then moderate the meeting. The invitation for the assembly's meeting shall be delivered to the Association members at least fifteen days before the meeting.
- 5) If any Association member asks for a consent with an issue that requires the assembly's consent based on these Articles or legislation, the committee is obliged to include the voting on granting the required consent into the program of the next meeting, for which the invitations have not been produced yet. The committee is entitled to refuse in writing the member's request for granting a consent if the request is insufficiently justified or is not provided with documents necessary for the assembly to decide whether it will grant the consent or not. The requesting Association member is responsible for the content of a request and for the attached documents.
- 6) The Association members shall be informed of the assembly's meeting via an invitation that shall contain the place, time, and program of a meeting. The documents concerning the meeting program shall be attached to the invitation. If they are not attached, the convener is obliged to enable each member to get acquainted with these documents. The invitation shall be delivered by its putting in the Association member's mail box located in the building or by publishing it on a notice board located in the common building parts. If the contact address is mentioned at any member in the list of members, the Association will send this member an invitation for the assembly's meeting as a registered letter to the contact address mentioned in the list of members. If the Association member does not announce his/her contact address to the Association and leaves his/her unit for usage by another person, the Association is entitled to deliver the invitation for meeting so that it delivers it in the above-mentioned manner to a person using the unit. This member is obliged to bind the person using his/her unit to forward the delivered invitation to the Association member. If the invitation does not contain the documents concerning the meeting program, it shall identify a place where the Association members may get acquainted with the documents concerning individual matters of the program.
- 7) The conditions for participation of the Association members in the assembly's meeting, management of the meeting, and method of decision-making at the meeting are regulated in Annex no. 1 hereto.
- 8) The vice-chairman of the assembly shall execute meeting minutes unless the assembly authorizes another person to execute them (hereinafter referred to as the "registrar"). The meeting minutes shall record the meeting completely, truly, and accurately whereas they must contain at least the information:
  - a) Who summoned the meeting and how,
  - b) Date and place of the meeting,
  - c) Adopted decisions,
  - d) Results of voting,
  - e) Members' objections against the assembly's decision, requested to be recorded,
  - f) Identification of the unit co-owners who voted on a common member,
  - g) Who executed the meeting minutes and when.
- 9) The registrar is responsible for the content of meeting minutes. However, the accuracy, trustfulness and completeness of meeting minutes shall be confirmed not only by the

registrar but also by the chairman of a meeting and at least by one other member who attended the meeting for its entire period (hereinafter referred to as the “verifier”). If the chairman or verifier has any reservations concerning the content of meeting minutes, the registrar will note it in the meeting minutes.

- 10) The Annex to the meeting minutes shall contain the invitation, documents that were submitted to the negotiated points, list of present Association members or their representatives, and the granted Powers-of-Attorney.
- 11) The copy of meeting minutes shall be published on a notice board in the common building parts and on Intranet.

## **Article VII**

### **Quorum, Voting at the Assembly’s Meeting**

- 1) The assembly is quorate in the presence of the Association members or their representatives who have the majority of all votes.
- 2) When voting, the number of votes of each Association member is equal to the co-ownership share in the common building parts, the unit co-owners have the same number of votes corresponding to their common share in the common building parts, married couples in the regime of community property have collectively the number of votes corresponding to their co-ownership share in the common building parts.
- 3) The absolute majority of votes of the present Association members is necessary to adopt each decision of the assembly unless these Articles or the law stipulate otherwise.
- 4) The qualified  $\frac{3}{4}$  or 75% of votes of the present Association members are necessary
  - a) To appoint or remove a committee member.
  - b) To change the Articles and their Annexes.

