

**WILLOW WOOD
CONDOMINIUM**

AMENDED AND RESTATED

By-Laws

Prepared By
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Managing Agents

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Exhibit "B"

(Bylaws of the Council of Unit Owners)

EXHIBIT "B"

AMENDED AND RESTATED BYLAWS
OF
COUNCIL OF UNIT OWNERS
OF
WILLOW WOOD CONDOMINIUM

ARTICLE I
PLAN OF CONDOMINIUM OWNERSHIP

Section 1. The Condominium. The Property described on Exhibit "A" of the Amended and Restated Declaration (hereinafter referred to as the "Declaration") has been submitted to the provisions of Title 11, Real Property Article, Section 11-101, et seq. of the Annotated Code of Maryland (1988 Repl. Vol.), as amended (the "Act") as a Condominium. These Amended and Restated Bylaws (hereinafter referred to as the "Bylaws") are attached to and made a part of the Declaration as Exhibit "B" and are intended by the Declarant to set forth inter alia, a plan by which the affairs of the Condominium shall be administered and governed by the Council of Unit Owners and its Board of Directors pursuant to the Act.

Section 2. Definitions. In these Bylaws all words and phrases shall have the same meaning as designated in the Declaration unless otherwise apparent from the context thereof and provided further that the Council of Unit Owners shall sometimes be hereinafter referred to as the "Association".

Section 3. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Association and to the Condominium. All present and future Unit Owners, lessees and occupants of Units, and any other persons who may use the Condominium or the facilities of the Condominium in any manner, are subject to these Bylaws, the Declaration and the rules and regulations (hereinafter called the "Rules and Regulations") from time to time promulgated by the Board of Directors (hereinafter called the "Board of Directors") of the Association. The acceptance of a deed of conveyance to a Unit shall constitute an agreement that these Bylaws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II
COUNCIL OF UNIT OWNERS

Section 1. Purpose and Status of Association. The purpose of the Association shall be to operate and maintain the Condominium for the benefit of the Unit Owners and to exercise the powers conferred upon it by the Act and these Bylaws. The Association shall be an entity incorporated under the Laws of the State of Maryland.

Section 2. Name and Mailing Address. The Association hereby organized and formed for the purposes set forth above shall be known as "COUNCIL OF UNIT OWNERS OF WILLOW WOOD CONDOMINIUM". The office and mailing address shall be the same as the Resident Agent of the Association, unless the same is changed from time to time by the Board of Directors.

Section 3. The Powers of the Association. The Association shall have all of those powers enumerated in Section 11-109(d) of the Act, as the same may be amended from time to time. All powers residing in the Association, except for such as in the Act are expressly reserved to the Association, shall be delegated to and exercised by the Board of Directors of the Association and/or the Management Agent and/or such other party or entity employed by the Board of Directors on behalf of the Association.

Section 4. Membership. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who or which 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 or which 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 5. 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 certificates 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 shall be sealed with the seal of the Council of Unit Owners, if any. Such signatures and seal may be original or facsimile.

Section 6. 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.

Section 7. Budget. The Council of Unit Owners does direct the Board of Directors to cause to be prepared an annual proposed budget which shall be submitted to the Unit Owners at least thirty (30) days prior to its adoption. The annual budget shall provide for at least the following items:

- (a) Income;
- (b) Administration;
- (c) Maintenance;
- (d) Utilities;
- (e) General Expenses;
- (f) Reserves; and
- (g) Capital items.

The budget shall be adopted at an open meeting of the Board of Directors. The Board of Directors shall thereafter send to each Unit Owner a copy of the approved budget which sets forth the amount of the Common Expenses payable by each Unit Owner, on or before thirty (30) days preceding the beginning of the fiscal year to which the budget applies or as soon thereafter as is possible. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses, as herein provided, whenever the same shall be determined, and in the absence of any annual budget, each Unit Owner shall continue to pay his allocable share of the Common Expenses at the then existing rate established for the previous fiscal period until the new payment is established. Such budget shall not be greater than five percent (5%) of the total amount of the budget for the previous year, unless (i) such increase above five percent (5%) is attributable to expenses which are not within the control of the Board of Directors, such as utilities and insurance, or (ii) the increase above five percent (5%) is approved by a majority of Unit Owners. Any expenditures made other than those made because of conditions which, if not corrected, could reasonably result in a 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. The adoption of a budget shall not

impair the authority of the Council of Unit Owners to obligate the Council of Unit Owner for expenditures for any purpose consistent with any provision of Section 11-109.2 of the Act.

ARTICLE III
MEETINGS OF UNIT OWNERS

Section 1. Open Meetings. All meetings of the Unit Owners shall be open.

Section 2. Place of Meetings. 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 in the notice of meeting by the Secretary.

Section 3. Annual Meetings. Within sixty (60) days from the date that deeds to Units representing one hundred twenty-six (126) of the number of votes in the Association have been conveyed by the Declarant to the initial purchasers of units and title closed thereon, or three (3) years from the date of recordation of the Declaration, whichever first occurs, the Declarant shall notify the Unit Owners and a meeting of the Association shall be held for the purpose of electing officers or members to the Board of Directors for the Council of Unit Owners in accordance with the requirements of Articles IV and V of these Bylaws. Subsequent annual meetings of the Association should be held on the same date of each year as the first annual meeting, unless such date shall occur on a Saturday or Sunday or holiday, in which event the meeting shall be held on the next succeeding Monday which is not a holiday. The Unit Owners may also transact such other business of the Council of Unit Owners as may properly come before them. The presiding officer at the first annual meeting shall be elected by a majority vote of the initial Board of Directors.

Section 4. 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-five percent (25%) of the total votes in the Association 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 the 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. No business shall be transacted at a special meeting except as specifically stated in the notice.

Section 5. 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

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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. A Unit Owner may not vote at meetings of the Council of Unit Owners until this information is furnished.

Section 6. Notice of Meetings. It shall be the duty of the Secretary to provide 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 ten (10) days 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 in person or by proxy 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 7. Quorum. Except as otherwise provided in these Bylaws or in the Act, the presence, either in person or by proxy, of Unit Owners representing at least twenty-five percent (25%) of the total authorized votes 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 8. Adjourned Meetings. If any meeting of Unit Owners cannot be held because a quorum has not attended, a majority of the Unit Owners holding a majority of votes, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting and reconvene as provided by Section 5-206 of the Corporations and Associations Article of the Annotated Code of Maryland (1993 Repl. Vol.), as amended.

