

"EXHIBIT B"

BY-LAWS

COUNCIL OF UNIT OWNERS OF  
WASHINGTONPARK INDUSTRIAL CONDOMINIUM

ARTICLE I

Name and Location

Section 1. Name and Location. The name of the Council of Unit Owners, an unincorporated body, is as follows:

COUNCIL OF UNIT OWNERS OF  
WASHINGTON PARK INDUSTRIAL CONDOMINIUM

Its principal office and mailing address is as follows:

5828 Hubbard Drive, Rockville, Maryland 20852

ARTICLE II

Definitions

Section 1. Declaration. "Declaration", as used herein, means that certain Declarations made the 28th day of May, 1986, by the Declarant therein identified, pursuant to Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol. and 1984 Suppl.) and as amended, by which certain described premises (including land) are submitted to a condominium Property regime and which Declaration is recorded among the Land Records for Prince George's County, Maryland, immediately prior hereto and to which these By-Laws are appended as an Exhibit.

Section 2. Mortgagee. "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the condominium units in the condominium. "Mortgage", as used herein, shall include deed of trust. "First mortgage", as used herein, shall mean a mortgage with priority over other mortgages. As used in these By-Laws, the term "mortgagee" shall mean any mortgages and shall not be limited to institutional mortgagees. As used in there By-Laws, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government.

Section 3. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in this Declaration or in Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol. and 1984 Suppl.).

ARTICLE III

Membership

Section 1. Members. Every person, group of persons, corporation, partnership, trust or other Legal entity, or any combination thereof, who holds legal title to a unit within the condominium shall be a member of the Council of Unit Owners; provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity, or

any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a member of the Council of Unit Owners by reason only of such interest.

Section 2. Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state that the Council of Unit Owners is organized under the laws of the State of Maryland, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificate shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the condominium unit to which such membership is appurtenant. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Council of Unit Owners and may be sealed with the seal of the Council of Unit Owners, if any. Such signatures and seal may be original or facsimile.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Council of Unit Owners and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the unit owner claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered holder or holders of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Council of Unit Owners a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Council of Unit Owners.

#### ARTICLE IV

##### Powers of the Council of Unit Owners

Section 1. Powers. The Council of Unit Owners has, subject to any provisions of Title 11, Real Property Article, Annotated Code of Maryland, (1981 Repl. vol. and 1984 Suppl.), the Declaration and any Amendments thereto, the Condominium Plat, and any Amendments thereto and as further provided or limited otherwise in these By-Laws, the following powers:

- (1) To have perpetual existence, subject to the right of the unit owners to terminate the condominium regime.
- (2) To adopt and amend by-laws and rules and regulations;
- (3) To adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from unit owners;
- (4) To sue and be sued, complain and defend, or intervene litigation or administrative proceedings in its own name on behalf of itself or two or more unit owners on matters affective the condominium;
- (5) To transact its business, carry on its operations and exercise the powers provided in this subsection in any state, territory, district, or possession of the United States and in any foreign country;
- (6) To make contracts and guarantees, incur liabilities and borrow money, sell, mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its property and assets;
- (7) To issue bonds, notes, and other obligations and secure the same by mortgage or deed of trust of any part of its property, franchises, and income;
- (8) To acquire by purchase or in any other manner, to take, receive, own, hold, use, employ, improve, and otherwise deal with any property, real or personal, or any interest therein, wherever located;
- (9) To hire and terminate managing agents and other employees, agents, and independent contractors;

- (10) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of corporations of the State, or foreign corporations, and of associations, partnerships, and individuals;
- (11) To invest its funds and to lend money in any manner appropriate to enable it to carry on its operations or to fulfill the purposes named in the declaration or by-laws, and to take and to hold real and personal property as security for the payment of funds so invested or loaned;
- (12) To regulate the use, maintenance, repair, replacement, and modification of common elements;
- (13) To cause additional improvements to be made as a part of the general common elements;
- (14) To grant easements, leases, licenses, and concessions through or over the general common elements;
- (15) To impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements other than limited common elements;
- (16) To impose charges for late payments of assessments and, after notice and an opportunity to be heard levy reasonable fines for violations of the Declaration, By-Laws, and rules and regulations of the council of unit owners, pursuant to Article IX, Section 5 of these By-Laws;
- (17) To impose reasonable charges for the preparation and recordation of amendments to the Declaration, By-Laws, rules, regulations, or resolutions, resale certificates, or statements of unpaid assessments;
- (18) To provide for the indemnification of and maintain liability insurance for officers, directors, and any managing agent or other employees charged with the operation or maintenance of the condominium;
- (19) To exercise any other powers conferred by the Declaration or By-Laws;
- (20) To exercise any other powers necessary and proper for the governance and operation of the council of unit owners; and
- (21) Generally, to exercise the powers set forth in Title 11, Real Property Article, Annotated Code of Maryland, (1981 Repl. Vol. and 1984 Suppl.) and the Declaration or By-Laws and to do every other act not inconsistent with law, which may be appropriate to promote and attain the purpose set forth in the Maryland Code, the Declaration or By-Laws.
- (e) A unit owner shall NOT have any right, title, or interest in any property owned by the Council of Unit Owners other than as holder of a percentage interest in common expenses and common profits appurtenant to his unit.
- (f) A unit owner's rights as holder of a percentage interest in common expenses and common profits are such that:
- (1.) A unit owner's right to possess, use, or enjoy property of the Council of Unit Owners shall be as provided in the By-Laws; and
- (2.) A unit owner's interest in the property is not assignable or attachable separate from his unit except as is provided in Article IV of the Declaration.
- (22) To delegate any of its powers to a Board of Directors, officers or managing agent.

## ARTICLE V

### Meetings of Unit Owners

Section 1. Place of Meeting. Meetings of the Unit owners shall be held at the principal office of the Council of Unit Owners or at such other suitable place within the State of Maryland reasonably convenient to the unit owners as may from time to time be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the unit owners shall be held at such time as the Board of Directors shall determine but, in any event, within sixty (60) days after fifty percent (50%) of the percentage interest

in the condominium have been sold and title to the same has been conveyed by the Declarant or within six (6) months following the recordation of the Declaration, whichever shall first occur, such period as used herein to be called the "Initial Operating Period". If the first annual meeting is held prior to the conveying of fifty percent (50%) of the percentage interest in the Condominium, then a separate meeting shall be held within sixty (60) days after fifty percent (50%) of the percentage interest in the Condominium have been sold and title to the same has been conveyed by the Declarant. Thereafter the annual meetings of the unit owners shall be held during the month of December of each succeeding year, with notice being given to each unit owner no later than ten (10) nor more than ninety (90) days prior to said meeting. At such meeting there shall be elected by ballot of the unit owners a Board of Directors in accordance with the requirements of Article VI of these By-Laws. The unit owners may also transact such other business of the Council of Unit Owners as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the president to call a special meeting of the unit owners as directed by resolution of the Board of Directors or upon a petition signed by unit owners representing at least twenty percent (20%) of the total votes of the unit owners having been presented to the Secretary; provided, however, that, except upon resolution of the Board of Directors, no special meeting of the unit owners shall be called prior to the first annual meeting of unit owners as hereinabove provided for. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof, and shall be given no less than ten (10) not more than ninety (90) days prior to said meeting. No business shall be transacted at a special meeting except as specifically stated in the notice.

Section 4. Roster of Unit Owners. The Council of Unit Owners shall maintain a current roster of the names and addresses of each unit owner to which written notice of meetings of the Council of Unit Owners shall be delivered or mailed. Each unit owner shall furnish the Council of Unit Owners with his name and current mailing address.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail or otherwise deliver a notice of each annual and special meeting of the Council of Unit Owners, stating the purpose thereof as well as the time and place where it is to be held, to each unit owner at his address as it appears on the roster of unit owners maintained by the Council of Unit Owners, or if no such address appears, at his last known place of address or at his condominium unit, at least fifteen (15) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice. Attendance by a unit owner at any annual or special meeting shall be a waiver of notice by him of the time, place and purpose thereof. Notice of any annual or special meeting of the unit owners may also be waived by any unit owner either prior to, at or after any such meeting.

Section 6. Quorum. The presence, either in person or by proxy, of unit owners representing at least thirty percent (30%) of the total voters of the Council of Unit Owners shall be requisite for, and shall constitute a quorum for, the transaction of business at all meetings of members.