## **Article VIII**

### **Decision-making of the Assembly outside the Meeting**

- 1) The committee is entitled to suggest the assembly to decide also outside the meeting.
- 2) The assembly is entitled to decide outside the meeting on all matters that belong to its competence.
- 3) The assembly decides outside the meeting:
  - a) Anytime, on any issue, if suggested in writing by the committee, or
  - b) Anytime, on any issue, if required in writing by any Association member. The request shall contain a draft decision, documents necessary for its evaluation or data where the documents are published. The Association member requesting for filing a proposal to the assembly to decide outside the meeting is obliged to pay a lump sum administrative fee amounting CZK 10.000 (in words: ten thousand Czech crowns) to the Association’s bank account within 10 days after filing a written request. If the request does not contain any draft decision, documents necessary for its evaluation or data where these documents are published, or if the lump sum administrative fee amounting CZK 10.000 is not paid within the stipulated period, the committee will refuse to satisfy the request in writing and will state the reasons which conditions have not been met. If all the conditions of a request are met, the committee is obliged to send a draft decision to the addresses of the Association members pursuant to clause 2) hereof, latest within 60 days after receiving the request. If at least 20 % of the Association members do not vote on the



adoption of a draft decision, the lump sum administrative fee will fall to the Association. In other cases, the lump sum administrative fee amounting CZK 10.000 shall be refunded to the Association member, who filed a request, latest within 15 days after the result of voting is clear.

- 4) The committee shall send the draft decision to the Association member in a manner defined herein for sending / delivering an invitation for the assembly's meeting. The proposal shall contain a draft decision, documents necessary for its evaluation or data where such documents are published, and data about the period within which the Association member shall express himself/herself. The period for the member's statement shall be at least thirty days. If the Association member does not deliver his/her written consent and the verified signature of a draft decision to the statutory body within the defined period, it will apply that this member does not agree with the proposal.
- 5) The written statement "I agree/I disagree" of the Association member is required for the voting to be valid. Furthermore, the statement shall contain the day, month, and year when it was made. It shall be provided with the verified signature of an Association member in a document containing the full text of a draft decision.
- 6) The decision outside the meeting is adopted by the absolute majority of all the Association's members. The decisions, that are adopted at the assembly's meeting by the qualified majority, are adopted by the same qualified majority when being decided on outside the meeting, however, the majority is calculated based on the votes of all the Association members.
- 7) The committee shall announce the result of voting to the Association members in writing without undue delay. In case the draft decision is approved, the announcement shall contain also the full text of the adopted decision and the date of its adoption.

## **Article IX**

### **Committee**

- 1) The statutory and executive body of the Association is the committee. The committee represents the Association in all matters. Externally, the Association is represented by a chairman of the committee and in case of his/her absence by another committee member. The chairman and one more committee member sign written legal arrangements on behalf of the Association. If the chairman is not present, two committee members sign the documents on behalf of the Association. A person signing a document on behalf of the Association shall add his/her signature and function to the title of the Association.
- 2) The committee is an executive body of the Association. It manages and organizes standard activities of the Association, decides on matters related to the building management, except for matters that are entrusted to the exclusive competence of the assembly by the applicable legislation or by these Articles or that the assembly reserved for its own decision-making.
- 3) The committee is responsible for its activity towards the assembly. Externally, the committee is represented by a chairman inside the assembly.
- 4) The committee has five members.
- 5) The committee decides at the meeting or outside the meeting. The committee is able to decide at the meeting of the absolute majority of all its members are present. The committee decides by the majority of the present members. The committee decides outside the meeting in a stipulated manner (e.g. per email) and adopts a decision by the absolute majority of all its members.