Section 9. Voting. At every meeting of the Unit Owners each of the Unit Owners, or, subject to the proxy limitations set forth below, some person designated by such Unit Owner to act as proxy on his behalf (and who need not be a Unit Owner) shall have the right to cast the number of votes appurtenant to his Unit. The Declarant is specifically entitled to cast the number of votes appurtenant to each unit owned by the Declarant. Each unit shall be entitled to one vote on each question. The votes of the Unit Owners representing fifty-one percent (51%) 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 Act, or of any Articles of Incorporation of the Council of Unit Owners, or of the Declaration or of these Bylaws, a different vote is required, in which case, such express provision shall govern and control. The vote

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for any Condominium Unit which is owned by more than one 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 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 be counted as provided by the Corporations and Associations Article of the Annotated Code of Maryland (1993 Repl. Vol.), as amended. 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 of such corporation and filed with the Secretary of the Council of Unit Owners at or prior to the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote appurtenant to any Condominium Unit which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and unless any objection or protest by any other trustee or 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, (i) if the Council of Unit Owners has recorded a Statement of Lien on his Unit in accordance with Section 11-110 of the Act and the amount necessary to release the lien has not been paid at the time of the meeting, or (ii) until he shall have furnished the Association with his name and current mailing address for listing on the Roster in accordance with Section 11-109(c) of the Act.

Section 10. Proxies. A Unit Owner may appoint any other person or entity his proxy. In no case may any person or entity other than the Board of Directors cast more than one vote by proxy. 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 each 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 lessee or mortgagee of the Condominium Unit to which the votes are appurtenant. All proxies shall be in accordance with the applicable provisions of Section 11-109 of the Act. Any proxy may be revoked at any time at the pleasure of the Unit Owner or Unit Owners executing the proxy. A proxy who is not appointed to vote as directed by a Unit Owner may only be appointed for purposes of meeting quorums and to vote for matters of business before the Council of Unit Owners, other than an election of officers and members of the Board of Directors. Only a Unit Owner voting in person or a proxy voting for candidates designated by a Unit Owner may vote for officers and members of the Board of Directors.

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Section 11. Rights of Mortgagees. Any institutional mortgagee of any Condominium Unit in the Condominium who notifies the Secretary in writing of the name and post office address of such institutional mortgagee shall receive notice of the annual and special meeting of the Unit Owners. 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 the same manner, and subject to the same requirements and limitations as are provided in this Article for notice to the members. Any such institutional mortgagees 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 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 12. Order of Business. The order of business at all 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 quorum;
- (c) Proof of notice of meeting or waiver of notice;
- (d) Reading and disposal of minutes of preceding meeting, if any;
- (e) Reports of officers and Directors, if any
- (f) Reports of committees, if any;
- (g) Election or appointment of inspectors of election (when so required);
- (h) Nomination of Directors from the floor (when so required);
- (i) Election of Board of Directors (when so required) ;
- (j) Unfinished business;
- (k) New business; and
- (l) Adjournment.

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

Section 13. 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 President of such meeting.

Section 14. Inspectors of Election. The Board of Directors may, in advance of, or at, 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 President of any annual or special meeting of the 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 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 officers or Directors. In addition to their other duties, the inspectors shall count the votes cast at all meetings of the Unit Owners.

ARTICLE IV
DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors acting on behalf of the Association. Until the first annual meeting of the Association as provided for in Article III, Section 3, of these Bylaws, and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall consist of five (5) members to be designated by the Declarant. However, notwithstanding the foregoing, within ninety (90) days of the recordation of these Amended and Restated Bylaws, at least one (1) member of the Board of Directors designated by the Declarant shall be a Unit Owner other than the Declarant. Within one (1) year of the recordation of these Amended and Restated Bylaws, at least two (2) members of the Board of Directors designated by the Declarant shall be Unit Owners other than the Declarant. Within three (3) years of the recordation of these Amended and Restated Bylaws, a majority of the members of the Board of Directors shall be Unit Owners other than the Declarant. Thereafter, the Board of Directors shall continue to be composed of five (5) members, all of whom shall be elected by the Unit Owners.

Section 2. 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 Bylaws 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:

- (a) care, upkeep and surveillance of the Condominium and its Common Elements and services in a manner consistent with law

and the provisions of these Bylaws, and the Declaration with specific responsibilities for the maintenance, service, inspection and repair of the fire sprinkler system and appurtenances thereunto appertaining; and the designation of parking spaces on the Common Elements for use by Unit Owners and/or their guests; and

(b) to prepare, adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for Common Expenses from Unit Owners; and

(c) to transact its business, carry on its operation and exercise the powers provided in this subsection in any state territory, district, or possession of the United States and in any foreign country; and

(d) 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 Condominium in a manner consistent with law and the provisions of these Bylaws and the Declaration; and

(e) 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; and

(f) 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; and

(g) 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; and

(h) 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; and

(i) to invest its funds and to lend money in any manner appropriate to enable it to carry on the operations or to fulfill the purposes named in the Declaration or Bylaws, and to take and to hold real and personal property as security for the payment of funds so invested or loaned; and

(j) to regulate the use, maintenance, repair, replacement, and modification of Common Elements; and

(k) to cause additional improvements to be made as a part of the General Common Elements; and

(l) to impose and receive any payments, fees, or charges for the use, rental or operation of the Common Elements in accordance with Section 11-125(f) of the Act; and

(m) to impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Council of Unit Owners, under Section 11-113 of the Act; and

(n) to impose reasonable charges for the preparation and recordation of amendments to the Declaration, Bylaws, under regulations, or resolutions, resale certificates, or statements of unpaid assessments; and

(o) to purchase insurance upon the Condominium in the manner provided for in these Bylaws; and

(p) 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 Bylaws and to otherwise improve the Condominium; and

(q) to purchase Condominium Units in the Condominium and to lease, mortgage or convey the same, subject to the provisions of these Bylaws and the Declaration; and

(r) to appoint the members of the Architectural and Environmental Control Committee provided for in Article IX of these Bylaws and to appoint the members of such other committees as the Board of Directors may from time to time designate; and

(s) to sue and be sued, complain and defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium; and

(t) to promulgate and enforce such rules and such restrictions on or regulations and 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, as such are designated, to prevent unreasonable interference with the use and occupancy of the Condominium and of the Common Elements by the Unit Owners and others, all of which shall be consistent with the applicable provisions of the Act and the provisions of these Bylaws and the Declaration; such rules shall be promulgated and adopted according to the procedures in Section 11-111 of the Act, as amended; and

(u) opening of bank accounts on behalf of the Association and designating the signatories required therefore; and

(v) the Council of Unit Owners, or the Board of Directors or the Management Agent shall, upon a written request by a Unit Owner and receipt of payment of a reasonable fee for the cost of preparation of a certificate which shall contain the information required under Section 11-135(a) of the Act; and

(w) to enforce the provisions of the Act, the Declaration, Bylaws and Rules and Regulations of the Condominium against any Unit Owner or occupant; and

(x) generally, to exercise the powers set forth in the Act and the Declaration and Bylaws and to do every other act not inconsistent with law, which may be appropriate to promote and attain the purposes set forth in the Act, the Declaration and the Bylaws.