Section 7. Adjourned Meetings. If any meeting of unit owners cannot be organized because a quorum has not attended, the unit owners who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 8. Voting. At every meeting of the unit owners, each of the unit owners shall have the right to cast the number of votes appurtenant to his unit, as established in "EXHIBIT C" of the Declaration or as otherwise established in the Declaration, on each question. The votes of the unit owners representing thirty percent (30%) or more of the votes of the unit owners present and voting in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Condominium Act or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any condominium unit which is owned by more than one (1) person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such condominium unit is noted at such meeting. In the event all of the co-owners of such condominium unit who are present at any meeting of the unit owners are unable to agree on the manner in which the vote for such condominium unit shall be cast on any particular question, then such vote shall not be counted for purpose of deciding the question. In the event any condominium unit is owned by a corporation, then the vote appurtenant to such condominium unit shall be cast by a person designated in a certificate

signed by the president or any vice president and attested by the secretary or an assistant secretary or such corporation and filed with the Secretary or the Council of Unit Owners at or prior to the meeting. Any such certificate shall remain valid until revoked or superceded in writing. The vote appurtenant to any condominium unit which is owned by a trust or partnership may be exercised by any trustee or authorized general partner thereof, as the case may be and, unless any objection or protest by any other trustee or authorized general partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No unit owner shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors who is shown on the books or management accounts of the Council of Unit Owners to be more than thirty (30) days delinquent in any payment due the Council of Unit Owners.

Section 9. Proxies. A unit owner may appoint any other unit owner, his tenant, mortgagee or the Declarant or the Management Agent as his proxy. In no case may any unit owner (except the Declarant, the Management Agent or any mortgagee) cast more than two votes by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in form approved by the board of Directors at or before the appointed time of such meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the unit owner; provided, however, that no proxy is effective for a period in excess of one hundred eighty (180) days unless granted to a mortgagee or lessee of the condominium unit to which the votes are appurtenant. A proxy who is not appointed to vote as directed by a unit owner may only be appointed for purpose of meeting quorum and to vote for matters of business before the Council of Unit Owners, other than the election of officers and members of the Board of Directors.

Section 10. Rights of Mortgagees. Any institutional mortgages of any condominium unit in the condominium who desires notice of the annual and special meetings of the unit owners shall notify the Secretary to that effect by Registered mail-Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the unit owners should be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional mortgagees from whom such notices are received, and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the unit owners to each such institutional mortgagee, in same manner, and subject to the same requirements and limitations as are provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the unit owners and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the unit owners present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the unit owners upon request made in writing to the Secretary.

Section 11. Order of Business. The order of business at all annual meetings of the unit owners of the Council of Unit Owners shall be as follows:

- a. Roll call and certification of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of minutes of preceding meetings, if any.
- d. Reports of officers, if any.
- e. Reports of committees, if any.
- f. Election or appointments of inspectors of election.
- g. Election of Directors.
- h. Unfinished business.
- i. New business.

j. Adjournment.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

Section 12. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the unit owners shall be determined by the Chairman of such meeting.

Section 13. Inspectors of Election. The board of Directors may, in advance of any annual or special meeting of the unit owners appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meeting of unit owners shall appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of his duties, shall take and sign an oath or affirmation faithfully to execute the duties of inspector of election at such meeting. The oath so taken shall be filed with the Secretary of the Council of Unit Owners. No officer or director of the Council of Unit Owners, and no candidate for Director of the Council of Unit Owners, shall act as an inspector of election at any meeting of the unit owners if one of the purposes of such meeting is to elect Directors.

## ARTICLE VI

### Directors

Section 1. Number and Qualification. The affairs of the Council of Unit Owners shall be governed by a Board of Directors composed of an uneven number of at least three (3) natural persons and not more than seven (7) natural persons, a majority of whom (after the first annual meeting of unit owners hereinabove provided for) shall be unit owners. Prior to the first annual meeting of unit owners, the number of Directors shall be determined, from time to time, by a vote of the initial Directors hereinafter named. Thereafter, the number of Directors shall be determined by a vote of the unit owners of the first annual meeting of unit owners and the number of Directors may be changed by a vote of the unit owners at any subsequent annual or special meeting of the unit owners; provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 2. Initial Directors. The initial Directors shall be selected by the Declarant and need not be unit owners. The names of the Directors who shall act as such from the date upon which the declaration is recorded among the Land Records for Prince Georges's County, Maryland, until the first annual meeting of the unit owners are Harvey B. Maisel, Michael S. Hollins and James E. Savitz.

Section 3. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Council of Unit Owners and the Condominium and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the unit owners. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

To provide for the

(a) care, upkeep and surveillance of the condominium and its general and limited common elements and services in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(b) establishment, collection, use and expenditure of assessments and carrying charges from the unit owners and for the assessment, filing and enforcement of Statement of Condominium Liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(c) designation, hiring and dismissal of the personnel necessary for the good working order of the condominium and for the proper care of the common elements and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(d) promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the condominium and the use of the general and

limited common elements and as are designated to prevent unreasonable interference with the use and occupancy of the condominium and of the general and limited common elements by the unit owners and others, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration; and

(e) authorization, in their discretion, of the payment of patronage refunds from residual receipts or common profits when and as reflected in the annual report; and

(f) to enter into agreements whereby the Council of Unit Owners acquires leaseholds, memberships and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment or welfare of the unit owners and to declare expenses incurred in connection therewith to be common expenses of the Council of Unit Owners; and

(g) to purchase insurance upon the condominium in the manner provided for in these By-Laws; and

(h) to repair, restore or reconstruct all or any part of the condominium after any casualty loss in a manner consistent with law and the provisions of these By-Laws and to otherwise improve the condominium; and

(i) to lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the condominium; and

(j) to purchase condominium units in the condominium and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration; and

(k) to appoint the members of the Architectural and Environmental Control Committee provided for in Article XI of these By-Laws and to appoint the members of such other committees as the Board of Directors may from time to time designate,

Section 4. Management Agent. The Board of Directors shall employ for the council of Unit Owners a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Council of Unit Owners shall not undertake "self-management" or otherwise fail to employ a professional management agent or manager without the prior written approval of all of the institutional holders of all first mortgages on the condominium units in the condominium. Any management agreement entered into by the Council of Unit Owners shall provide, inter alia, that such agreement may be terminated for cause upon thirty (30) days written notice thereof. The term of any such management agreement shall not exceed three (3) years; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods.

Section 5. Election and Term of Office. The term of the Directors named herein shall expire when their successors have been elected at the first annual meeting of unit owners and are duly qualified. The election of Directors shall be by ballot, unless balloting is dispensed with by the unanimous consent of the unit owners present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of the unit owners, the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed for two (2) years, and the term of office of the other Director or Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. In the alternative, the membership may, by resolution duly made and adopted at the first annual meeting of members, or at any subsequent annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the unit owners at the next annual meeting to serve out the unexpired portion of the term.

Section 7. Removal of Directors. At an annual meeting of unit owners, or at any special duly called for such purpose (but only at or after the first annual meeting of unit owners, as hereinafter provided for) any Director may be removed with or without cause by the affirmative vote of the majority of the votes of the unit owners present and voting, in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the unit owners shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due the Council of Unit Owners may be terminated by resolution of the remaining Directors, and the remaining Directors shall appoint his successor as provided in this Article.

Section 8. Compensation. No compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the unit owners, no remuneration shall be paid to any Director who is also a unit owner for services performed by him for the Council of Unit Owners in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Director.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present at such first meeting.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the president on three (3) days notice of each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the president or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Directors.

Section 12. Closed Meetings. A meeting of the Board of Directors may be held in closed session only for the following purposes:

- (1) Discussion of matters pertaining to employees and personnel;
- (2) Protection of the privacy or reputation of individuals in matters not related to the Council of Unit Owners' business;
- (3) Consultation with legal counsel;
- (4) Consultation with staff personnel, consultants, attorneys, or other persons in connection with pending or potential litigation;
- (5) Investigative proceedings concerning possible or actual criminal misconduct;
- (6) Complying with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or
- (7) On an individually recorded affirmative vote of two-thirds (2/3) of the board members present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

If a meeting is held in closed session:

- (1) An action may not be taken and a matter may not be discussed if it is not permitted by subsection (a); and



(2) A statement of the time, place and purpose of any closed meeting, the record of the vote of each board member by which any meeting was closed, and the authority under this section for closing any meeting shall be included in the minutes of the next meeting of the Board of Directors.

Section 13. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 14. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 15. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 16. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the condominium who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of each institutional mortgagee and the name of the person to whom notice of the regular and special meeting of the Board of Directors shall be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional mortgagees from whom such notices are received, and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in the Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors, and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representatives shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 17. Fidelity Bonds. The Board of Directors shall require that all officers, Directors and employees of the Council of Unit Owners regularly handling or otherwise responsible for the funds of the Council of Unit Owners shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article XII of these By-Laws. The premiums on such bonds or insurance shall be paid by the Council of Unit Owners.

## ARTICLE VII

### Officers

Section 1. Designation. The principal officers of the Council of Unit Owners shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the first annual meeting of unit owners, the officers of the Council of Unit Owners need not be unit owners. Thereafter, except for the President, the officers of the Council of Unit Owners need not be unit owners. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The office of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of the Council of Unit Owners shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The president shall be the chief executive officer of the Council of Unit Owners. He shall preside at all meetings of the unit owners and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint such committees from among the unit owners from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of the Council of Unit Owners. The Secretary shall count the votes at all meetings of the unit owners.