- 6) The office of a member is established by appointment unless the assembly states a later date of its establishment.
- 7) The office of a member expires by appointment of a new member who was elected by the assembly instead of the current member, or by appointment of all new members. A committee member may be also removed from the office by the assembly.
- 8) When ordering any repair, modernization, or reconstruction in the expected total amount of CZK 50.000, the committee is entitled to address one potential supplier directly without any tender; in other cases, the committee is obliged to address at least three potential suppliers.
- 9) Furthermore, the committee mainly:
  - a) Ensures matters of the Association as regards the building management and other Association's activities according to the legislation and these Articles if the assembly's matters are not concerned; the committee ensures the performance of the assembly's decision and is responsible towards the assembly for its own activity;
  - b) Decides on the conclusion of contracts concerning the Association's activity, mainly ensuring of repairs, building insurance, and ensuring of supplies related to the usage of units;
  - c) Prepares the Association's budget and submits it to the assembly for approval;
  - d) Is responsible for the accounting management and for the preparation of final accounts and submits them to the assembly for approval; the committee is responsible also for the tax declaration if this obligation arises from the legislation;
  - e) Prepares documents for the assembly's meeting, summons the assembly, submits the assembly reports on the Association's economic results, on building management and on other Association's activities, that contain mainly the basic data about the made and planned repairs, maintenance, and mandatory revisions, including the data about usage and status of fees for the building management;
  - f) Submits the final accounts for negotiation and approval, and written materials that shall be discussed by the assembly;
  - g) Ensures proper keeping, saving, and archiving of the Association's documents;
  - h) Announces the amount of fees for the building management and the amount of advance payments for services to individual Association members; the committee is entitled to authorize the manager to announce the amount of fees for the building management and the amount of advance payments for services to individual Association members;
  - i) Submits the assembly a draft decision on the manner of accounting and allocating the payments for services to the Association members;
  - j) Ensures the financial statement of advance payments for services and settlement of undercharges or overcharges;
  - k) Ensures timely meeting of the Association's obligations arising from contracts and other obligations and liabilities towards the third parties; ensures timely filing of the Association's receivables;
  - l) In accordance with the law, these Articles, and decisions of the assembly, acts legally on behalf of the Association externally in the matters related to the Association's activity, mainly as regards the conclusion of contracts;
  - m) Ensures the quality check of supplies, services, and other performances pursuant to the concluded contracts, and takes necessary legal or other measures in relation to suppliers to remove any found insufficiencies or to compensate the incurred damage;
  - n) Enforces meeting of the obligations of the Association members;
  - o) Keeps a book of the Association members and tenants, eventually subtenants;
  - p) Negotiates, concludes, and terminates labor relationships;

- 10) The vice-chairman of the committee shall execute the meeting minutes unless the committee authorizes another committee member to execute them. The meeting minutes shall contain at least:
- a) Date and place of the meeting,
  - b) Adopted decisions,
  - c) Results of voting of the committee members,
  - d) Objections of the committee members against the committee's decision, requested to be recorded,
  - e) Person who executed the meeting minutes.

The meeting minutes shall be signed by all the committee members attending the meeting.

## **Article XI**

### **Evidence of the Association Members**

- 1) The Association members are persons who own a unit in the building.
- 2) The Association keeps a list of members, that includes:
  - a) Name, surname or title, date of birth or Company Identification No. of the Association member;
  - b) Name, surname or title, date of birth or Company Identification No. of the common representative and his/her postal address;
  - c) Name, surname, date of birth of a natural person authorized to act on behalf of the Association member who is a legal person;
  - d) Name, surname, date of birth of a natural person managing the unit devoted to a trust fund;
  - e) Name, surname or title, date of birth or Company Identification No. of the factual unit user;
  - f) Date of origin and termination of the membership in the Association;
  - g) Address or registered office of a person registered in a list of the Association members pursuant to clauses a) to e) (hereinafter referred to as the "registered person"), eventually another postal address determined by a registered person;
  - h) Phone number and email address of a registered person;
  - i) Units that the Association member owns in the building;
  - j) Number of votes belonging to the Association member;
  - k) Date of a change in the data registered in a list of the Association members.
- 3) The list of the Association members is non-public. Each Association member is entitled to ask for the extract from data that the Association records about the member or for the address or email of another member.
- 4) The committee makes changes of the data registered in the list of the Association members without undue delay after the committee learns of them. The committee records and deleted the registered data in the list of the Association members so that it is possible to monitor the sequence of made changes in case of each Association member.