Although the Board of Directors shall generally have broad powers to regulate, govern and manage the Condominium, certain powers shall remain vested in the Council of Unit Owners. The Board of Directors' authority to take any "Extraordinary Actions" (defined below) shall require the affirmative vote of the Unit Owners representing not less than sixty-seven percent (67%) of the aggregate Percentage Interests. As used herein, the term "Extraordinary Actions" shall mean any and all actions taken by or on behalf of the Council of Unit Owners which would reasonably require the expenditure of funds in excess of Fifteen Thousand Dollars (\$15,000.00). However, Extraordinary Actions shall not be deemed to include actions by the Council of Unit Owners in connection with the normal care, upkeep, repair, maintenance and replacement of any of the existing Common Elements including the utilization of reserves to repair or replace existing common elements. Such actions with respect to the normal care, upkeep, repair, maintenance and replacement of any of the existing Common Elements shall be subject to Article IX, Section 7 below. Each planned expenditure of more than Fifteen Thousand Dollars (\$15,000.00) shall require the aforesaid consent of Unit Owners representing not less than sixty-seven percent (67%) of the aggregate Percentage Interests.

Section 3. Management Agent. The Board of Directors shall employ for the Association a professional 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 authorize, including, but not limited to, the duties listed in Section 3 of this Article, except for those matters therein which must be performed by the

Board of Directors. All management contracts entered into on behalf of the Association shall:

- (a) be for a term not in excess of one (1) year; and
- (b) provide that either party may terminate the agreement, without cause, upon ninety (90) days written notice, without a termination fee [except that management agreements entered into while the Declarant is in control of the Association shall be terminable without cause or thirty (30) days' written notice]; and
- (c) provide that the Board of Directors may, for cause, terminate such agreement upon thirty (30) days' written notice (without a termination fee); and
- (d) provide for renewal upon agreement by the parties for successive one (1) year periods.

The Board of Directors shall not undertake "self-management" or otherwise fail to employ a professional managing agent without the prior written approval of owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of Eligible Mortgage Holders which have at least fifty-one percent (51%) of the votes of Units subject to Eligible Mortgage Holder mortgages.

Section 4. Election and Term of Office. The term of the Directors of the Association who shall be designated by the Declarant in accordance with Article IV, Section 1 above shall hold office at the pleasure of the Declarant until the first annual meeting of the Association. The election of Directors shall be by secret ballot, unless secret balloting is dispensed with by the unanimous consent of the Unit Owners present at any meeting, in person or by proxy. At the first annual meeting of the Association, 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, who receives the next greatest votes, 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 of 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. A Unit Owner may nominate himself or any other Unit Owner to be an officer or member of the Board of Directors. A call for nominations for candidates for the Board of Directors shall be sent to all Unit Owners no less than forty-five (45) days before notice

of an election is sent. Only nominations made at least 15 days before notice of an election shall be listed on the election ballot. Nominations may be made from the floor at the meeting at which the election of the board is held. Election materials prepared with funds of the Council of Unit Owners shall list candidates in alphabetical order and may not indicate a candidate preference.

Section 5. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by 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 for the remainder of the unexpired portion of the term.

Section 6. Removal of Directors. At an annual meeting of Unit Owners, or at any special meeting duly called for such purpose (but only at or after the first annual meeting of Unit Owners, as hereinabove 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 forty-five (45) days delinquent in payment of any assessments or Common Expenses against the Unit of which he is the owner shall automatically terminate on the forty-sixth (46th) day, and the remaining Directors shall appoint his successor as provided in this Article.

Section 7. Compensation. No compensation shall be paid to Directors or officers for their services as directors or officers. After the first annual meeting of the Unit Owners, no remuneration shall be paid to any Director or officer 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 uninterested Board of Directors before such services are undertaken. Directors and officers may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors and officers.

Section 8. Organization Meeting. The first regular meeting of the Board of Directors following an annual meeting of the Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the members of the Board of Directors at the meeting, and no notice shall be necessary to the newly elected members of the Board of 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 9. 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 ten (10) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to 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 11. Notice of Meetings of Board of Directors. In addition to the notice as called for in Sections 10 and 11 hereof, there shall be notice of meetings of the Board of Directors, whether regular or special, disseminated to each Unit Owner by means of public posting, circular, newsletter, or other means providing reasonable assurance of general public knowledge thereof with reasonable advance notice, which shall normally be deemed to be at least 72 hours notice given by public notice as hereinbefore set forth in this paragraph. Such notice shall state the time and place where the meetings are to be held. It shall be the duty of the Secretary to provide such notice in the form and manner as set forth in this paragraph.

Section 12. 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 13. 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 votes 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 is 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 14. Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors, whether regular or special, shall be open, provided, however;

(a) that the Board of Directors may meet in closed session 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 of the Board members present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

(b) If a meeting is held in closed session under subsection (a) hereof:

(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 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 15. Rights of Mortgagees. Any institutional mortgagee of any Condominium Unit in the Condominium who notifies the Secretary in writing of the name and post office address of such institutional mortgagee shall receive notice of the regular and special meetings of the Board of Directors. 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 of each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this 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 representative may participate in the discussion at any such meeting and may, upon his request made to the President in advance of such meeting, address the members of the Board of Directors 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 Board of Directors upon request made in writing to the Secretary.

Section 16. Fidelity Bonds. To the extent reasonably available, blanket fidelity bonds shall be required to be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for these services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent and its officers, directors, employees and agents shall be covered by its own fidelity bond. All bonds or insurance shall name the Council of Unit Owners as the obligee (except that fidelity bonds obtained by a management agent shall name the Association as an additional obligee) and shall be written in an amount sufficient to provide protection which is in no event less than the maximum funds, including reserves, in the custody of the Council of Unit Owners or the management agent, as the case may be, at any time during the term of the bond, and in no event less than a sum equal to three (3) months' aggregate assessments on all Units plus reserve funds. Such fidelity bond or insurance shall contain waivers of any defense based upon the exclusion of volunteers or other persons who serve without compensation from any definition of "employee" or similar expression. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. Premiums on the fidelity coverage shall be paid by the Council of Unit Owners as a Common Expense and the premiums for any coverage obtained by a management agent shall be paid by such management agent. The fidelity bond or insurance shall provide that they may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association, any Insurance Trustee, all Eligible Mortgage Holders and each servicer servicing a mortgage in the Condominium owned by FNMA.

ARTICLE V
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 and 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 offices 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 may be 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 Council of 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 a 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.

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 Bylaws. 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 VI
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, all as provided by Section 2-418 of the Corporations and Associations Article of the Annotated Code of Maryland (1993 Repl. Vol.), as amended. The officers and Directors of the Council of Unit Owners shall not be liable to the Unit Owners for any mistake of judgment, 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 such action complies with the provisions of Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland (1993 Repl. Vol.), as amended.

ARTICLE VII
ASSESSMENTS FOR COMMON EXPENSES

Section 1. Annual Assessments. Each Unit Owner shall pay to the Council of Unit Owners, in advance, a monthly sum (hereinafter 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 interest in Common Expenses and Common Profits of the Condominium set forth on Exhibit "D" attached to the Declaration or 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 any 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
- (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, as, garbage and trash collection and other utilities, to the extent furnished by the Council of Unit Owner; 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,

including, when appropriate, a general operating reserve and a reserve for replacements; and

(g) the estimated cost of repairs, maintenance and replacement of the Common Elements of the Condominium to be made by the Council of Unit Owners, and

(h) such other expenses as shall be necessary or desirable in the judgment of the Board of Directors for the administration and operation of the Condominium, or which may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or by resolution of 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 the Board of Directors, 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 make 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. The Board of Directors shall send to each Unit Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner, on or before thirty (30) days prior to the Board's adoption of the budget of the fiscal year to which the budget applies or as soon thereafter as is possible. The emission 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.