Section 5. Vice President. The Vice president shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also assist the President generally and shall perform such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the unit owners for the recording of the resolutions of the Council of Unit Owners. The Secretary shall give notice of all annual and special meetings of the unit owners in conformity with the requirements of these By-Laws. The Secretary shall have custody of the seal of the Council of Unit Owners, if any. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct, and he shall, in general, perform all of the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of the Council of Unit Owners and shall be responsible for keeping or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Council of Unit Owners. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit, of the Council of Unit Owners in such depositories as may from time to time be designated by the Board of Directors.

## ARTICLE VIII

### Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Council of Unit Owners shall indemnify every officer and Director of the Council of Unit Owners against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Council of Unit Owners) to which he may be made a party by reason of being or having been an officer or Director of the Council of Unit Owners, whether or not such person is an officer or Director of the Council of Unit Owners at the time such expenses are incurred. The officers and Directors of the Council of Unit Owners shall not be liable to the unit owners for any mistake of judgement, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Council of Unit Owners shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council of Unit Owners or the condominium except to the extent that such officers or Directors may also be owners of condominium units) and the Council of Unit Owners shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be in addition to and not exclusive of any other rights to which any officer or Director of the Council of Unit Owners, or former officer or Director of the Council of Unit Owners, may be entitled.

Section 2. Common or interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Council of Unit Owners and the condominium. No contract or other transaction between the Council of Unit Owners and one or more of its Directors, or between the Council of Unit Owners and any corporation, firm or association (including the Declarant) in which one or more of the Directors of the Council of Unit Owners are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) the fact of the common directorate or interest is disclosed or known to the Board of Directors of a majority thereof or noted in the minutes, and the Board of Directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) the fact of the common directorate or interest is disclosed or known to the unit owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) the contract or transaction is commercially reasonable to the Council of Unit Owners at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

## ARTICLE IX

### Assessments and Carrying Charges for Common Expenses

Section 1. Annual Assessments and Carrying Charges. Each unit owner shall pay to the Council of Unit Owners, in advance, a monthly sum (herein elsewhere sometimes referred to as "assessments" or "carrying charges") equal to one-twelfth (1/12) of the unit owner's proportionate share (determined in accordance with the percentage interests in common expenses as common profits of the condominium set forth on "EXHIBIT C" attached to the Declaration or as otherwise established in the Declaration of the sum required by the Council of Unit Owners, as estimated by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following:

(a) the cost of all operating expenses of the condominium and services furnished, including, without limitation, charges by the Council of Unit Owners for facilities and services furnished by it and charges by the Community Facilities Trustee who shall be charged with the duty of day to day management of if the condominium for facilities and services furnished by it; and

(b) the cost of necessary management and administration, including fees paid to any management Agent; and

(c) the amount of all taxes and assessments levied against the Council of Unit Owners or upon any property which it may own or which it is otherwise required to pay, if any; and

(d) the cost of fire and extended coverage and liability insurance on the project and the cost of such other insurance as the Council of Unit Owners may effect; and

(e) the cost of furnishing water, electricity, heat, gas garbage and trash collection and other utilities, to the extent furnished by the Council of Unit Owners; and

(f) the cost of funding contributions to the "Paid-in-Surplus" account of the council of Unit Owners and the cost of funding all reserves established by the Council of Unit Owners and by the Community Facilities Trustees including, when appropriate, a general operating reserve and a reserve for replacements; and

(g) the estimated cost of repairs, maintenance and replacements of the common elements of the condominium to be made by the Council of Unit Owners.

The Board of Directors shall determine the amount of the assessments at least annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of both the Board of Directors and the unit owners representing at least thirty percent (30%) of the total votes of the unit owners, installments of annual assessments may be levied and collected on a quarterly, semiannual or annual basis rather than on the monthly basis hereinabove provided for.

The Board of Directors of the Council of Unit Owners shall take reasonable efforts to fix the amount of the assessment against each condominium unit for each annual assessment period at least thirty (30) days in advance of the commencement of such period and shall, at that time, prepare a roster of the condominium units and assessments applicable thereto which shall be kept in the office of the Council of Unit Owners and shall be open to inspection by the owner or mortgagee of any condominium unit, and by their respective duly authorized agents and attorneys, upon reasonable notice to the Board of Directors. Written notice of the assessments shall thereupon be sent to the unit owners. The omission of the Board of Directors, before the expiration of any annual assessment period, to fix assessments for that or the next such period shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any unit owner from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period; but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No unit owner may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him. Notwithstanding anything heretofore to the contrary, the Declarant shall not be liable to the Council of Unit Owners or to any one or group of Unit Owners for the payment of any condominium fees, assessments or charges incurred or assessed during the Initial Operating Period of the project by any individual, group or entity. It is understood that the Declarant shall, during the Initial Operating Period, be liable for and shall pay all costs of operation and maintenance of the project including, but not limited to, landscape and premises maintenance, utilities, and all other costs of common expenses prior to relinquishment of control to the Council of Unit Owners, as provided in Article V, Section 2, above except to the extent such expenses are compensated by the condominium fees paid by unit owners other than the Declarant. All unit owners shall pay a monthly fee to the Declarant, as unit owner's pro rata share of the costs of operating and maintaining the project, during the Initial Operating Period. All unit owners and the Council of Unit Owners relieve the Declarant from the payment of such fees during the period of development of the project until relinquishments of control as described above. At the end of the Initial Operating Period, maintenance and operation of the project shall be turned over to the Council of Unit Owners, all payments by unit owners to the Declarant shall cease, and common expenses shall be assessed by and paid monthly to the Council of Unit Owners as such Unit Owner's condominium fee.

#### Section 2. Budget.

(a) The Council of Unit Owners shall cause to be prepared and submitted to the unit owners an annual proposed budget at least thirty (30) days prior to its adoption.

(b) The annual budget shall provide for at least the following items: (1) Income; (2) Administration; (3) maintenance; (4) Utilities; (5) General Expenses; (6) Reserves; and (7) Capital Items.

(c) The budget shall be adopted at an open meeting of the Council of Unit owners or any other body to which the Council of Unit Owners delegates responsibilities for preparing and adopting the budget.

(d) Any expenditure made other than those made because of conditions which, if not corrected, could reasonably result in threat to the health or safety of the unit owners or a significant risk of damage to the condominium, that would result in an increase in an amount of assessments for the current fiscal year of the condominium in excess of fifteen percent (15%) of the budgeted amount previously adopted, shall be approved by an amendment to the budget adopted at a special meeting, upon not less than ten (10) days written notice to the Council of Unit Owners.

(e) The adoption of a budget shall not impair the authority of the Council of Unit Owners to obligate the council of Unit owners for expenditures for any purpose consistent with any provision of Title 11, Real Property Article, Annotated Code of Maryland, (1981 Repl. Vol. and 1984 Suppl.).

(f) Copies of the budget shall be available for examination by the unit owners and by their duly authorized agents and attorneys, and to the institutional holder of any first mortgage on any condominium unit in the condominium and by their duly authorized agents and attorneys during normal business hours for purposes reasonably related to their respective interests.

Section 3. Special Assessments. In addition to the regular assessments authorized by this Article, the Council of Unit Owners may Levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction; unexpected repair or replacement of a described capital improvement located upon the condominium, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate; provided, however, that any such special assessment shall have the assent of the unit owners representing two-thirds (2/3) of the total votes of the Council of Unit Owners. A special meeting of the unit owners shall be duly called for this purpose.

Section 4. Reserve for Replacements. The council of Unit Owners shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of any state or an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, any state or the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the common elements and equipment of the condominium and for start-up costs and operating contingencies of a nonrecurring nature. The proportionate interest of any unit owner in any reserve for replacements and any other reserves established by the Council of Unit Owners shall be considered an appurtenance of his condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the condominium unit to which it appertains and shall be deemed to be transferred with such condominium unit.

Section 5. Non-Payment of Assessments - Statement of Condominium Lien. Any assessment levied pursuant to the Declaration or these By-Laws, and any installment thereof, which is not paid on the date when due shall be delinquent and shall entitle the Council of Unit Owners to claim the amount of such assessment, together with interest thereon and the actual costs of collection thereof, as a lien on the condominium unit against which it is assessed; provided, however, that such lien shall be effective only after a Statement of Condominium Lien is recorded among the Land Records of the jurisdiction where the Declaration was originally recorded, stating the description of the condominium unit, the name of the unit owner of record, the amount due and the period for which the assessment is due. Any such Statement of Condominium Lien shall be in substantially the following form or as may otherwise be required by the Condominium Act:

#### STATEMENT OF CONDOMINIUM LIEN

This is to certify that \_\_\_\_\_, owner(s) of Unit No. \_\_\_\_\_ in  
" \_\_\_\_\_ " (is) (are) indebted to the Council of Unit Owners of  
\_\_\_\_\_ in the amount of \$ \_\_\_\_\_ as of  
\_\_\_\_\_, 19\_\_\_\_\_, for (his) (their) proportionate share of the common expenses of the  
condominium for the period from \_\_\_\_\_, 19\_\_\_\_\_ to \_\_\_\_\_,  
19\_\_\_\_\_, plus interest thereon at the rate of eighteen percent (18%), costs of collection and reasonable attorney's  
fees.