## Article XII

### Membership Rights and Obligations and their Application

- 1) Any Association member has the rights that are stipulated in the applicable legislation, these Articles and in the decisions of the Association bodies, mainly to:
  - a) Partake in all activities of the Association in a manner and under terms stipulated in these Articles and in the applicable legislation;
  - b) Take part in the assembly's meeting and voting and partake in its decision-making, including the participation in the decision-making outside the meeting;
  - c) Elect and be elected for the Association bodies;
  - d) Submit the Association bodies the proposals and suggestions for the Association's activity and for the removal of insufficiencies in the Association's activity;
  - e) Get acquainted with the Association's management, with the building management, inspection of contracts concluded on the management issues, inspection of account books and documents whereas the inspection shall be governed by the rules mentioned in paragraph 5);
  - f) Inspect the written materials for the assembly's meeting in compliance with the rules mentioned in paragraph 5, inspect the meeting minutes as well as documents establishing the obligation to partake in the costs for the building management and for services, and partake in the payment of any Association's loss;
  - g) Ask the statutory body for the name and address of any Association member or tenant of a unit in the building;
  - h) Receive a timely statement of advance payments for the costs related to the building management and for the payment of services latest within four months after the end of a calendar year;
  - i) Receive the overcharge from the statement of advance payments for services latest within four months after the statement is delivered.
- 2) The Association member has the obligations stipulated in the applicable legislation, these Articles and in the decisions of Association bodies. These are mainly the following obligations:
  - a) To observe the legislation, these Articles, fulfil the decisions of the Association bodies that were adopted in accordance with the applicable legislation and these Articles;
  - b) To pay timely the fees for the building management, advance payments for the building management and undercharges from their financial statement, latest within 4 months after the statement is delivered; if any Association member breaches his/her obligation to pay timely any of these payments, he/she will be obliged to pay the Association an extraordinary fee for the building management amounting CZK 250 for each initiated month of delay;
  - c) To partake in the payment of any Association's loss;
  - d) When using the common building parts, observe the rules for usage of the common building parts and common building equipment, that are described in these Articles and in the decisions of the Association bodies approved in accordance with the applicable legislation and these Articles, including the instructions stipulated for the operation of the common building equipment by a producer or manager of technical equipment;
  - e) To observe the rules for the building management, included in the applicable legislation, these Articles and in the decisions of the Association bodies approved in accordance with the applicable legislation and these Articles;

- f) To maintain the own apartment and common building parts, that are restricted for his/her own exclusive usage, as required by an unobjectionable condition and good design of the building, refrain from any risk, modification, or damage of the common building parts, not to complicate to other Association members the exercise of rights to manage freely, use exclusively and modify structurally the own apartment inside and use the common building parts;
- g) To ensure the observance of rules for the building management and usage of the common building parts as well as meeting of the above-mentioned obligations by persons that were enabled to enter the building or apartment;
- h) To announce the Association within one month:
  - Acquisition of a unit in the ownership and all facts that are registered in the list of Association members; if the Association member breached this obligation, he/she will be obliged to pay the Association an extraordinary fee for the building management amounting CZK 1.000;
  - Bank account number;
  - Number of persons who will have their household in the apartment;
  - Number of persons who live in the apartment for the period of at least three months per one calendar year;
  - Name and address of a person whom the Association member left the apartment for usage, including the above-mentioned data; and
  - Any change of the above-mentioned data.
- i) To remove at the own expense all defects and damages caused in other apartments or in common building parts by the Association member or by a person whom the Association member enabled to enter the building or the apartment;
- j) To enable the placement, maintenance, exchange, and inspection of devices for measuring of the consumption of gas, water, heat, and other supplies in the building, reading of the measured values from these devices, and refrain from anything that could influence the accurate function of these devices or could hinder from their placement, maintenance, and exchange, based on the Association's prior call. The Association is entitled to inspect these devices anytime without any prior call in the presence of a person authorized to stay in the apartment;
- k) To refrain from anything that hinders from maintenance, repair, modernization, reconstruction, modification, renovation or another change of the building or land lot, that was decided properly by the Association; enable the access to the apartment and common building parts that are determined exclusively for his/her usage if the maintenance, repair, modernization, reconstruction, modification, renovation or another change of the common building parts is supposed to be made inside the apartment or common building parts that are determined exclusively for his/her usage, provided that the Association member was notified of it by the Association in advance;
- l) To announce the Association in advance any construction works in the apartment and enable the Association and associated third parties to access the apartment, based on a prior call of the Association, to verify whether the made construction works do not endanger, damage or change the common building parts, even repeatedly;
- m) To make any interventions in the common building parts only with the prior consent of the Association, even if they are located inside the apartment or are accessible only from the apartment;
- n) To submit the Association for attention of the statutory body the verified project documentation in case of any construction works (construction works in the apartment);

