

SEVERNA ENCLAVE CONDOMINIUM

BY-LAWS

TABLE OF CONTENTS

<u>Article</u>	<u>Section</u>	<u>Page</u>
Article I	Plan of Unit Ownership	
1.	Applicability	1
2.	Definitions	1
	a. Declaration	1
	b. Unit Owners or Council	1
	c. Board	1
	d. Act or Condominium Act	1
	e. Mortgagee	1
Article II	Meetings of Council of Unit Owners	
1.	Place of Meeting.	2
2.	Annual Meetings	2
3.	Special Meetings	2
4.	Roster of Unit Owners	2
5.	Notice of Meetings and Adjourned Meetings.	2
6.	Quorum	3
7.	Voting	3
8.	Proxies	4
9.	Rights of Mortgagees	4
10.	Order of Business	5
11.	Rules of Order and Procedure	5
12.	Inspectors of Election	5
Article III	Directors	
1.	Number and Qualification	6
2.	Powers and Duties	6
3.	Management Agent	7
4.	Nominations	8
5.	Election and Term of Office	9
6.	Vacancies	9
7.	Removal of Directors	10
8.	Compensation	10
9.	Organization Meeting	10
10.	Regular Meetings	10
11.	Special Meetings	10
12.	Waiver of Notice	11
13.	Quorum	11
14.	Closed Meetings of the Board of Directors	11
15.	Rights of Mortgagees	11

Article IV	Officers	
1.	Designation	12
2.	Election of Officers	12
3.	Removal of Officers	12
4.	President	12
5.	Vice President	12
6.	Secretary	13
7.	Treasurer	13
8.	Execution of Documents	13
9.	Compensation of Officers	13
Article V	Liability and Indemnification of Officers and Directors	
1.	Liability and Indemnification of Officer and Directors	14
2.	Fidelity Bonds	14
3.	Common or Interested Directors	14
Article VI	Assessments for Common Expenses	
PART A.	BUDGET	
1.	Fiscal Year	15
2.	Annual Assessments and Carrying Charges	15
3.	Budget Preparation & Adoption	16
4.	Special Assessments	17
5.	Reserve for Replacement	17
6.	Working Capital Fund	18
PART B.	CREATION OF LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS	
1.	Assessment Obligation	18
2.	Late Fees and Interest	18
3.	Acceleration of Installments	18
4.	Legal Fees and Costs of Collection	18
5.	Creation of a Lien and Foreclosure	18
6.	Lawsuit	19
7.	Lawsuit and Lien are Not Mutually Exclusive Remedies	19
8.	Rights of the Mortgagee	19
9.	Default in Mortgage	19
Article VII	Use Restrictions and Rule Making	
1.	Authority and Enforcement	20
2.	Dispute Resolution Procedure	20
a.	Demand	20
b.	Notice	21
c.	Hearing	21

d. Hearing Results	21
e. Owner's Failure to Comply	21
f. Effect of Failure to Enforce Provisions	21
3. Prohibited Uses and Nuisances	21
4. Family Day Care	25

Article VIII Architectural Control

1. Architectural Changes Must Be Approved	25
2. Architectural & Environmental Control Committee (AECC)	26
3. Approval of Architectural Alterations	26
4. Limitations	27
5. Certificate of Compliance	27
6. Rules and Regulations	27
7. Additions, Alterations or Improvements by the Board	28

Article IX Insurance

1. Authority to Purchase	28
2. Physical Damage Insurance	29
3. Liability Insurance	30
4. Other Insurance	31
5. Separate Insurance	31
6. Board of Directors as Agent	32
7. Insurance Deductible	32

Article X Casualty Damage -- Reconstruction
or Repair

1. When Repair and Reconstruction are Required	32
2. Procedures for Reconstruction and Repair	32
a. Cost estimates	32
b. Assessments	33
c. Plans and Specifications	33
3. Disbursement of Construction Funds	33
a. Construction Fund and Disbursement	33
b. Common Elements	34
c. Surplus	34
4. When Reconstruction is Not Required	34
5. Eminent Domain and Condemnation	34

Article XI Fiscal Management

1. Fiscal Year	34
2. Principal Office & Resident Agent	34
3. Books and Accounts	35
4. Auditing	35
5. Inspection of the Books and Records	36
6. Execution of Corporate Documents	36