Written notice of intention to file this Statement of Condominium Lien, of the amount due, and of the unit owner's right to request a hearing pursuant to Section 11-110 (d) of the Condominium Act was given as provided in Section 11-110 (d) at least fifteen (15) days in advance of the date this Statement of Condominium Lien is being submitted for recordation.

THE COUNCIL OF UNIT OWNERS OF

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By: \_\_\_\_\_

Officer's Title (or Agent)

Address

Telephone

I HEREBY AFFIRM under Penalties of perjury that the information contained in the foregoing Statement of Condominium Lien is true and correct to the best of my knowledge, information and belief.

\_\_\_\_\_

Officer (or Agent)

The Statement of Condominium Lien shall be signed and verified as required in the Condominium Act by an officer of Council of Unit Owners, or by the management Agent or any duly authorized representative thereof, or by any agent, attorney other person duly authorized by the Board of Directors or the Council of Unit Owners for such purposes.

Upon recordation of the Statement of Condominium Lien as aforesaid, the lien shall bind the condominium unit described in the Statement of Condominium Lien in the hands of the unit owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the unit owner to pay the assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgement for non-payment of any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, may be maintained without foreclosing or waiving the lien established by the Statement of Condominium Lien to secure payment of such assessment. Upon full payment of the amount for which the lien is claimed, the unit owner shall be entitled to a recordable satisfaction of the lien.

Any assessment levied pursuant to the Declaration or these By-Laws, and any installment thereof, which is not paid when due may, upon resolution of the Board of Directors, subject the unit owner obligated to pay the same to the payment of such penalty or "late charge" as the Board of Directors may fix, and the Council of Unit Owners may bring an action at law against the unit owner personally obligated to pay the same or may, after recordation of the Statement of Condominium Lien provided for in this Article and in the Condominium Act, foreclose the lien against the condominium unit or units then belonging to said unit owner in the same manner, and subject to the same requirement, now or hereafter provided for the foreclosure of mortgages or deeds of trust in the State of Maryland containing a power of sale or an assent to a decree; in either of which events interest at the rate of eighteen percent (18%) per annum, or such other rate as may be set by the Board of Directors from time to time, actual costs of collection and reasonable attorneys' fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment. Suit for any deficiency following foreclosure may be maintained in the same proceeding. No suit may be brought to foreclose the lien except after ten (10) days' written notice to the unit owner given by Registered mail, Return Receipt Requested to the address of the unit owner shown on the roster of unit owners maintained by the Council of Unit Owners.

In the event any proceeding to foreclose the lien for any assessment due the Council of Unit Owners pursuant to this Article is commenced with respect to any condominium unit or units in the condominium, then the owner of such

condominium unit or units, upon resolution of the Board of Directors, may be required to pay a reasonable rental for such unit or units and the Council of Unit Owners shall be entitled to the appointment of a receiver to collect the same.

The Board of Directors may post a list of members who are delinquent in the payment of any assessment or other fees which may be due the Council of Unit owners, including any installment thereof which becomes delinquent, in any prominent location within the condominium.

Section 6. Priority of Lien. The lien established by the recordation of a Statement of Condominium Lien, as in this Article provided, shall have preference over any other assessments, liens, judgements or charges of whatever nature, except the following:

(a) General and special assessments for ad valorem real estate taxes on the condominium unit; and

(b) The lien of any bona fide deed of trust, mortgage, or other encumbrance duly recorded on the condominium unit prior to the recordation of the Statement of Condominium Lien, or duly recorded on the condominium unit after receipt by holder of any such mortgage (or the holder of the indebtedness of or note secured thereby) of a certificate or statement in writing signed by an officer or agent of the Council of Unit Owners stating the payments on account of all assessments levied by the Council of Unit Owners against the condominium unit were current as of the date of recordation of such deed of trust, mortgage instrument or other encumbrance.

The lien established by the recordation of a Statement of Condominium Lien, as in this Article provided, shall be subordinate to the lien of any deed or trust, mortgage or other encumbrance duly recorded on the condominium unit and made in good faith and for value received; provided, however that such subordination shall apply only to assessments, and installments thereof, which have become due and payable prior to a sale or transfer of the condominium unit pursuant to a foreclosure or any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust, mortgage, or other encumbrance duly recorded on the condominium unit and made in good faith and for value received who comes into possession of the condominium unit pursuant to a foreclosure or any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale shall take the condominium unit free of any claims for unpaid common expenses and carrying charges levied against the condominium unit which accrue prior to the time such holder comes into possession of the condominium unit or prior to the foreclosure sale, except for claims for proportionate share of such unpaid common expense assessments and carrying charges resulting from a reallocation of such unpaid common expenses or carrying charges among all of the condominium units in the condominium. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not relieve the mortgagee in possession or the purchaser at any foreclosure sale from any liability for any common expense assessments and carrying charges thereafter becoming due, or from the lien established by the recordation of a Statement of Condominium Lien with respect to any common expense assessments and carrying charges thereafter becoming due.

No amendment to this Section shall affect the rights of the holder of any such deed of trust, mortgage or other encumbrance recorded prior to the recordation of such amendment unless the holder of such deed of trust, mortgage or other encumbrance shall join in the execution of such amendment.

Section 7. Additional Rights of Mortgagees - Notice. The Council of Unit Owners shall promptly notify the holder of the first mortgage on any condominium unit for which any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days, and the Council of Unit Owners shall promptly notify the holder of the first mortgage on any condominium unit with respect to which any default in any provision of the Declaration or these By-Laws remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the priorities established by this Article, the validity of any assessment levied pursuant to the Declaration of these By-Laws or the validity of any lien to secure the same.

No suit or other proceeding may be brought to foreclose the lien fat any assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days written notice to the holder of the first mortgage on the condominium unit which is the subject matter of such suit or proceeding.

Section 8. Acceleration of Installments. Upon default in the payment of any one or more monthly installments of any assessment levied pursuant to the Declaration or these By-Laws, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 9. Assessment Certificates. The Council of Unit Owners shall, upon demand at any time, furnish to any unit owner liable for any assessment levied pursuant to the declaration or these By-Laws (or any other party legitimately interested in the same) a certificate in writing signed by an officer or agent of the Council of Unit Owners, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any installment of any assessment therein stated to have been paid. A charge not to exceed One Hundred Dollars (\$100.00) may be levied in advance by the Council of Unit Owners for each certificate as delivered, except that no charge shall be levied against any institutional mortgagee of any condominium unit in the condominium who requested such a certificate. The charge for such certificate shall be fifty dollars (\$50.00) until further determination by the Board of Directors.

Section 10. Additional Default. Any recorded first mortgage secured on a condominium unit in the condominium shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness or note secured thereby). Such mortgages shall also provide that, in the event of any default thereunder, the mortgagee shall have the right, at its option exercised by notice in writing to the mortgagor and the Secretary of the Council of Unit Owners, to cast the votes appurtenant to the condominium unit which is security for repayment of the mortgage debt at all meetings of the unit owners. Failure to include such provisions in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the holder of the indebtedness or note secured thereby) by reason of the provisions of this Article shall not be altered, modified, or diminished by reason of any such failure.

## ARTICLE X

### Use Restrictions

SectionI. Use. All condominium units in the condominium be used for any lawful commercial or storage purpose in a manner consistent with the limitations of law, these By-Laws and the rules, regulations, resolutions and orders of all governmental or quasi-governmental authorities having or claiming jurisdiction over the condominium, including without limitation, the requirements of any special exception, variance or the like. No unit shall be occupied for residential purposes by any owner, tenant or other person on a temporary or permanent basis.

Section 2. Leasing. Any owner of any condominium unit who shall lease such unit or any portion thereof shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. All leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of the tenant to use the condominium unit be subject and subordinate in all respects to the provisions of the Declaration and these By-Laws and to such other reasonable rules and regulations relating to the use of the common elements, or other "house rules", as the Board of Directors from time to time promulgate and shall provide, further, that any failure by the tenant to comply with the provisions of such documents shall be a default under the lease. The provisions of this subsection shall not apply to any institutional first mortgagee of any condominium unit who comes into possession of the unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

Section 3. Prohibited Uses and Nuisances. Except for the activities of the Declarant and its agents, employees, contractors and invitees in connection with the construction and marketing of the condominium, and except as may



be otherwise reasonable and necessary in connection with the maintenance, improvement, repair or reconstruction of any portion of the condominium by the Declarant or the Council of Unit Owners:

(a) No unlawful trade or activity shall be carried on within any condominium unit, nor shall anything be done therein or thereon which may be or become an unreasonable source of annoyance to the other unit owners. No nuisances shall be permitted within the condominium, nor shall any use or practice be permitted which is or becomes an unreasonable interference with the peaceful use and possession thereof by the unit owners.

(b) There shall be no obstruction of any of the general common elements. Nothing shall be stored upon any of the general common elements, except in those areas designated for storage of personal property by the owners of the condominium units.