- o) To enable the Association's representative to enter the apartment also without any prior call if any breakdown is being removed or if its causes are being detected;
  - p) Based on the Association's request, to announce the phone number and address of a person in the Czech Republic, who shall enable the entry in the apartment without undue delay in case of any emergency situations, and to keep this information updated;
  - q) To announce the absence in the apartment for more than two months and identify a person who shall enable the entry in the apartment within this period, if necessary. If the Association member does not have such a person, it will be any member of the Association statutory body;
  - r) To announce timely any changes and facts that are decisive for the services cost allocation, latest within thirty days after the change.
- 3) The extraordinary fees for the building management, that the Association imposes on its members for the breach of obligations, are due within 14 days after the written call for their payment is delivered. The payment of an extraordinary fee for the building management does not affect the right of the Association for compensation of damage within the full extent.
  - 4) The statutory body is obliged to ask the Association member for the access to the apartment or common building parts, that are determined exclusively for the member's usage pursuant to paragraph 2 l), m) and n), at least fifteen days before the planned date of access.
  - 5) The Association member or the common representative exercises the membership rights and obligations at the assembly's meeting. If the nature of a matter allows it, the Association member or the common representative exercises the membership rights and obligations outside the assembly's meeting at the committee. The committee may decide and stipulate which rights may be exercised and which obligations may be met not at the Association but at the third party that is responsible for the building management, eventually at the reception located in the building.
  - 6) The Association exercises its rights towards the Association member personally or by mail in a manner stipulated for the delivery of invitations for the assembly's meeting; the delivery by publishing a document on a notice board located in the common building parts or by publishing a document or delivering a document to a unit owner who did not announce the Association his/her postal address, shall be applied only in cases stipulated herein.
  - 7) In connection with the exercise of a right to inspect the documents pursuant to paragraph 1) e) and f), the Association member is not entitled to ask for the release of documents to his/her disposal. The Association member is not entitled to make any copies of the documents related to the labor relationships between the Association and its employees. The committee shall make the documents available to the Association member for inspection based on a written request containing the list of documents that the Association member wants to inspect. The committee shall notify the Association member without undue delay of the fact when and where the required documents will be prepared for inspection whereas this date must be later than 14 days after a day when the request of the Association member was delivered to the committee.

#### **Article XIV**

##### **Rules for Usage of Common Building Parts**

The rules for usage of common building parts are included in Annex No. X hereto.