Section 2. Budget. Pursuant to Section 11-109.2 of the Condominium Act, the Council of Unit Owners is charged with the duty of preparing an annual proposed budget. The contents of this budget and other provisions of said Section 11.109.2 are more fully set forth under Article II, Section 7 of these Bylaws.

Section 3. Initial Assessments. When the first Board of Directors takes office, it shall determine the budget for the

period commencing upon the conveyance of legal title to the first Unit by the Declarant and ending on the last day of the fiscal year established by the Board of Directors in which such conveyance occurs. The Board of Directors shall establish an initial working capital fund equal to two (2) months' regular assessments through a special assessment of each Unit Owner upon purchase of his Unit from the Declarant. The Declarant will deliver the funds so collected to the Board of Directors, who shall maintain the funds in a segregated account for the use and benefit of the Association to provide the necessary working capital for the Council of Unit Owners. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, or for such other purposes related to the operation of the Association as the Board of Directors may determine.

Section 4. Reserve for Replacements. As part of the annual budget, the Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for substantial periodic repair and replacement of the Common Elements required to be replaced by the Association. Insurance deductibles should also be funded through the reserves maintained by the Association. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Elements, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Association, unless provided otherwise by the Act, the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") or the Veterans Administration ("VA"). If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their proportionate share, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next regular payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

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 to 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. Payment of Common Expenses; Lien. Each Unit Owner shall be obligated to pay, in advance, the Common Expenses assessed by the Board of Directors against his Unit.

The amount levied and assessed against each Unit for Common Expenses shall constitute a lien against said Unit from the date of assessment until the date of full payment, provided that the requirements of the Maryland Contract Lien Act have been fulfilled. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Unit Owner of such Unit at the time when the assessment fell due. At the option of the Board of Directors, said amount may be payable in annual, quarterly, monthly or other convenient installments, and to the Board of Directors or to such person or entity who or which the Board of Directors shall designate.

All taxes, assessments, and charges which may become liens prior to any First Mortgage shall relate only to the individual Unit and not to the Condominium as a whole.

No Unit Owner may be exempted from liability for the assessment of Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the selling Unit Owner for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that no purchaser from a selling Unit Owner other than the Declarant shall be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments greater than the amount set forth in any resale certificate provided by the Association or its management agent. Notwithstanding anything contained herein to the contrary, any mortgagee who comes into possession of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such mortgagee comes into possession thereof, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units, including the mortgaged Unit. Such sale or transfer shall not relieve the

purchaser at such sale of the Unit from liability for any assessments thereafter coming due, nor from the lien of such subsequent assessments, which lien, if any, claimed shall have the same effect and may be enforced in the same manner as provided herein. Notwithstanding anything herein to the contrary, the lien of the Association against any Unit shall be subordinate to the First Mortgage against such Unit. Any assessment of the Association shall also be subordinate to any mortgage against a Unit guaranteed by the VA.

No amendment to this Section shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

The Board of Directors shall take prompt action to collect any Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Directors shall notify any Eligible Mortgage Holder who holds a mortgage upon a Unit to which there exists a delinquency in the payment of Common Expenses, which delinquency has existed for sixty (60) days or more. Upon default in the payment of any one or more installments of any assessment levied pursuant to the Declaration and/or these Bylaws, the entire balance of said assessments may be accelerated at the option of the Board of Directors and be declared due and payable, in full, together with interest thereon at the maximum rate permitted by law at the time the assessment became due.

Section 6. Default in Payment of Common Expenses. The lien for unpaid assessments for Common Expenses may be enforced and foreclosed in such manner as may from time to time be provided in the Act and the Maryland Contract Lien Act. Any assessment, until paid, may at the election of the Board of Directors bear interest up to the maximum rate permitted by law at the time the assessment became due. In addition, the Board of Directors may impose late charges and/or the costs of collection (including reasonable attorneys' fees), if any, with respect to any assessment which has not been fully paid when due. Such late charges and other costs shall not exceed the permissible amounts provided for in the Act, and shall otherwise comply therewith. All such interest, late charges and other costs shall constitute a lien upon the Unit until fully paid as provided in Article VII, Section 5, above.

In any action brought by the Association to foreclose a lien against a Unit because of unpaid Common Expenses, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same, such rent to accrue from the date that the foreclosure decree becomes

final until the plaintiff in such foreclosure action regains possession from the Unit Owner.

No suit or other proceeding may be brought by the Association to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after ten (10) days' written notice to the holder of the First Mortgage which is a lien on the Unit that is the subject matter of the proceeding. In the event the VA guarantees any mortgage against a Unit, the Association shall notify the VA in writing prior to instituting any action or proceeding to foreclose the lien for any assessments or charges levied by the Association against such Unit.

Section 7. Statement of Common Expenses. Any owner, First Mortgagee or any purchaser in connection with any sale or conveyance of a Unit, shall be entitled to a statement furnished by the Board of Directors setting forth in detail the amount of any unpaid assessments owed by the Unit Owner, and such party shall be entitled to rely on such statement and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid assessments accruing prior to the date of such statement which are greater than that shown on such statement.

ARTICLE VIII USE RESTRICTIONS

Section 1. Use. All Condominium Units in the Condominium shall be used for any lawful residential purposes in a manner consistent with the limitations of law, these Bylaws, the Rules and 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.

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 and occupy the Condominium Unit shall be subject and subordinate in all respects to the provisions of the Declaration and these Bylaws 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 may 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. No lease shall be for a period of less than six (6) months.

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 for the Condominium by the Declarant or the Council of Unit Owners:

(a) no trade or activity shall be carried on within any Condominium Unit, nor shall anything be done therein or therein 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 source of annoyance to the Unit Owners or which unreasonably interferes 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, excepting those areas designated by the Board of Directors 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) except original work by Declarant, 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 Bylaws;

(e) water closets and other plumbing apparatus 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, paint or the like;

(f) there shall be no storage of any items in any attic of the Units. No Unit Owner shall permit floor loads in excess of the stated design loads for the Condominium, nor shall any Unit Owner permit concentrated loads of any sort (e.g., for safes, library stacks, waterbeds, fish tanks, filing systems or heavy

equipment) unless and until the adequacy of the structure to support such floor loads is verified by a structural engineer to the satisfaction of the Architectural and Environmental Control Committee and under such reasonable conditions and circumstances as it may require;

(g) 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;

(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 Common Elements. All refuse shall be deposited with care in containers designed 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 service 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 aerial or antenna, or other aerial or antenna of any type, 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 or 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; and

(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 Bylaws authorized to adopt and promulgate such rules.

As used in this Section 3 of this Article VIII, and any other provisions of these Bylaws 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.