(c) Nothing shall be done or maintained in any condominium unit or upon any of the common elements which will increase the rate of insurance on any condominium unit or the common elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any condominium unit or upon the common elements which would be in violation of any law. No waste shall be committed upon any of the common elements.

(d) No structural alteration, construction, addition or removal of any condominium unit or the common elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws.

(e) Water closets and other plumbing apparatus, if any, within the condominium shall be used only for the purpose for which they are designed and such plumbing apparatus shall not be used for the disposal of sweepings, trash, rubbish, chemicals, reagents, paint or the like.

(f) Except for such signs as may be posted by the Declarant or the Council of Unit Owners for promotional or marketing purposes, traffic control or the like, no signs of any character shall be erected, posted or displayed upon, in, from or about any condominium unit or the common elements without the prior consent in writing of the Architectural and Environmental Control Committee and under such conditions as it may establish. The Architectural and Environmental Control Committee is hereby authorized to adopt and promulgate rules and regulations regarding the size, color, location and content of all signs to be erected, posted or displayed upon, in, from or about any condominium unit or the common elements.

(g) The storage, repair or extraordinary maintenance of automobile or other motor vehicles shall not be carried out upon any of the common elements of the condominium.

(h) No burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any condominium unit or upon any of the general common elements. All refuse shall be deposited with care in containers designated for each individual unit for such purpose during such hours as may from time to time be designated by the Board of Directors.

(i) No bell, whistle, horn, bell siren or other similar device shall be installed upon the exterior of any condominium unit or upon the common elements except in connection with such security systems as may be maintained by the unit owners.

(j) No outside radio aerial or antenna, or other aerial antenna, for reception or transmission, shall be maintained upon any condominium unit or upon any of the common elements except with the prior written consent of the Architectural and Environmental Control Committee and under such reasonable limitations and conditions as it may establish.

(k) No unit owner shall store any personal property upon the general common elements of the condominium except with the prior written consent of the Architectural and Environmental Control Committee and under such reasonable limitations and conditions as it may establish.

(l) No unlawful use shall be made of any condominium unit or any portion of the common elements and all laws, zoning and other ordinances, regulations of governmental and other municipal bodies and the like shall be observed at all times.

(m) No unit owner shall engage or direct any employee of the Council of Unit Owners or the Management Agent on any private business of the unit owner during the hours such employee is employed by the Council of Unit Owners or the Management Agent nor shall any member direct, supervise or in any manner attempt to assert control over any such employee.

(n) There shall be no violation of any rules for the use of the common elements, or other "house rules", which may from time to time be adopted by the Board of Directors and promulgated among the unit owners by them in writing, and the Board of Directors is hereby and elsewhere in these By-Laws authorized to adopt and promulgate such rules.

As used in this Section 3 of this Article X and any other provision of these By-Laws to the contrary notwithstanding, the expression "Declarant" shall include and mean those of the successors and assigns of the Declarant to whom the Declarant may specifically assign the privileges and exemptions reserved to the Declarant in this Section 3.

Section 4. Drapery Liner – Blinds. Each of the windows of any condominium unit which is exposed to the exterior shall be draped with a liner or covered by narrow slat blinds. In order to preserve the harmony of the exterior design of the buildings, the Board of Directors shall have the authority to require that all drapery liners shall be of a uniform color and material as selected, from time to time, by the Architectural and Environmental Control Committee. Drapery liners installed in any condominium unit shall be maintained and periodically replaced at the expense of the owner of such unit and not at common expense.

## ARTICLE XI

### Architectural Control

Section 1. Architectural and Environmental Control Committee. Except for the construction of the condominium by the Declarant or its successors and assigns, and their respective employees, agents and contractors, and except for any improvements to any condominium unit or to the common elements accomplished concurrently with said original construction, and except for purposes of proper maintenance and repair or as otherwise in the Condominium Act or these By-Laws provided, it shall be prohibited for any unit owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting shades, screens, awnings, patio covers, decorations, signs, including window signs, fences, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any condominium unit or upon any of the common elements within the project or to remove or alter any window or exterior doors of any condominium unit, or to make any change or alteration within any condominium unit which will alter the structural integrity of any building or otherwise affect the property, the cost of operation or insuring the condominium or impair any easement, until the complete plans and specifications, showing the location, nature, shape or change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Council of Unit Owners, or by an Architectural and Environmental Control Committee designated by the Board of Directors to make recommendations to the Board of Directors.

Section 2. Architectural and Environmental Control Committee –Operation. The Architectural and Environmental Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Board of Directors or the Council of Unit Owners, and such persons shall serve for terms of one (1) year, commencing with each annual meeting of the unit owners, and continuing until the next such annual meeting or until their successors are chosen. In the event the Board of Directors fails to appoint an Architectural and Environmental Control Committee, then the Board of Directors shall constitute the Committee. The Board of Directors shall adopt or promulgate any rule or regulation, or make any finding, determination, ruling or order, or

issue any permit, consent, authorization, approval or the like that may be required to conduct the business of the Committee. The Architectural and Environmental Control Committee shall receive and consider all applications for approval, and shall, within thirty (30) days of the receipt of such application, recommend approval or disapproval of such application by the Board of Directors. If the Board of Directors fails within thirty (30) days to take action to reverse any recommendation of the Board of Directors, the recommendation of the Architectural and Environmental Control Committee shall take effect as the decision of the Board of Directors.

Section 3. Approvals, etc. Upon approval of the Architectural and Environmental Control Committee's recommendation by the Board of Directors of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Board of Directors pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Board of Directors (whether by affirmative action or by forbearance from action, as in Section 2 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Board of Directors shall specify in its approval, in the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Board of Directors shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Board of Directors. Approval of any particular plans and specifications or designs shall not be construed as a waiver of the right of the Board of Directors to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instances.

Section 5. Installation of Signs. Notwithstanding anything to the contrary contained hereinabove in Section 1, 2, 3 or 4 hereinabove, each unit owner shall have the right to install a sign on a roster sign designated by the Declarant on the common elements. Such sign shall advertise the trade name of the unit owner or the occupant of the unit. However, any such sign must be approved in advance, in writing, by the Architectural and Environmental Control Committee, and the Board of Directors, as provided hereinabove in this Article XI. It shall be the obligation of the Architectural and Environmental Control Committee to authorize only such signs as are uniform in color (except for company logo's), square footage, architectural style, and that do not adversely affect the architectural harmony of the condominium project. The Architectural and Environmental Control Committee shall ensure that the placement of such signs does not interfere with the rights of other unit owners or occupants. Pursuant thereto, the Committee may authorize the placement of a sign at any location on the exterior walls of such condominium unit. In the future, the Board of Directors may require that a sign or signs be relocated on the wall to ensure harmony with other unit owner's or occupant's signs and any approval of any sign granted by the Board shall be deemed to incorporate the reservation to the Board to redesignate the location thereof at the cost of that unit owner or occupant. The Architectural and Environmental Control Committee may enact guidelines for unit owners as to signs, sizes, colors, and locations that meet with the approval in nature only, and will not waive the requirement for final approval by the Board of Directors as set forth herein. The care, maintenance and repair of any sign shall be the sole responsibility of the unit owner or occupant who erects the sign, and all such signs shall be kept in good order, repair and appearance. Any such unit owner or occupant erecting any such sign shall be solely responsible to the Council of Unit Owners for any damage or waste to the common elements upon which such signs are attached. Additionally, each such unit owner shall hold harmless and indemnify the Council from any claims, damages, costs, causes of action, and attorney's fees filed against or incurred by the Council as a result of or arising out of the installation, maintenance and use of such sign. Within ten (10) days following installation of any such sign the unit owner shall present to the Board of Directors a copy of a fully paid bill for installation of such sign, in order to save harmless the Council from any claims for liens for materials and/or labor supplied. Any approval of any sign once given shall be binding on all future Boards of Directors, provided that such signs continue to comply with the sign and zoning ordinances then in effect in Prince George's County, Maryland.

Section 6. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Board of Directors in accordance with the provisions of this Article, the Board of Directors shall, at the request of the owner thereof, issue a certificate of compliance which shall be prime facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Board of Directors and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements by these By-Laws as may be applicable.

Section 7. Rules and Regulations, etc. The Architectural and Environmental Control Committee may from time to time recommend to the Board of Directors and the Board of Directors may adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of these By-Laws. The Board of Directors may charge and collect a reasonable fee for examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Board of Directors shall be final except that any unit owner who is aggrieved by any action or forbearance from action by the Board of Directors or the Council of Unit Owners, upon the request of such unit owner, shall be entitled to a hearing before the Board of Directors.