## Article XV

### Payment of Costs Related to Building Management and Payment for Services

- 1) In order to finance the costs for the building management, the members pay the fees in the form of monthly advance payments as follows:
  - a) The same amount for the used unit – for the expenses of the Association's own managerial activity (Section 1180(2) of the Civil Code),
  - b) In the amount corresponding to the size of their co-ownership shares – for other expenses;unless the Association members agree upon another share in payment of the costs for the building management.
- 2) For purpose of financing the repairs, modernization and reconstruction of the common building parts, the total fee for the building management creates an accounting-separate repair fund. The rules of its creation and usage are approved by the assembly.
- 3) The advance fee for the building management, except for the repair fund, shall be accounted with each member latest within 4 months after the end of a calendar year and the accounting difference shall be settled latest within 4 months after the statement is delivered, unless the Association decides otherwise. The repair fund shall be accounted with each member in the minimum classification as the costs for repairs and expenses for modernization and reconstruction of the common building parts, within 4 months after the end of a calendar year; the unspent balance of the repair fund shall be settled and transferred to the next year.
- 4) Unless the Association decides otherwise for the given calendar year, such amount of a fee for the building management shall apply, that was valid for the previous calendar year and is increased by the inflation rate expressed by an annual change of harmonized indexes of consumer prices in the Czech Republic, as published by the Czech Statistical Office in Prague. The committee shall inform the Association members on such an increase of advance payments for services and on their current amount.
- 5) The Association ensures the following services related to the usage of units: supplies of heat and hot water, water supplies and sewerage water collection, operation of elevators, lighting of common building parts, operation of a heating system and air-conditioning, cleaning of common building parts, reception services, security, maintenance of green vegetation, reception of a radio and television signal, operation and cleaning of chimneys, municipal waste disposal and other services, which provision the assembly decides on.
- 6) Furthermore, the Association provides its members and other users with services that are not directly connected with the usage of units. These services are not paid from the Association's budget; the recipient of these services pays for the provided service upon its provision or immediately afterwards. The committee shall decide on the types of services that are not directly connected with the usage of units and on their price.
- 7) The Association members are obliged to pay monthly advance payments for services. The advance payments are due together with the fee for the building management always by the 20<sup>th</sup> day of the relevant calendar month at the latest. The advance payments are determined based on real costs of the previous accounting period that is a calendar year, with regard to the assumed amount of costs for the given calendar year.
- 8) If the Association does not decide otherwise for the given calendar year, such amount of advance payments for services shall apply, that was valid for the previous calendar year and is increased by the inflation rate expressed by an annual change of harmonized indexes of

consumer prices in the Czech Republic, as published by the Czech Statistical Office in Prague. In connection with this increase, the advance payments for services shall be rounded up to hundreds of Czech crowns. The committee shall inform the Association members on such increase of advance payments for services and on their current amount.

- 9) If the suppliers of services increase the prices for provided services in accordance with a contract concluded with the Association, the committee is obliged to increase the advance payments for services by a rate corresponding to the rate of increased prices for provided services, and to round them up to hundreds of Czech crowns. The committee shall inform the Association members on such an increase of advance payments for services and on their current amount.
- 10) The Association is obliged to account the advance payments for services latest within 4 months after the end of an accounting period. The financial statement shall be delivered to the Association members to the announced postal addresses and the information on financial statement shall be published on a notice board in the building too. The Association members have 30 calendar days after the financial statement is delivered to raise objections against the method and content of a financial statement. After this claim period expires, the financial statement may not be claimed any more. The settlement of raised objections shall be finished within 30 days after they are delivered. The overcharges and undercharges from the financial statement are due latest within 4 months after the financial statement is delivered to the Association member.
- 11) If the Association member is on default in any payment in favor of the Association, he/she is obliged to pay the interest on late payment amounting 1 ‰ of the amount due daily, however, the minimum is CZK 10 for each even initiated month of delay.
- 12) After any debt is detected, the statutory body is obliged to notify the Association member of the debt in writing and ask him/her for its payment. If the debt is not paid even after the Association member is notified by the statutory body, the statutory body is entitled to file a suit against the Association member concerning the payment of the amount due and its appurtenances whereas the owing Association member is obliged to pay all the costs related to the debt recovery and all the expenses for a court fee and legal representation. The Association is entitled to open enforcement proceedings against the debtor to recover the debt.