Article XII	Physical Management	
1.	By the Board of Directors	36
2.	By the Unit Owners	38
	a. Units	38
	b. Common Elements	38
3.	Board of Directors as Attorney-in-Fact	38
4.	Right of Access	39
5.	Easements for Utilities and Related Purposes	39
6.	Limitation of Liability	39
Article XIII	Parking	
1.	Parking Space Assignment	40
2.	Obstruction of Parking Spaces is Prohibited	40
3.	Derelict or Junk Vehicles.	40
4.	Parking Rules and Regulations	41
Article XIV	Amendments	
1.	Amending the Bylaws	41
2.	Proposing Amendments	41
Article XV	Notices to, and Rights of, Mortgagees & Contract Purchasers	
1.	Notice to Contract Purchasers	41
2.	Notice of Board of Directors	42
3.	Consent of Mortgagee	42
4.	Notice of Casualty Loss, Condemnation or Eminent Domain Proceeding	43
Article XVI	Miscellaneous	
1.	Conflict	43
2.	Notices	43
3.	Severability	44
4.	Captions	44
5.	Waiver	44
6.	Gender and Grammar	44
7.	Enforcement.	44

BYLAWS OF
SEVERNA ENCLAVE CONDOMINIUM

Article I

Plan of Unit Ownership

Section 1. Applicability. These Bylaws provide for the governance of the Council of Unit Owners of Severna Enclave Condominium (the "Council") pursuant to the requirements of the Maryland Condominium Act (the "Act"). The Condominium Property is located in Anne Arundel County, Maryland, and is more particularly described in the Condominium's Declaration.

Section 2. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration, or if not defined therein, the meanings specified for such terms in Section 11-101 of the Condominium Act. Specifically, the following terms used herein shall have the following meanings:

a. **Declaration.** "Declaration," as used in these Bylaws means the Declaration recorded among the land records of Anne Arundel County, Maryland immediately prior hereto pursuant to the requirements of the Maryland Condominium Act, by which the Condominium and the Condominium Property were submitted to a condominium property regime.

b. **Council.** "Council" means the "Council of Unit Owners." Every person, group of people, corporation, partnership, trust or other legal entity, or any combination thereof, who holds legal title to a unit within the Condominium shall be a member of the Council of Unit Owners; provided however, that any person, group of people, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a member of the Council of Unit Owners by reason only of such interest.

c. **Board.** "Board" means the Board of Directors of the Council of Unit Owners to whom some or all of the powers of the Council of Unit Owners have been delegated under the Act or these Bylaws.

d. **Act or Condominium Act.** "Act" or "Condominium Act" means the Maryland Condominium Act, (Maryland Annotated Code, Real Property, Title 11).

e. **Mortgagee.** "Mortgagee" means the holder of any recorded mortgage, or the party secured by or the beneficiary of any recorded deed of trust, encumbering one or more of the condominium units, and includes any mortgagee and is not limited to

condominium units, and includes any mortgagee and is not limited to institutional mortgagees. Institutional mortgagees include banks, trust companies, insurance companies, mortgage companies, mortgage insurance companies, savings and loan associations, mutual savings banks, credit unions, pensions funds, Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government. The term "mortgage" as used in these Bylaws also includes a deed of trust. The terms "first mortgage" as used in these Bylaws shall mean a mortgage with priority over other mortgages.

Article II

Meetings of Council of Unit Owners

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

Section 2. Annual Meetings. Unless otherwise designated by the Board, the annual meetings of the Council shall be held during the month of May of each year on a day and at an hour determined by the Board. At such meeting there shall be elected by ballot of the unit owners a Board of Directors in accordance with the requirements of this Article. The unit owners may also transact such other business of the Council of Unit Owners as may properly come before them.

Section 3. Special Meetings. The President shall call a special meeting of the Council as directed by resolution of the Board of Directors or upon a petition signed by unit owners representing at least twenty percent (20%) of the total votes of the unit owners having been presented to the Secretary. 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 4. Roster of Unit Owners. The Council of Unit Owners shall maintain a current roster of the names and addresses of each unit owner to which written notice of all meetings of the Council of Unit Owners shall be delivered or mailed. Each unit owner shall furnish the Council of Unit Owners with his or her name and current mailing address. A unit owner shall not vote at meetings of the Council of Unit Owners unless this information is furnished.