ARTICLE IX
ARCHITECTURAL CONTROL

Section 1. Architectural and Environmental Control Committee. Except for (a) any improvements to any Condominium Unit or to the Common Elements by the Declarant, (b) purposes of proper maintenance and repair or as otherwise in the Act or these Bylaws and (c) Units owned by the Declarant or its designee which are used as models or are being or will be offered for sale by the Declarant, 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, 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 on the exterior of any Condominium Unit or upon any of the Common Elements within the project or to combine or otherwise join two or more Condominium Units, or to partition the same after combination, 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, interest or welfare of any other Unit Owner, materially increase the cost of operation or insuring the Condominium or impair any easement, until the complete plans and specifications showing the location, nature, shape, 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.

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 of the Council of Unit Owners and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural and Environmental Control Committee, the affirmative vote of a majority of the members of the Architectural and Environmental Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, etc. Upon approval of the Architectural and Environmental Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural and Environmental Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Control Committee) have been submitted to it in writing, then approval will be deemed to have been given, except in the case of any action which would alter the structural integrity of any building. Such approval shall not be deemed to constitute a waiver of requirement of permits, where the same are required by public authorities, public laws, or public ordinances. In addition, such approval shall not be deemed to constitute an assumption of any liability by the said Committee for improper design, failure to comply with public codes, laws and ordinances applicable thereto, or damage to others which may be caused by construction in accordance with said plans and specifications. There shall be no obligation or duty on the part of the Committee to make any inspection of the construction to insure that there is no deviation from the plans and specifications submitted to the Committee for approval.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Control Committee 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 Architectural and Environmental Control Committee (whether by

affirmative action or by forbearance from action, as in Section 3 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 Architectural and Environmental Control Committee 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 Architectural and Environmental Control Committee 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 Architectural and Environmental Control Committee without the prior consent in writing of the Architectural and Environmental Control Committee. Approval of any particular plans and specifications or design shall not be construed as waiver of the right of the Architectural and Environmental Control Committee 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 instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with the provisions of this Article, the Architectural and Environmental Control Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural and Environmental Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of these Bylaws as may be applicable.

Section 6. Rules and Regulations, etc. The Architectural and Environmental Control Committee may from time to time 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 Bylaws. The Architectural and Environmental Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural and Environmental Control Committee shall be final except that any Unit Owner who is aggrieved by any action or forbearance from action by the Architectural and Environmental Control Committee may appeal the decision of the Architectural and Environmental Control Committee to the Board of Directors of the Council of Unit Owners and, upon the

request of such Unit Owner, shall be entitled to a hearing before the Board of Directors.

Section 7. Additions, 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 Twenty-Five Thousand Dollars (\$25,000.00), such additions, alterations or improvements shall not be made until the same shall have been approved by 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 such purpose.

ARTICLE X
INSURANCE

Section 1. Insurance. The Board of Directors shall be required to comply with the insurance requirements of the Act and, to the extent not in violation of the Act, shall also comply with the provisions of this Article X.

The Board of Directors shall be required to obtain and maintain a master or blanket type of hazard insurance policy covering the Units and all of the Common Elements (except land, foundation, excavation and other items normally excluded from such coverage) that are normally included in a policy of this type, including, but not limited to, fixtures (to the extent they are part of the Common Elements), building service equipment and supplies and other common personal property belonging to the Council of Unit Owners. The hazard or property insurance must also cover fixtures, equipment and other personal property inside individual Units if such items are typically conveyed as part of the Unit. The insurance should cover one hundred percent (100%) of the current replacement cost (less a reasonable deductible) of the insured property. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, the maximum deductible amount for coverage of the Common Elements is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount.

The hazard insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where the same is available.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by Best's Key Rating Guide of B/III or better (or its equivalent). Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagee, and that any assessment made against others may not become a lien on the mortgaged Unit superior to the First Mortgage.

All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted by private institutional mortgage investors in the State of Maryland and must name as mortgagee either FNMA or the servicers for the mortgages FNMA holds on Units. The following endorsements are also required: (i) an Inflation Guard Endorsement (if reasonably available); (ii) a Construction Code Endorsement if the Condominium is subject to a construction code provision which would become operative and require changes to undamaged portions of any buildings, even when only part of a building is destroyed by an insured hazard or peril; (iii) a Steam Boiler and Machinery Coverage Endorsement if the Condominium has central heating or cooling, which should provide for the insurer's minimum liability per accident to be at least equal to the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the structure(s) housing the boiler or machinery; and (iv) a Special Condominium Endorsement which provides that any Insurance Trust Agreement will be recognized, the right of subrogation against Unit Owners will be waived, the insurance will not be prejudiced by any acts or omissions of individual Unit Owners that are not under the control of the Association, and that the policy will be primary, even if a Unit Owner has other insurance that covers the same loss.

If the Condominium is located in a Special Flood Hazard Area designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map, the Association must maintain a "master" or "blanket" policy of flood insurance on the Condominium. The amount of flood insurance shall be at least equal to the lesser of one hundred percent (100%) of the insurable value of all structures and improvements situated in such Special Flood Hazard Area or the maximum coverage available under the applicable National Flood Insurance Administration program. Unless a higher deductible amount is required under the laws of the State of Maryland, the maximum deductible amount for flood insurance policies shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy's face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

The Board of Directors shall obtain and maintain a comprehensive general liability policy of insurance covering all of the Common Elements, commercial spaces (owned or leased by the Council of Unit Owners), public ways and any other areas in the

Condominium that are under the Association's supervision. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners. The policy should provide coverage for bodily injury, property damage, and death of persons that results from the operation, maintenance or use of the Common Elements and any legal liability arising out of law suits related to employment contracts in which the Council of Unit Owners is a party. Supplemental coverage to protect against additional risks should also be obtained if required by a holder of a First Mortgage. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location and use. Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury, property damage or death of persons, unless higher amounts of coverage are required by a holder of the First Mortgage.

Notwithstanding any provision of the Declaration or these Bylaws relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom such Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. The insurance policy(ies) covering the Condominium obtained by the Association shall provide that any Insurance Trust Agreement will be recognized.

Except to the extent inconsistent with the law, each Unit Owner is deemed to appoint the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (1) the collection and appropriate disposition of the proceeds thereof; (2) the negotiation of losses and execution of releases of liability; and (3) the execution of all documents and the performance of all other acts necessary to accomplish such purpose.

Any insurance policies obtained by the Council of Unit Owners may not be canceled (including for non-payment of premium), substantially modified, changed or reduced without at least ten (10) days prior written notice to the Council of Unit Owners [or Insurance Trustee (if any)] and to each holder of a First Mortgage listed as a scheduled holder of a First Mortgage in such insurance policies.

The named insured under all insurance policies shall be the Council of Unit Owners of Willow Wood Condominium, for the use and benefit of each Unit Owner. The "loss payable" clause should

show the Council of Unit Owners of Willow Wood Condominium, or the Insurance Trustee (if applicable) as a trustee for each Unit Owner and the holder of each Unit's mortgage. The policies must also contain the standard mortgagee clause and must name as mortgagee, FNMA, FHLMC and/or such other mortgagees as hold mortgages on Units, as well as their successors and assigns.