1. Rules may be adopted if:

(a) Each unit owner is mailed or delivered:

(i) A copy of the proposed rule;

(ii) Notice that unit owners are permitted to submit written comments on the proposed rule; and

(iii) Notice of the proposed effective date of the proposed rule;

(b)

(i) Before a vote is taken on the proposed rule, an open meeting is held to allow each unit owner or tenant to comment on the proposed rule:

(ii) The meeting held under this paragraph may not be held unless:

A. Each unit owner receives written notice at least fifteen (15) days before the meeting; and

B. A quorum of the Council of Unit Owners or the body delegated in the By-laws of the condominium to carry out the responsibilities of the Council of Unit Owners is present; and

(c) After notice has been given to unit owners as provided in this subsection, the proposed rule is passed at a regular or special meeting by a majority vote of those present and voting of the Council of Unit Owners or the body delegated in the By-Laws of the condominium to carry out the responsibilities of the Council of Unit Owners.

2.

(a) The vote on the proposed rule shall be final unless:

(i) Within fifteen (15) days after the vote to adopt the proposed rule, fifteen percent (15%) of the Council of Unit Owners sign and file a petition with the body that voted to adopt the proposed rule, calling for a special meeting;

(ii) A quorum of the Council of Unit Owners attends the meeting; and

(iii) At the meeting, fifty percent (50%) of the unit owners present and voting disapprove the proposed rule, and the unit owners voting to disapprove the proposed rule are more than thirty-three percent (33%) of the total votes in the condominium.

(b) During the special meetings held under paragraph 1 of this subsection, unit owners, tenants and mortgagees may comment on the proposed rule.

(c) A special meeting held under paragraph 1 of this subsection shall be held:

(i) After the unit owners and any mortgagees have at least fifteen (15) days written notice of the meeting; and

(ii) Between fifteen (15) and thirty (30) days after the day the petition is given by the body that voted to the resident agent for the condominium.

3.

(a) Each unit owner or tenant may request an individual exception to a rule adopted while the individual was the unit owner or tenant of the condominium;

(b) The request for an individual exception under paragraph 1 of this subsection shall be:

(i) Written:

(ii) Filed with the body that voted to adopt proposed rule; and

(iii) Filed within thirty (30) days after the effective date of the rule.

Section 8. Additional Alterations or Improvements by Board of Directors. Except in cases of bona fide emergencies involving manifest danger to life, safety or property, or the interruption of essential services to the condominium, whenever in the judgment of the Board of Directors the common elements of the condominium shall require additions, alterations or improvements requiring the expenditure of funds of the Council of Unit Owners in excess of Fifty Thousand and Dollars (\$50,000.00), such additions, alterations or improvements shall not be made until the same shall have been approved by (a) unit owners representing a majority of the total votes of the Council of Unit Owners at a meeting of the unit owners duly called for purpose; and (b) the institutional holder of any mortgagee other obligations secured by any condominium unit or units i the aggregate principal sum of more than Seven Hundred Fifty Thousand Dollars (\$750,000.00), which approval shall be in writing and which approval shall not be unreasonably withheld delayed.

## ARTICLE XII

### Insurance

Section 1. Insurance. The Board of Directors of the Council of Unit Owners shall obtain and maintain, to the extent reasons available, at least the following:

(a) casualty or physical damage insurance in an amount equal to the full replacement value (i.e., one hundred percent (100%) of "replacement cost" exclusive of land, foundation and excavation) of the condominium (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, a "Condominium Replacement Cost Endorsement" or its equivalent, and a "Contingent Liability from Operation of Building Laws Endorsement" or its equivalent, without deduction or allowance for depreciation, as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage, such coverage to afford protection against at least:

(i) loss of damage by fire and other hazards covered by the standard extended coverage endorsement; and

(ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, boiler and machinery explosion or damage, and such other insurance as the Board of Directors may from time to time determine; and

(b) public liability insurance with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Billion Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, legal liability, hired automobile liability, non-owned automobile liability, liability for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the condominium or any portion thereof.

(c) workman's compensation insurance to the extent necessary to comply with any applicable law; and

(d) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Council of Unit Owners for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment, or cause of action to which any such Officer or Director shall have been made a party by reason of his or her services as such; and

(e) such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by Section 16 of Article VI of these By-Laws, as are or shall hereafter be considered appropriate by the Board of Directors. The Board of Directors shall maintain adequate fidelity coverage to protect against dishonest acts on the part of Officers and Directors of the Council of Unit Owners, trustees for the Council of Unit Owners and such employees and agents of the Council of Unit Owners who handle or are responsible for the handling of funds of the Council of Unit Owners.

Section 2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State where the condominium is located and holding a rating of "Class VI" better in the current edition of Best's Insurance Reports; insured with a company or companies licensed to do business in the State where the condominium is located and holding a rating of "Class V" or better in the current edition of Best's Insurance Reports if such company or companies has a general policyholder's rating of at least "A" in the current edition of Best's Insurance Reports.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors or the Council of Unit Owners, as a trustee for the owners of the condominium units, or its authorized representative, including any trustee with which the Council of Unit Owners may enter in any Insurance Trust Agreement, or any successor trustee, such which shall be herein elsewhere referred to as the "Insurance Trustee".

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the condominium units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in a policy obtained by the Council of Unit Owners pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) Such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of any condominium unit, or their respective agents, employees, tenants, mortgagees or invitees by reason of any act or neglect or negligence on the part of any of them.

(e) All policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insureds named thereon, including any and all mortgagees of the condominium units.

(f) All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any insurance Trustee) or when in conflict with the provisions

of any Insurance Trust Agreement to which the Council of Unit Owners may be a party, these By-Laws or the provisions of the Condominium Act.

(g) All policies shall contain a waiver or subrogation by the insurer as to any and all claims against the Council of Unit Owners, the Board of Directors, the owner of any condominium unit and their respective agent, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

(h) All policies of casualty insurance shall contain the standard mortgagee clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in Article XII of these By-Laws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

Section 3. Individual Policies - Recommendation of Declarant Notice to Board of Directors. The owner of any condominium unit (including the holder of any mortgage thereon) may obtain additional insurance (including a "Condominium Unit-Owner's for improvements and Endorsement", or its equivalent, for improvements and betterments to the condominium unit made or acquired at the expense of the owner) at his own expense. Such insurance be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 2(g) of this Article. The Declarant recommends that such owner of a condominium unit in the condominium obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a plate glass damage policy and insurance against loss or damage to personal property used or incidental to the occupancy of the condominium unit, business interruption, vandalism or malicious mischief, theft, personal liability and the like. Such insurance should cover losses to improvements and betterments to the condominium unit sale or acquired at the expense of the unit owner. Copies of all such policies shall be filed with the Secretary.

The owner of any condominium unit shall notify the Board of Directors in writing of any and all improvements and betterments made to the condominium unit at the expense of such unit owner, the value of which is in excess of Five Thousand Dollars (\$5,000.00).

Section 4. Endorsements, etc. The Board of Directors, at the request of any owner of any condominium unit in the condominium or at the request of the mortgagee of any such condominium unit shall promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such unit owner or mortgagee as it may appear; and (b) Certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

## ARTICLE XIII

### Casualty Damage - Reconstruction or Repair

Section I. Use of Insurance Proceeds. In the event of damage or destruction to any Phase of the Condominium as set forth in the Declaration by fire or other casualty, the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications for that Phase with the proceeds of insurance available for that purpose, if any.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished promptly by the Council of Unit Owners at its common expense as allocated among the unit owners in the damaged Phase, pursuant and subject to such conditions and subject to such controls as the mortgagee, as defined in Section 4 of this Article, may require. The ratable share of the expense of the repairs or reconstruction may be assessed and, in the event a Statement of Condominium Lien is recorded with respect to any such assessments, then the lien shall have all the priorities provided for in Article VIII of these By-Laws. In the event that the proceeds of casualty insurance are paid to any

Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the unit owners of the condominium units in the damaged Phase pursuant to this Section 2 shall likewise be paid over to such Insurance Trust in accordance with the provisions of Section 4 of this Article.

Section 3. Restoration Not Required. In the event any Phase of the condominium project (including all subsequent phases and buildings of the project, whether or not incorporated as a part of the condominium regime at the time of the filing of this document) is damaged or destroyed by fire or other casualty to the extent of two-thirds (2/3) of the full replacement value of any phase as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1(a) of Article XII of these By-Laws for the period during which such loss was sustained, and the unit owners of the units in the damaged phase do not promptly and by an affirmative vote of two-thirds (2/3) or more of the unit owners of the units in the damaged Phase resolve to proceed with repair or reconstruction, then and in that event, that phase shall be deemed to be owned in common by the owners of all of the units in the damaged Phase in the same proportion as that established in the Declaration for ownership as appurtenant undivided interests in the common elements relating to the damaged Phase, and that Phase shall be subject to an action for partition at the suit of the owner of any condominium unit in the damaged Phase, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Council of Unit Owners or the unit owners in common, shall be considered as one fund and shall be divided among the owners of all of the condominium units in the damaged Phase in the same proportion as that established in the Declaration of ownership of appurtenant undivided interests in the common elements relating to the damaged Phase, after first paying out of the share of the owner of any condominium unit, to the extent such payment is required by any lienor and to the extent such share is sufficient for the purpose, all liens upon said condominium unit in accordance with the priority of interests in each unit.