Section 5. Notice of Meetings and Adjourned Meetings.

a. The Secretary, or the managing agent under the supervision of the Secretary, shall provide notice of each annual meeting or special meeting. Such notice shall be in writing and

shall be mailed or otherwise delivered to each unit owner, stating the purpose thereof as well as the time and place where it is to be held, at each unit owners address as it appears on the roster of unit owners maintained by the Council, or if no such address appears, at his or her last known address or at his or her condominium unit, at least ten (10) but no 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 person giving such notice. Attendance by a unit owner at any annual or special meeting shall be a waiver of notice by him or her of the time, place and purpose thereof.

b. The notice shall also state that if the number of unit owners present at a meeting does not constitute a quorum, another meeting of the Council may be called for the same purpose, pursuant to the provision of Section 5-206 of the Maryland Corporations and Associations Article if:

(1) a majority of the unit owners present at the meeting in person or by proxy vote to approve the additional meeting; and,

(2) at least fifteen (15) days notice of the time, place and purpose of the additional meeting is advertised in a newspaper published in Anne Arundel County. The advertisement shall also set forth that at the additional meeting, the unit owners present in person or by proxy shall constitute a quorum and that by vote of a majority of those unit owners any action which could have been taken at the original meeting if a quorum had been present may be taken at the additional meeting.

Section 6. Quorum. The presence, either in person or by proxy, of unit owners representing at least twenty-five percent (25%) (or such lesser percentage as may be provided by the Condominium Act) of the total 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 the Council.

Section 7. Voting. At every meeting of the Council, the unit owners of each unit shall have the right to cast one vote, which is appurtenant to the owner's unit, as established in the Declaration. The votes of a majority 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, the Declaration, or these Bylaws a different vote is required, in which case such express provision shall govern and control. The vote for any condominium unit which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other

owner of such condominium unit is noted at such meeting. In the event all of the co-owners of such condominium unit who are present at any meeting of the unit owners are unable to agree on the manner in which the vote for such condominium unit shall be cast on any particular question, then such vote shall not be counted for purposes of deciding the question. In the event any condominium unit is owned by a corporation, then the vote appurtenant to such condominium unit shall be cast by a person designated in a certificate signed by the president or any vice president and attested by the secretary or assistant secretary of such corporation and filed with the Secretary of the Council at or prior to such 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, as the case may be, unless any objection or protest by any other trustee or partner is noted at such meeting. The Chairperson at such meeting shall have no duty to inquire as to the authority of the person casting such vote(s). No unit owner shall be eligible to vote, either in person or by proxy, or be eligible for election to the Board of Directors if he or she has a recorded statement of condominium lien on his or her unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 8. Proxies.

a. At meetings of the Council of Unit Owners, each unit owner shall be entitled to cast the number of votes appurtenant to his or her unit. Unit owners may vote by proxy, but the proxy is effective for only 180 days following its issuance unless granted to a lessee or mortgagee. The proxy shall take the form designated by the Board of Directors. Any proxy may be revoked at any time at the pleasure of the unit owner(s) executing the proxy.

b. 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 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 members of the Board of Directors.

c. A unit owner may appoint any other unit owner, his or her tenant or mortgagee, or the managing agent as a proxy.

Section 9. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the Condominium who desires notice of the annual and special meetings of the Council shall notify the Secretary to that effect by Certified Mail Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the unit

owners should be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the unit owners to each such institutional mortgagee, in 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 mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Council and such representative may participate in the discussion of any such meeting and may, upon his or her request to the Chairperson in advance of the meeting, address the unit owners present at such meeting. The representative shall have no voting rights at any such meeting. The 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 10. Order of Business. Unless otherwise directed by the Board of Directors, the order of business at all annual and special meetings of the Council of Unit Owners shall be as follows:

- a. Roll call and certification of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of minutes of preceding meeting, if any.
- d. Reports of Officers, if any.
- e. Reports of Committees, if any.
- f. Election or appointment of inspectors of election, when so required.
- g. Election of Directors, when so required.
- h. Unfinished business.
- i. New business.

Section 11. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the Council shall be determined by the Chairperson of such meeting.