Section 2. 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 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 shall contain the same waiver of subrogation provision as that set forth in Section 1 of this Article. The Declarant recommends that each 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 plateglass damage policy and insurance against loss or damage to personal property used or incidental to the occupancy of the Condominium Unit, vandalism or malicious mischief, theft, personal liability, loss assessment, and the like. Such insurance should cover losses to improvements and betterments to the Condominium Unit made 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 3. 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 XI CASUALTY DAMAGE - RECONSTRUCTION OR REPAIR

Section 1. Use of Insurance Proceeds. Except as hereinafter provided, and as provided in the Act (and inconsistent herewith), in the event of damage to or destruction of the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof (including any damaged Units, and any fixtures, equipment or other property covered by the Association's insurance installed therein on the

date of recordation of the Declaration, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, personal property or equipment installed by Unit Owners in the Units), and the Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as provided below.

The Insurance Trustee may rely upon a certificate of the Board of Directors which certifies whether or not the damaged Property is to be reconstructed or repaired. The Board of Directors, upon request of the Insurance Trustee, shall deliver such certificate as soon as practicable.

If the damage is only to those parts of a Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Unit Owner shall be responsible for the reconstruction and repair after casualty and shall be entitled to apply the applicable insurance proceeds thereto. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

Immediately after a casualty causing damage to the Property for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Condominium in as good a condition as existed before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire. In the event of damage or destruction to the Condominium by fire or other casualty; the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications for the Condominium with the proceeds of insurance available for that purpose, if any, unless other action is approved by at least fifty-one percent (51%) of the Eligible Mortgage Holders.

Section 2. Proceeds Insufficient. Any restoration or repair of the project shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of the Eligible Mortgage Holders. 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 that 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, 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 such repairs or reconstruction may be assessed and, in the event that any Statement of Condominium Lien is recorded with respect to any such assessments, then the lien shall have all the priorities provided for by

law and in Article VII of these Bylaws. 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 Unit pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

Section 3. Restoration. In the event the Condominium or any part thereof is damaged or destroyed by fire or other casualty, the decision on restoration and the procedures therefore shall be in accordance with the provisions of Section 11-114 of the Act.

Section 4. Insurance Trustee. In the event that the cost 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 Condominium as estimated by the Board of Directors and the insurer pursuant to the requirements of Article XI of these Bylaws for the period during which such loss was sustained, and the institutional holder or holders of any mortgage 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, then 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 trusts 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) 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" shall be in charge of the reconstruction or repair; and

(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; and

(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; (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; (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request; and (iv) funds remaining available to the Insurance Trustee for the purpose are sufficient to complete the reconstruction or repair; and

(d) each request for an advance of the proceeds of insurance shall, if required by any 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 title insurance company 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; and

(e) the fees and expenses 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, 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; and

(f) such other provisions not inconsistent with the provisions hereof as the Board of Directors, the Insurance Trustee or all of the mortgagees 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, shall be considered as one fund and shall be divided among the owners of all of the Condominium Units in the same proportion as that established in the Declaration for ownership of appurtenant undivided percentage interests in the Common Elements after first paying out of the share of the owner of any Condominium Unit, to the extent that such payment is required by any lienor and to the extent that the same is sufficient for the purpose, all liens upon said Condominium Unit in accordance with the priority of interest in each Unit.

ARTICLE XII
FISCAL MANAGEMENT

Section 1. 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 II of these Bylaws. 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 become effective until a certificate evidencing 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. Every record, including insurance policies, of the Council of Unit Owners shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. All books and records shall be maintained within twenty-five (25) miles of the Condominium project. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Council of Unit Owners and its administration and shall specify the maintenance and repair expenses of the Common Elements of the Condominium, services provided with respect to the same and any other expenses incurred by the Council of Unit Owners. The amount of any assessment required for payment of any capital expenditures or reserves of the Council of Unit Owners may be credited upon the books of the Council of Unit Owners to the "Paid-in-Surplus" account as a capital contribution by the members. The receipts and expenditures of the Council of Unit Owners shall be credited and charged to other accounts under at least the following classifications:

(a) "Current Operations" which shall involve the control of actual expenses of the Council of Unit Owners, including reasonable allowances for necessary contingencies and working capital funds in relation to the assessments and expenses herein-elsewhere provided for; and

(b) "Reserves for Deferred Maintenance" which shall involve the control of monthly funding and maintenance of such

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deferred maintenance costs and reserves as are approved by the Board of Directors from time to time; and

(c) "Reserve for Replacement" which shall involve the control of such reserves for replacement as are provided for in these Bylaws and as may from time to time be approved by the Board of Directors; and

(d) "Other Reserves" which shall involve the control over funding and charges against any other reserve funds which may from time to time be approved by the Board of Directors; and

(e) "Investments" which shall involve the control over investment of reserve funds and such other funds as may be deemed suitable for investment on a temporary basis by the Board of Directors; and

(f) "Betterments" which shall involve the control over funds to be used for the purpose of defraying the cost of any construction or reconstruction, unanticipated repair or replacement of a described capital improvement and for expenditures for additional capital improvements or personal property made or acquired by the Council of Unit Owners with the approval of the Board of Directors.

Section 4. Auditing. Upon request of Unit Owners owning at least five percent (5%) of the total number of Units, the Council of Unit Owners shall cause an audit to be made by an independent Certified Public Accountant, not more than once in any consecutive twelve (12) month period. The cost of this audit shall be a Common Expense. The Council of Unit Owners shall make available to Unit Owners, lenders and Eligible Mortgage Holders, current copies of the Declaration, Bylaws and any Rules and Regulations promulgated or adopted by the Board of Directors or the Council of Unit Owners, and other books, records and financial statements of the Council of Unit Owners. The Council of Unit Owners shall also make available to prospective purchasers of Units current copies of the Declaration, Bylaws and any Rules and Regulations promulgated or adopted by the Board of Directors or the Council of Unit Owners, and the most recent annual audited financial statement, if any such statement was prepared. Any materials made available under the provisions of this Article XII shall be at the reasonable cost and expense of the requesting party. The term "available", as used in this Article XII, shall at least mean available for inspection upon request, during normal business hours or under other reasonable circumstances. Upon the written request of FNMA, FHLMC, VA or FHA, which party has an interest or prospective interest in the Condominium, the Council of Unit Owners shall prepare and furnish such party within a reasonable time an audited financial statement of the Council of Unit Owners for the immediately preceding fiscal year at the cost and expense of the requesting party. Upon the written request of any Eligible Mortgage Holder, the Council of

Unit Owners shall provide such party, within a reasonable time, a copy of an annual financial statement for the immediately preceding fiscal year of the Council of Unit Owners. Such financial statement shall be audited by an independent certified public accountant if: (a) the Condominium contains fifty (50) or more Units, in which case the cost of the audit shall be a Common Expense; or (b) the Condominium contains fewer than fifty (50) Units and the Eligible Mortgage Holder bears the cost of the audit.