Section 4. Insurance Trustee. In the event the costs of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to two and one-half percent (2-1/2%) of the full replacement value of the damaged Phase, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section I(a) of Article XII of these By-Laws for the period during which such loss was sustained and the institutional holder or holders of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more than Five Hundred Thousand Dollars (\$500,000.00) (hereinafter in this Section 4 called the "mortgagee" shall so require, all proceeds of insurance shall be paid over to a trust company or bank (the "Insurance Trustee") having trust powers and authorized to engage in trust business in the jurisdiction wherein the condominium is located, selected by the Board of Directors with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which shall contain, inter alia, the following provisions:

(a) The reconstruction or repair shall be in the charge of an architect or engineer, who may be an employee of the Council of Unit Owners, satisfactory to the mortgagee, and hereinafter in this Section 4 called the "architect".

(b) Prior to the commencement of the reconstruction or repair, other than such work as may be necessary to protect the Condominium from further damage, the mortgagee shall have approved the plans and specifications for such reconstruction or repair, which approval shall not be unreasonably withheld or delayed

(c) Unless otherwise required by the mortgagee, each request for an advance of the proceeds of insurance shall be made to the mortgagee at least ten (10) days prior to delivery to the Insurance Trustee and shall be accompanied by a certificate from the architect to the effect that (i) all work then completed has been performed in accordance with the plans and specifications and all building codes or similar governmental requirements; and (ii) the amount requested to be advanced is required to reimburse the Council of Unit Owners for payments previously made by the Council of Unit Owners or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced does not unreasonably exceed the value of the work done and materials delivered to



date of such request; and (iv) funds remaining available to the Insurance Trustee for the purpose are sufficient to complete reconstruction or repair.

(d) Each request for an advance of the proceeds of insurance shall, if required by the mortgagee, be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the condominium any mechanic's or other lien, or notice of Intention to file the same, which has not been dismissed or satisfied of record.

(e) The fees and expense of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Council of Unit Owners as a common expense as charged against the owners of the units in the damaged Phase, and such fees and expenses may be deducted from any insurance proceeds in the hands of the Insurance Trustee, pro rata as the reconstruction or repair progresses.

(f) Such other provisions not inconsistent with the provisions hereof as the Board of Directors, the Insurance Trustee or the mortgagee may reasonably require.

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Council of Unit Owners and shall be considered as one fund and shall be divided among the owners of all of the condominium units in the damaged Phase in the same proportion as that established in the Declaration for ownership of appurtenant undivided interest in the common elements relating to the damaged Phase, after first paying out of the share of the owner of any condominium unit, to the extent such payment is required by any lienor and to the extent the same is sufficient for the purpose, all liens upon said condominium unit in accordance with the priority of interest in each unit.

#### ARTICLE XIV

##### Fiscal Management

Section I. Fiscal Year. The fiscal year of the Council of Unit Owners shall begin on the first day of January every year, except for the first fiscal year of the Council of Unit Owners which shall begin at the date of recordation of the Declaration among the Land Records for the jurisdiction where the Declaration was originally recorded. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Council of Unit Owners subsequently dictate.

Section 2. Principal Office - Change of Same. The principal office of the Council of Unit Owners shall be as set forth in Article I of these By-Laws. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Council of Unit Owners from time to time; provided, however, that no such change shall have been made by the Secretary or any Assistant Secretary of the Council of Unit Owners and recorded, in the name of the Council of Unit Owners, among the Land Records for the jurisdiction where the Declaration is originally recorded.

Section 3. Books and Accounts. Books and accounts of the Council of Unit Owners shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Council of Unit Owners shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Council of Unit Owners shall furnish the unit owners and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Council of Unit Owners, within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Council of Unit Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Council of Unit Owners shall be available for examination by the unit owners and their duly authorized agents or attorneys, and to the institutional holder of any

first mortgage or any condominium unit and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

Section 6. Execution of Council Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Council of Unit Owners by either the President or a Vice President, and all checks shall be executed on behalf of the Council of Unit Owners by such officers, agents or other persons as are from time to time authorized by the Board of Directors.

## ARTICLE XV

### Physical Management

Section 1. Management and Common Expenses. The Council of Unit Owners, acting by and through its Board of Directors, shall manage, operate and maintain the condominium and, for the benefit of the condominium units and the unit owners, shall enforce the provisions hereof and shall pay out of the common expense fund herein elsewhere provided for the cost of managing, operating and maintaining the condominium, including, without limitation, the following:

- a. the cost of providing water, sewer, garbage and trash collection and electrical, gas and other necessary utility services for the common elements and, to the extent that the same are not separately metered or billed to each condominium unit, for the condominium units; and
- (b) the cost of fire and extended liability insurance on the condominium and the cost of such other insurance as the Council of Unit Owners may effect; and
- (c) the cost of the services of a person or firm to manage the project to the extent deemed advisable by the Council of Unit Owners consistent with the provisions of these By-Laws, together with the services of such other personnel as the Board of Directors or the Council of Unit Owners shall consider necessary for the operation of the condominium; and
- a. the cost of providing such legal and accounting services as may be considered necessary by the Board of Directors for the operation of the condominium; and
- (e) the cost of repairs, maintenance, service and replacement of the common elements of the condominium, including, without limitation, the cost of painting, maintaining, replacing, repairing and landscaping the common elements and such furnishings and equipment for the common elements as the Board of Directors shall determine are necessary and proper; provided, however, that nothing herein contained shall require the Council of Unit Owners to repair, replace or otherwise maintain the interior of any condominium unit or any fixtures, appliances, equipment or the like located therein; and
- (f) the cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Council of Unit Owners is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the condominium; provided, however, that if any of the aforementioned are provided or paid for the specific benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof in the manner provided in this Article; and
- (g) the cost of the maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the condominium, or is otherwise in the interest or the general welfare of all of the unit owners; provided, however, that, except in cases involving emergencies or manifest danger to safety of person or property, no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the condominium unit proposed to be maintained and, provided further, that the cost thereof shall be assessed against the condominium unit for which such maintenance or repair is

performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then owner of said condominium unit at which time the assessment shall become due and payable and a continuing obligation of said unit owner in all respects as provided in Article VIII or these By-Laws; and

(h) Any amounts necessary to discharge any lien or encumbrance levied against the condominium, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against any of the common elements rather than the interest of the owner of any individual condominium unit.

**Section 2. Council of Unit Owners As Attorney-In-Fact.** The Council of Unit Owners is hereby irrevocably appointed as attorney-in-fact for the owners of all of the condominium units in the condominium, and for each of them, to manage, control and deal with the interests of such unit owners in the common elements of the condominium so as to permit the Council of Unit Owners to fulfill all of its powers, functions and duties under the provisions of the Condominium Act, the Declaration and the By-Laws, and to exercise all of its rights thereunder and to deal with the condominium upon its destruction and the proceeds of any insurance indemnity, as herein elsewhere provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interests in any condominium unit shall constitute an irrevocable appointment of the Council of Unit Owners as attorney-in-fact as aforesaid.

**Section 3. Management Agent.** The Council of Unit Owners may by contract in writing delegate any of its ministerial duties, powers, or functions to the Management Agent. The Council of Unit Owners and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

**Section 4. Duty to Maintain.** Except for maintenance requirements herein imposed upon the Council of Unit Owners, the owner of any condominium unit shall, at his own expense, maintain the interior of his condominium unit and any and all equipment, appliances or fixtures therein situate, and its other appurtenances (including, without limitation, any skylight, balcony, terrace or the like appurtenant to the such condominium unit and designated herein or in the Declaration or the Condominium Plat as a limited common element reserved for exclusive use by the owner of that particular condominium unit, and including all mechanical equipment and appurtenances located outside such unit which are designed, designated or installed to serve only that unit, except those parking areas designated as limited common elements shall be maintained in common by the association along with the general common element parking areas, as provided in Article XVI, Section 1), in good order, condition and repair, free and clear of ice and snow, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his condominium unit. In addition to the foregoing, the owner of any condominium unit shall, at his own expense, maintain, repair, and replace any plumbing and electrical fixtures, water heaters, fireplaces, plenums, furnace, heating and air-conditioning equipment, lighting fixtures, and other equipment that may be in or declared to be appurtenant to such condominium unit. The owner of any condominium unit shall also, at his own expense, keep any other limited common elements which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly and sanitary condition, except for parking spaces and areas designated as limited common elements, as described in Article XVI, Section 1.

Attached hereto as Exhibit A and specifically included herein by reference is a Chart of Maintenance Responsibilities setting forth the duties and obligations of the Council of Unit Owners and individual unit owners as they relate to the maintenance of certain items.

**Section 5. Windows and Doors.** The owner of any condominium unit shall, at his own expense, clean and maintain both the interior and exterior surfaces of all windows of such condominium unit, and both the interior and exterior surfaces of all entry doors of the condominium unit, as designated herein or in the Declaration or the Condominium Plat as a limited common element reserved for the exclusive use of the owner of that particular condominium unit. Notwithstanding the provisions of this Section, the Board of Directors may resolve to clean the exterior surfaces of all doors and windows in the condominium at common expense in accordance with a schedule to be determined by the Board of Directors.