Section 12. Inspectors of Election. The Board of Directors may, in advance of any annual or special meeting of the Council appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. The inspectors shall supervise the counting of any ballots or votes concerning the election of Director(s) or the determination of any issue brought before the Council. In the event inspectors are not so appointed, the Chairperson of any annual or special meeting of the Council shall appoint such inspectors of election. No officer or director of the Council, and no candidate for Director of the Council shall act as an inspector of election at any meeting of the Council if one of the purposes of such meeting is to elect Directors.

Article III

'Directors

Section 1. Number and Qualification. The affairs of the Council of Unit Owners shall be governed by a Board of Directors composed of an uneven number of at least three (3) but not more than five (5) natural persons, all of whom shall be unit owners. The number of Directors shall be determined and may be changed, from time to time, by a vote of the unit owners at any annual or special meeting; provided however, that no such change in the number of Directors shall operate to curtail or extend the term of any incumbent Director.

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 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:

To provide for the

a. care, upkeep and surveillance of the Condominium and its general and limited common elements and services in a manner consistent with law and the provisions of these Bylaws and the Declaration; and

b. establishment, collection, use and expenditure of assessments and carrying charges from the unit owners and for the assessment, the filing and the enforcement of condominium liens in a manner consistent with law and the provisions of these Bylaws and the Declaration; and

c. designation, hiring and dismissal of the personnel necessary for the good working order of the Condominium and for the proper care of the common elements and to provide services for the project in a manner consistent with law and the provisions of these Bylaws and the Declaration; and

d. promulgation and enforcement of such rules and regulations and such restrictions or requirements as may be deemed proper, including the use of fines as provided by the Act, respecting the use, occupancy and maintenance of the Condominium and the use of the general and limited common elements and as are designated to prevent unreasonable interference with the use and occupancy of the Condominium and of the general and limited common elements by the unit owners and others, all of which shall be consistent with law and the provisions of these Bylaws and the Declaration. Any fine levied against a unit owner to enforce the rules and regulations shall constitute an assessment which shall be

collected from the violating unit owner in the same manner as any other assessment; and

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

f. to purchase insurance for and upon the Condominium in the manner provided for in these Bylaws; and

g. 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

h. to lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the Condominium in accordance with the provisions of the Act; and

i. to purchase and sell condominium units in the Condominium, as well as the common element guardhouse which is delineated on the plat as building number 23, and to lease, mortgage or convey the same, subject to the provisions of these Bylaws and the Declaration; and

j. to appoint and remove, with or without cause, members of the Architectural and Environmental Control Committee provided for in Article VIII of these Bylaws and to appoint and remove, with or without cause, the members of such other committees as the Board of Directors may from time to time designate.

k. to borrow money on behalf of the Council of Unit Owners when required in connection with, or relating to, the operation, care, upkeep, maintenance, or improvement of the Common Elements, provided, however, that the consent of unit owners representing at least a majority of the total percentage interest, at any duly called meeting of the Council of Unit Owners called for such purpose in accordance with these Bylaws, shall be required to borrow any sum in excess of an amount equal to twenty percent (20%) of the then current annual budget for the Council of Unit Owners.

Section 3. Management Agent.

a. The Board of Directors shall employ for the Council of Unit Owners a managing agent or manager ("Managing Agent") at a rate of compensation established by the Board to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Council of Unit Owners shall not

undertake self-management or otherwise fail to employ a professional managing agent or manager without the prior written approval of all of the institutional holders of first mortgages on the condominium units in the Condominium. Any management agreement entered into by the Council of Unit Owners shall provide that, among other things, such agreement may be terminated with or without cause, by either the Council or the Managing Agent, upon sixty (60) days written notice to the other party.

b. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is otherwise directed by the Board:

(1) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(2) cash accounts of the Council shall not be co-mingled with any other accounts;

(3) no remuneration or gifts of any kind or nature, whether in the form of commissions, finder's fees, service fees, or otherwise, shall be accepted by the Managing Agent, or by any employee of the Managing Agent, from vendors, independent contractors or others providing goods and services to the Council without the written consent of the Council; instead, discounts received from any vendor, contractor or firm providing goods and services to the Council shall inure to the Council and not to the Managing Agent;

(4) any financial or other interest which the Managing Agent may have in any firm providing goods and services to the Council shall be disclosed promptly to the Board of Directors;

(5) a monthly financial report shall be prepared for the Council in the form required by the Board.