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 and copying by the Unit Owners and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on 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. Said books shall be available for inspection at such place or places as set forth in Section 3 of this Article.

Section 6. Execution of Corporate 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 so authorized by the Board of Directors.

ARTICLE XIII 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 hereinelsewhere provided for the cost of planning, operating and maintaining the Condominium, including, without limitation, the following:

(a) the cost of providing water, sewer, garbage and trash collection and electrical, gas, fuel oil, 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 Bylaws, together with the services of such other personnel as the Board of Directors of the Council of Unit Owners shall consider necessary for the operation of the Condominium; and

(d) 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 General 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 specifically 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 of 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 VII of these Bylaws; and

(h) any amounts necessary to discharge any lien or encumbrance levied against the Condominium, or any portion hereof, 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. Board of Directors as Attorney-In-Fact. The Board of Directors 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 Common Elements of the Condominium, so as to permit the Board of Directors to fulfill all of its powers, functions and duties under the provisions of the Act, the Declaration and the Bylaws, and to exercise all of its rights thereunder and to deal with the Condominium upon its destruction and/or the proceeds of any insurance indemnity, hereinelsewhere provided and to grant easements. The foregoing shall be deemed a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any Condominium Unit shall constitute an irrevocable appointment of the Board of Directors as attorney-in-fact as aforesaid.

Section 3. Duty to Maintain. Except for maintenance 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 balcony, terrace, fenced area, courtyard, patio or the like appurtenant to 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), 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, replace any plumbing and electrical fixtures, water heaters, fireplaces, plenums, heating and air-conditioning equipment, lighting fixtures, refrigerators, freezers, ranges, range hoods, 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.

Section 4. 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 shall, at his own expense, clean and maintain both the interior and exterior surfaces of all entry of the Condominium Unit, including the interior and surfaces of any door leading to any balcony, deck, terrace, fenced area, courtyard, patio or the like appurtenant such Condominium Unit and 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 windows in the Condominium as a Common Expense in accordance with a schedule to be determined by the Board of Directors. In the event the glass in the windows or the glass in any of the entry doors shall be broken, it shall be the duty of the Condominium Unit Owner to have the same replaced or properly repaired within a period of seventy-two (72) hours after said glass is broken. Should said Condominium Unit Owner fail to do so, pursuant to Article XIII, Section 1(g) hereof, the Council of Unit Owners acting through the Management Agent shall cause the same to be replaced or properly repaired with the cost assessed against the Condominium Unit as set forth in said Article XIII, Section 1(g) hereof. This provision is necessary to protect the Condominium Unit and to preserve the appearance and value of the Condominium.

Section 5. Access at Reasonable Times. The Council of Unit Owners or its authorized designee, shall have an irrevocable right and an easement to enter Condominium Units for the purpose of making repairs when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium or for the proper or efficient functioning of the Condominium or are necessary or desirable for the purpose of providing or continuing services to the Condominium or a Unit or Units therein. Except in cases involving manifest danger 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 repairs. If damage is inflicted on the Common Elements or any Unit through which access is taken the Council of Unit Owners is liable for the prompt repair. An entry by the Council of Unit Owners for the purposes specified in this Section shall not be considered a trespass.

Section 6. 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 fund, 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, or articles which may be stored upon any of the Common Elements. No diminution or abatement of Common Expense assessments, as hereinelsewhere provided, shall be claimed or allowed for

inconvenience or discomfort arising from the taking of repairs or improvements to the Common Elements, or 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 XIV
PARKING

Section 1. General Requirements. All parking areas within the Condominium shall be considered part of the General Common Elements. Parking may be regulated by the Board of Directors and parking spaces may initially be assigned by the Declarant and thereafter by the Board of Directors. No Unit Owner shall make use of any parking space other than the space or spaces appurtenant or assigned to his Condominium Unit by the Board of Directors, if any, without the express written consent of both the Unit Owner to whom such space has been assigned and the Board of Directors, nor shall any Unit Owner invite, encourage, or permit the use by his guests of parking spaces appurtenant or assigned to Condominium Units other than his own. 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 parking space assigned to any other Unit Owner. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris.

The following rules and regulations shall apply to all vehicles meeting the criteria set forth herein without regard to the type or designation of license plates affixed to the vehicle:

(a) Permitted Parking. Parking of motor vehicles will be permitted within the Condominium only on paved sections of the Common Elements, and within specifically designated parking areas. All vehicles must be parked within curb markings where markings are provided.

(b) Prohibited Parking. Parking of motor vehicles is prohibited in all other locations within the Condominium, including:

(1) No Parking Areas: Parking is prohibited in all of the locations which are designated by signs or yellow street markings as "NO PARKING" for various safety reasons such as fire lanes or snow emergency areas. A snow emergency will exist for this purpose when so declared officially by the Montgomery County Government.

(2) Access Areas: Parking is prohibited in front of bike paths, and walkways, within 30 feet of a stop sign, within 30 feet of a crosswalk at an intersection, or within 15 feet of

fire hydrants. Parked vehicles should not restrict access to streets or pedestrian traffic.

(3) Other Common Properties: No motor vehicles will be permitted to park or operate on greenspaces, sidewalks or bikepaths, except for (authorized) emergency or maintenance vehicles. These restrictions apply to all motor vehicles, including "off-the-road" vehicles (as defined in Article 27, Section 578 of the Maryland Code).

(c) Restricted Vehicles. The following vehicles are prohibited specifically from parking overnight (any time between 9:00 pm. and 6:00 am.) within the Condominium:

(1) Commercial Vehicles: Any vehicle with any type of writing or printing (letters, pictures, insignia) other than that provided by the manufacturer of any kind, type or description. Vehicles which carry ladders, pipes, etc. will be considered commercial vehicles. Police and other governmental vehicles which would otherwise meet the criteria elsewhere herein provided (other than markings) are permitted.

(2) Private Trucks: The term "private truck" is meant to apply to a truck owned, used or maintained within the Condominium, as opposed to a truck used in trade or business on a random basis serving the residents, and includes all vehicles designed and used primarily for the transport of goods or services rather than passengers. All other vehicles such as delivery trucks and the like are also prohibited.

Notwithstanding language herein contained to the contrary, that type of vehicle commonly known as a "pick-up truck" having an open cargo area (truck bed) and a separate cab is not prohibited, provided it complies with the following requirements, to wit:

Wheel base shall not exceed one hundred thirty-five (135) inches;

Tire size not to exceed thirty-one (31) inches in diameter and there shall not be more than four wheels;

Shall be of a solid color, or an aesthetically pleasing two-toned color. No garish colors or stripes may be used. There shall be no designs, writing, printing or figures of any type placed on any part of the exterior or interior of the body or any interior or exterior glass area;

Any items placed in the truck bed must be neatly covered by the type of cover which conceals the items from view and extends over all of the open area of the truck bed and is firmly attached to the vertical walls of the truck bed;

There shall be no winches or similar type towing devices attached to or installed on the vehicle, other than a normal trailer hitch;

All exhaust systems shall be of the standard type installed by the vehicle manufacturer. All exhaust systems shall be maintained in good operating condition so as to minimize vehicular operating noise; and

No "caps" or campers or similar type enclosures shall be placed or installed on the vehicle without first obtaining approval in writing by the Board of Directors. Said approval or disapproval shall be solely within the discretion of the Board of Directors.