Section 6. Access at Reasonable Times. The Council of Unit Owners shall have an irrevocable right and an easement to enter condominium units for the purpose of making repairs to the common elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium. Except in cases involving manifest damage to public safety or property, the Council of Unit Owners shall make a reasonable effort to give notice to the owner of any condominium unit to be entered for the purpose of such repairs. No entry by the Council of Unit Owners for the purpose specified in this Section may be considered a trespass.

Section 7. Easement for Utilities and Related Purposes. The Council of Unit Owners is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, overhead or underground conduits and such other purposes related to the provision of public utilities to the condominium as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the common elements or for the preservation and enjoyment of the common elements or for the preservation of health, safety, convenience and welfare of the owners of the condominium units or the Declarant.

Section 8. Authority to Grant Specific Easements. In addition to the easements described in Section 7, hereabove:

(1) The Council of Unit Owners may grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests affecting the common elements of the condominium if the grant is approved by the affirmative vote of unit owners having sixty-six and two-thirds percent (66 2/3%) or more of the votes, and with the express written consent of the mortgagees holding an interest in those units as to which unit owners vote affirmatively. Any easement, right-of-way, license, or similar interest granted by the Council of Unit Owners under this subsection shall state that the grant was approved by unit owners having at least sixty-six and two-thirds percent (66 2/3%) of the votes, and by the corresponding mortgagees.

(2) The Board of Directors may, by majority vote, grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests for the provision of utility services within the condominium regime. These actions by the Board of Directors are subject to the following requirements:

(i) The action shall be taken at a meeting of the Board held after at least thirty (30) days notice to all unit owners and mortgagees of record with the condominium;

(ii) At the meeting, the Board may not act until all unit owners and mortgagees shall be afforded a reasonable opportunity to present their views on the proposed easement, right-of-way, license, lease, or similar interest which shall contain the following provisions:

A. The service or system shall be installed or affixed to the premises at no cost to the individual unit owners or the Council of Unit Owners other than charges normally paid for like services by residents of similar or comparable dwelling units within the same area;

B. The unit owners and Council of Unit Owners shall be indemnified for any damage arising out of the installation of the service or system; and

C. The Board of Directors shall be provided the right to approve of the design for installation of the service or system in order to insure that the installation conforms to any conditions which are reasonable to protect the safety, functioning, and appearance of the premises.

(3) The action of the Board of Directors granting any such easement, right-of-way, license, lease, or similar interest under paragraph (2) of this subsection shall not be final until the following have occurred:

(i) Within fifteen (15) days after the vote by the Board to grant an easement, right-of-way, license, lease or similar interest, a petition may be filed with the Board of Directors signed by the unit owners having at least fifteen percent (25%) of the votes calling for a special meeting of unit owners to vote on the questions of a disapproval of the action of

the Board of Directors granting such easement, right-of-way, license, lease, or similar interest. If no such petition is received within fifteen (15) days, the decision of the Board shall be final;

(ii) If a qualifying petition is filed, a special meeting shall be held no less than fifteen (15) days or more than thirty (30) days from receipt of the petition. At the special meeting, if a quorum is not present, the decision of the Board of Directors shall be final;

(iii)

A. If a special meeting is held and fifty percent (50%) of the unit owners present and voting disapprove the grant, and the unit owners voting to disapprove the grant are more than thirty-three percent (33%) of the total votes in the condominium, then the grant shall be void;

B. If the vote of the unit owners is not more than thirty-three percent (33%) of the total votes in the condominium, the decision of the Board or Council to make the grant shall be final;

(iv) Mortgagees duly recorded with the Council of Unit Owners shall receive notice of and be entitled to attend and speak at such special meeting; and

(v) Any easement, right-of-way, license, lease or similar interest granted by the Board of Directors under the provisions of this subsection shall state that the grant was approved in accordance with the provisions of this subsection.

Section 9. Limitation of Liability. The Council of Unit Owners shall not be liable for any failure of water supply or other services to be obtained by the Council of Unit Owners or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common elements or from any wire, pipe, drain, conduit, appliance or equipment. The Council of Unit Owners shall not be liable to the owner of any condominium unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of common expense assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements, or to any condominium unit, or from any action taken by the Council of Unit Owners to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority.

## ARTICLE XVI

### Parking

Section 1. General Requirements. Parking areas within the condominium shall be considered part of the general common elements unless designated on the Condominium Plat as a limited common element. Unless designated as a limited common element on the Condominium Plat, all parking areas shall be maintained in common by the condominium association as to repair, snow removal, maintenance and all other aspects. All parking may be regulated by the Board of Directors, and individual parking spaces have been initially assigned by the Declarant as limited common elements for the use of particular units. No unit owner shall make use of any parking space other than the space or spaces related to his condominium unit as a limited common element pursuant to the Condominium Plat, without the express written consent of the Board of Directors, nor shall any unit owner invite, encourage or permit the use by his guests or parking spaces which have been designated as limited common elements for other units. No vehicle belonging to any unit owner, or to any guest or employee of any unit owner, shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any unit owned by any other unit owner. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris.

Each unit owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these By-Laws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the condominium, and the Board of Directors is hereby, and elsewhere in these By-Laws, authorized to adopt such rules and regulations.

## ARTICLE XVII

### Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of unit owners representing sixty-six and two-thirds percent (66 2/3%) of the total votes of the Council of Unit Owners, at any meeting of the unit owners duly called for such purpose, in accordance with the provisions and requirements of these By-Laws and Title 11, Real Property Article, or the Annotated Code of Maryland (1981 Repl. Vol. And 2984 Suppl.). Any amendment to these By-Laws shall be effective only upon the recordation of such amendment among the Land Records for the jurisdiction where the Declaration was originally recorded, together with a certificate in writing of the President of the Council of Unit Owners stating that the amendment was approved as aforesaid.

Section 2. Proposal of Amendments. Amendments to these By-Laws may be proposed by the Board of Directors or the Council of Unit Owners or by petition signed by unit owners representing at least twenty-five percent (25%) of the total votes of the Council of Unit Owners, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meeting of the unit owners at which such proposed amendment is to be considered and voted upon.

## ARTICLE XVIII

### Mortgages – Notices – Other Rights of Mortgagees

Section 1. Notice to Board of Directors. Any owner of any condominium unit in the condominium who mortgages such unit shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a confirmed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Consents. Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding, neither the unit owners, the Board of Directors nor the Council of Unit Owners shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of all first mortgages of record on the condominium units;

a. abandon or terminate the condominium except for abandonment or termination provided in the Condominium Act in the case of substantial damage or destruction of the condominium by fire or other casualty or in the case of a taking by condemnation or eminent domain; or

b. except as specifically provided for in Article VI of the Declaration or of these By-Laws, including, but without limitation, any amendment which would change the percentage interests of the unit owners in the common elements of the condominium, the percentage interests of the unit owners in the common expenses and common profits of the condominium or the voting rights of the unit owners; or

c. modify the method of determining and collection common expense assessments or other assessments as provided in Article IX of these By-Laws; or

d. abandon, partition, subdivide, encumber, sell or transfer any of the common elements of the condominium; provided, however, that the granting of easements and rights-of-way for public utilities or for other public purposes

consistent with the continued use of the common elements by the unit owners shall not be deemed a transfer within the meaning of this subparagraph (d); or

e. resolve to use the proceeds of casualty insurance for any purpose other than the repair, replacement or reconstruction of the condominium.

Section 3. Subdivision or Partition. No condominium unit in the condominium shall be legally subdivided or partitioned without the prior written approval of the holder of any first mortgage on such condominium unit.

Section 4. Casualty Losses. In the event of damage or destruction of any condominium unit or any part of the common elements of the condominium, the Board of Directors or the Council of Unit Owners shall give prompt written notice of such damage or destruction to the holders of all first mortgages or record on the condominium units. No provision of the Declaration or these By-Laws shall entitle any unit owner to any priority over the holder of any first mortgage or record on his condominium unit with respect to the distribution to such unit owner of any insurance proceeds.

Section 5. Condemnation or Eminent Domain. In the event any condominium unit or any part of the common elements of the condominium is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, the Board of Directors or the Council of Unit Owners shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages or record on the condominium units. No provision of the Declaration or these By-Laws shall entitle any unit owner to any priority over the holder of any first mortgage of record on his condominium unit with respect to the distribution of such unit owner of the proceeds of any condemnation award or settlement.

## ARTICLE XIX

### Compliance – Interpretation - Miscellaneous

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol. And 1984 Suppl.).

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol. And 1984 Suppl.) as amended. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid statute. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the aforesaid Declaration and Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol. And 1984 Suppl.), the provisions of the statute shall control.

Section 3. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

Section 4. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid void or unenforceable, such determination shall not render invalid, void or unenforceable any other provision hereof which can be given effect.

Section 5. Waiver. No restriction, condition, obligation or provisions of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 6. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 7. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