Section 4. Nominations. Persons qualified to be members of the Board of Directors may be nominated for election only as follows:

a. A call for nominations shall be sent to all unit owners not less than forty-five (45) days before notice of an election is forwarded to the unit owners. Any unit owner may submit to the Secretary, or other person designated by the Board, a nominating petition signed by the nominating unit owner, along with a signed statement from the nominated party that the nominee is willing to serve on the Board of Directors, if elected. The nomination may also include a brief biographical sketch or position statement of the nominee. In order for a nominee's name to appear on the election ballot, the nomination must be received by the Secretary, or other designated party, at least fifteen (15) days prior to the time that the notice of election is forwarded to the unit owners. Candidates for election to the Board of Directors

shall be listed on the election ballot in alphabetical order, with no indicated candidate preference. Candidates' biographical sketches or position statements, if received at least fifteen (15) days prior to the time that the notice of election is forwarded to the unit owners, shall also be forwarded to the unit owners in alphabetical order with no indication of candidate preference.

b. Nominations may be submitted from the floor at the meeting at which the election is held however, all nominees, in order to be elected as a Director, must consent to serve at or before the time the votes are cast.

Section 5. Election and Term of Office. Election of directors shall take place at the annual meeting of the Council of Unit Owners, except elections of directors made necessary by reason of a Director's removal or resignation in accordance with Section 7 of this Article.

a. At the first annual meeting following adoption of these Bylaws, the following terms shall be established:

(1) The person receiving the greatest number of votes shall serve a three (3) year term, the person receiving the second greatest number of votes shall serve a two (2) year term and the person receiving the third greatest number of votes shall serve a one (1) year term.

(2) At the expiration of the initial or other term of office of each Director, his or her successors shall be elected to serve a term of three (3) years. Directors shall hold office until their successors have been elected and hold their first meeting.

b. No director shall serve on the Board of Directors for more than six (6) consecutive years.

c. No person shall be elected as a member of the Board of Directors if he or she owes assessments, fines, late charges, interest, costs of collection or any other monetary sum to the Council of Unit Owners.

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

Section 7. Removal of Directors. At an annual meeting of the Council, or at any special meeting called for such purpose, any Director may be removed with or without cause by the affirmative vote of a majority of the votes of the unit owners, 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. Any Director who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due the Council, or any Director who is not in attendance at three (3) consecutive, regular Board meetings (unless the absences were for good cause and the Board minutes reflect the good cause), is deemed to have automatically resigned from the Board of Directors and the remaining Directors shall appoint his or her successor as provided in this Article.

Section 8. Compensation. Directors shall not be compensated for acting as such unless and to the extent the members of the Council of Unit Owners authorize compensation by majority vote at a duly called meeting for that purpose. However, Directors may be reimbursed for reasonable expenses incurred on behalf of the Council of Unit Owners as shall be determined by the Board of Directors, subject to a report to be included in the minutes of the Board Directors.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within thirty (30) days of election, at such time and place as shall be fixed by the Directors. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided that a majority of the Directors are present at the first meeting.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but such meetings shall be held at least six (6) times during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting. Regular meetings of the Board of Directors, except those held pursuant to Section 11-109.1 of the Act, shall be open to all unit owners. Notice to unit owners of the regular Board meetings shall be given at least six (6) days prior to the meeting in a manner determined by the Board of Directors.

Section 11. 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. Special meetings may also be called by the President or the Secretary, in the manner cited above, upon the written request of at least one-third (1/3) of the Directors. Notice to the unit

owners of the special meeting shall be given prior to the meeting in a manner determined by the Board of Directors.

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 or her of the time, place and purpose thereof.

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 acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors.