Vehicles must be maintained in good order, clean, free of rust and debris.

(3) Trailers: Any vehicle having wheels but dependent upon another vehicle for its motive power, and designed to be towed behind such other vehicle. NOTE: ANY NON-WHEELED ATTACHMENT TO A MOTOR VEHICLE SUCH AS CAMPER TOPS, CAPS, ETC. MUST NOT BE STORED IN THE COMMON ELEMENTS. SUCH ATTACHMENTS, WHETHER ON THE VEHICLE OR NOT, ARE PROHIBITED.

(4) Campers and Recreational Vehicles: A vehicular portable unit, mounted on wheels for use on highways and streets, propelled or drawn on its own or other motor power; of such a size and weight as not to require special highway movement permits when drawn by a motorized vehicle (or operated on its own power); primarily designed and constructed to provide temporary living quarters for recreational, camping, or travel use; and/or general identifiable by the number and configuration of vents and utility hookups, types of windows, luggage and storage capabilities and general visual appearance not associated with a passenger vehicle normally found in residential communities.

(5) Boats: Any device or structure, of any material, designed primarily for use by one or more persons as a flotation device upon a body of water.

(6) Oversized Vehicles: Any vehicle exceeding 240 inches (20') in length, or 80 inches (6' 8") in width, or 90 inches (7' 6") in height. Any vehicle with more than four wheels on the roadway.

It is intended hereby to permit only the parking of passenger type motor vehicles within the Condominium, in keeping with the spirit and intent of the Declaration and Bylaws to promote and maintain a residential community. Such vehicles are commonly recognized as sedans, coupes, hardtops, convertibles, station wagons (including heavy duty station wagons such as Broncos and

Blazers, equipped with manufacturer's installed roof) and vans designed for personal passenger carrying use, which meet the size limitations hereinbefore set forth, and which do not fall within the prohibitions relative to recreational or camper vehicles, or commercial vehicles.

(d) Other Restrictions. In order to avoid unsightliness, the following restrictions are also established:

(1) Extensive Repairs: No work or dismantling of vehicles, boats or machinery of any type (other than routine maintenance) is permitted on the Common Elements of the Condominium.

(2) Unlicensed, Inoperative or Abandoned Vehicles: A vehicle shall be considered inoperative or abandoned and shall be immediately removed from the Condominium if it shall remain upon the Common Elements for a period in excess of seventy-two (72) hours, unless reasonable cause shall be shown, such as vacation or other valid reason, by the owner thereof. In addition, no unlicensed driver is permitted to operate a vehicle on the common driveways and parking lots.

(e) Violations. Violators of these parking and general vehicular rules and regulations will be subject to towing at the offending vehicle owners expense and risk, or prosecution or such other legal action as may be appropriate. In addition, members will also be subject to the loss of Corporate privileges in accordance with the Bylaws and Declaration of the Condominium, and the Board of Directors may seek suspension of certain privileges as well, as may be approved by the Board of Directors of the Condominium.

Each Unit Owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these Bylaws 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 Bylaws authorized to adopt such rules and regulations. The location of any parking space assigned to any Unit Owner may be changed by the Board of Directors, at any time and from time to time, upon reasonable notice thereof in writing. The Board of Directors reserves the right to assign parking spaces (including the reassignment of Limited Common Element spaces) if necessary to fulfill federal, state or local laws, including, without limitation, the Fair Housing Amendments Act of 1988, and any Unit Owner requested by the Board of Directors to relinquish or convey his Limited Common Element parking space shall promptly comply with such request; provided, however, if another Limited Common Element or reserved parking space is not made available to such Unit Owner, the Board of Directors shall

distribution of funds in connection with the termination of the Condominium shall be made on a reasonable and equitable basis.

ARTICLE XVII
COMPLIANCE - INTERPRETATION - MISCELLANEOUS

Section 1. Compliance. These Bylaws are set forth in compliance with the requirements of the Act.

Section 2. Conflict. These Bylaws are subordinate and subject to all provision of the Declaration and to the provisions of the Act. 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 Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the aforesaid Declaration and the Act, the provisions of the Act shall control.

Section 3. Notices. Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in the Declaration and in these Bylaws shall be given in writing.

Section 4. Additional Enforcement. Notwithstanding the other remedies available, the Board of Directors shall also have the power to impose reasonable fines or other sanctions upon the Unit Owners or occupants, for any violation of these Bylaws, the Declaration, any lease, and Rules and Regulations adopted pursuant thereto.. Prior to the imposition of any such fine or sanction, the Board shall comply with the applicable provisions of the Act.

Section 5. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable, any other provisions hereof which can be given effect.

Section 6. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 7. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

Section 8. Gender, etc. Whenever in these Bylaws 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.

reimburse to such Unit Owner any monies previously paid to acquire such reserved or Limited Common Element parking space.

ARTICLE XV
AMENDMENT

Section 1. Amendment. Except as elsewhere herein or in the Declaration provided otherwise, these Bylaws may be modified or amended in accordance with Section 11-104(e) of the Act.

Section 2. Proposal of Amendments. Amendments to these Bylaws may be proposed by the Board of Directors of 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 XVI
MORTGAGES - NOTICE - OTHER RIGHTS OF MORTGAGEES

Section 1. Notice to Board of Directors. An 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 conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Notice of Loss to or Taking of Common Elements. The Board of Directors shall give written notice to Eligible Mortgage Holders who have requested such notice, of any condemnation or casualty loss which affects a material portion of the Condominium or any Unit on which there is a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder of any Unit or the Common Elements or related facilities of the Condominium.

Section 3. Condemnation or Eminent Domain. In the event that 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 Association is hereby appointed by each Unit Owner as its attorney-in-fact in any proceedings, negotiations, settlements or agreements related to such condemnation (or purchase in lieu thereof). Any proceeds from the settlement of such condemnation (or purchase in lieu thereof) should be payable to the Association, or an Insurance Trustee (if an Insurance Trustee is appointed by the Association) for the benefit of the Unit Owners and their mortgage holders. Any

Exhibit "I"

(Rules and Regulations of the Condominium)

Section 9. Resident Agent. Promptly after the recordation of the Declaration, a Resident Agent for the Condominium, who shall be a citizen and actual resident of the state or a corporation duly registered or qualified to do business in the state, shall be appointed and his name and address shall be filed with the Department of Assessments and Taxation. The name or address of the Resident Agent may be changed by the Board of Directors of the Association by filing a notice of such change with the Department of Assessments and Taxation.

Section 10. Annual Registration. Following the first annual meeting of the Association, the Board of Directors shall register with the Department of Assessments and Taxation by providing the Department with the names and mailing addresses of the officers, directors, Resident Agent and Management Agent for the Association. This information should be updated on the following April 15 and each April 15 thereafter.