## **Article XVI**

### **Cost Allocation Rules – Cost Allocation Key**

- 1) The Annex No. 3 contains the cost allocation rules, so-called cost allocation key.

## **Article XVII**

### **Rules for Creation of the Association's Budget, Association's Management**

- 1) The Association manages the entrusted finances of the Association members, who pay them for the costs related to the common building parts management and for advance payments of services, eventually manages other finances gained within the Association's activity.
- 2) The budget for a calendar year is approved by the Association latest by the end of February of a calendar year, which the budget is related to. The statutory body submits the draft



budget to the Association. If the assembly does not approve the draft budget, the last approved budget will be used.

- 3) The budget includes two parts:
  - a) Management of funds created in accordance with these Articles and management of finances that the Association members pay for services.
  - b) Costs spent in connection with the building management and provision of services.
    - on bank accounts of the Association or other financial yields.
- 4) The Association's incomes are mainly:
  - a) Fees of the Association members for the building management;
  - b) Interests on late payment, received from the Association members due to their default in payment of fees for the building management;
  - c) Interests on late payment, received from the Association members due to their default in payment of fees related to the usage of units, in accordance with Section 1181 of the Civil Code, including the undercharges from their financial statement, and penalties for non-meeting of the member's obligation in accordance with Section 13(1) of the Act No. 67/2013 Coll., and fees for default in payment of a debt, in accordance with Section 13(2) of the Act No. 67/2013 Coll.;
  - d) Deposit interests on the Association's bank accounts;
  - e) Penalties, interests on late payment and contractual penalties paid by the third parties for the breach of their obligations arising from contracts concluded with the Association;
  - f) Indemnification from insurance policies concluded with the Association and concerning the common building parts, and premium refund for the favorable claim settlement;
  - g) Incomes from treatment of the Association's assets;
  - h) Provided services.
- 5) The Association's incomes are not any incomes resulting from treatment of the common amounts, even in case they are paid to the Association's bank account; these are mainly the following incomes:
  - a) Rent from the lease of common building parts;
  - b) Interests on late payment, paid due to the tenants' default in payment of rent for the common building parts and of services related to the usage of these common building parts, including the undercharges from their financial statement;
  - c) Incomes from the third parties, arising from the operation of the technical building equipment for these persons.
- 6) The Association creates funds, a list of which is mentioned in Annex No. 4 hereto, together with the rules for their treatment.
- 7) Any Association member guarantees for the Association's liabilities related to the Association's management in a proportion corresponding to his/her share in the common building parts.

## **Article XVIII**

### **Deliveries**

- 1) Any written documents delivered by the Association to individual Association members or vice versa shall be delivered usually by mail, courier service or personally.
- 2) The written form is kept also when delivering any document via an unsecured electronic communication network if the Association member asks for it in writing and announces his/her email address that shall be used for that purpose. Subsequently, the Association shall

provide the Association member with its email address used for the communication with the Association members.

### **Article XIX**

#### **Non-residential Premises**

The facts about apartments, included herein, shall apply reasonably also to the non-residential premises.

### **Article XX.**

#### **Transitory and Final Provisions**

- 1) The assembly's decisions, that had been adopted before these Articles became effective, that concern the determination of any payments of the Association members for the common building parts management and for services, and the method of determining their amount for individual Association members, and that could be adopted in accordance with these Articles, shall remain valid and effective even after these Articles become effective. The term of office of the committee members, who shall execute this office as of a day when these Articles become effective, shall be governed by these Articles as of a moment when these Articles become effective.
- 2) These Articles form a complete and entire agreement of the Unit Owners Association members for Korunní 810 Building and replace within the full extent the hitherto Memorandum, that was adopted by the Association members, changed by the assembly, or changed based on other legal facts.
- 3) These Articles become effective at the moment of their adoption.

In Prague, on 24 November 2016