Section 14. Closed Meetings of the Board of Directors.

a. A meeting of the Board of Directors may be held in closed session for the purposes set forth in Section 11-109.1 of the Act, as the same may be amended from time to time. Such purposes include, but are not limited to, discussion of personnel issues, protection of privacy, consultation with legal counsel, or the investigation of possible criminal activity. Further, a meeting of the Board may also be closed, on an individually recorded affirmative vote of two-thirds (2/3) of the Board members present, for some other reason so compelling as to override the general policy in favor of open meetings.

b. If a meeting is held in closed session, an action may not be taken and a matter may not be discussed if it is not permitted by Section 11-109.1 of the Act; and, a statement of the time, place, and purpose of the closed meeting, the record of the vote of each member by which the meeting was closed, and the recitation of the authority to close the meeting pursuant to Section 11-109.1 of the Act, shall be included in the minutes of the next meeting of the Board of Directors.

c. Provided that the requirements of Section 11-109.1 of the Act are met, if all the Directors are present at any closed meeting of the Board of Directors, no notice shall be required to convene such meeting.

Section 15. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the Condominium who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Certified Mail Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom the notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional

mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular and special meeting of the Board of Directors to each 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 representatives may participate in the discussion at any such meeting and may, upon his or her request made to the Chairperson in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representatives shall have no voting rights at any such meeting. Such representatives shall be entitled to copies of the minutes of all meeting of the Board of Directors upon request made in writing to the Secretary.

Article IV

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. The officers of the Council of Unit Owners must 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 organization 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 or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the executive officer of the Council of Unit Owners and shall preside at all meetings of the Council of Unit Owners and of the Board of Directors and shall have all of the general powers and duties which are incident to the office of president of a nonstock corporation organized under the Nonstock Corporations Article of the Annotated Code of Maryland.

Section 5. Vice President. The Vice President shall take the place of the President and perform the duties of the President

whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors or by the President.

Section 6. Secretary. The Secretary shall keep the minutes, or cause the minutes to be taken, of all meetings of the Council of Unit Owners and of the Board of Directors, have charge of such books and papers as the Board of Directors may direct, maintain the roster of unit owners and mortgagees setting forth the place to which all notices to unit owners and mortgagees hereunder shall be delivered, and, in general, perform all the duties incident to the office of the Secretary of a nonstock corporation organized under the Nonstock Corporations Article of the Annotated Code of Maryland. The Secretary, or an assistant secretary or the Managing Agent under the Secretary's supervision, shall be responsible for maintaining the roster as well as records of all votes.

Section 7. Treasurer. The Treasurer shall have the responsibility for the funds and securities of the Council of Unit Owners, be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data, be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, the Council of Unit Owners or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors, and in general, perform all the duties incident to the office of treasurer of a nonstock corporation organized under the Nonstock Corporations Article of the Annotated Code of Maryland. The duties of the Treasurer may be delegated to the Managing Agent under the supervision of the Treasurer.

Section 8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Council of Unit Owners for expenditures or obligations in excess of Two Thousand Dollars (\$2,000.00), and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors. Any such instruments for expenditures or obligations of Two Thousand (\$2,000.00) or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors.

Section 9. Compensation of Officers. Officers shall not be compensated for acting as such unless and to the extent the members of the Council of Unit Owners authorize compensation by majority vote at a duly called meeting for that purpose. However, Officers may be reimbursed for reasonable expenses incurred on behalf of the Council of Unit Owners as shall be determined by the Board of

Directors, subject to a report to be included in the minutes of the Board Directors.

Article V

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) to which he or she may be made a party by reason of being or having been an Officer or Director of the Council, whether or not such person is an Officer or Director of the Council at the time such expenses are incurred. The Officers and Directors 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 shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council or the Condominium (except to the extent that such Officers or Directors may also be the owners of condominium units) and the Council 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, or former Officer or Director of the Council may be entitled.

Section 2. Fidelity Bonds. The Board of Directors shall require that all Officers, Directors and employees of the Council of Unit Owners regularly handling or otherwise responsible for the funds of the Council of Unit Owners shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article IX of these Bylaws. The premiums on such bonds or insurance shall be paid by the Council of Unit Owners.

Section 3. 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 and the Condominium. No contract or other transaction between the Council and one or more of its Directors or Officers, or between the Council and any corporation, firm or association in which one or more of the Directors or Officers of the Council are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director(s) or Officer(s) are present at the meeting of the Board or any committee thereof which authorizes or approves the

contract or transaction, or because his, her or their votes are counted for such purpose, if the conditions specified in the following subparagraphs exist:

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

b. the contract or transaction is commercially reasonable to the Council at the time it is authorized, ratified, approved or executed.

Common or interested Directors and Officers may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, but may not participate in any such vote.

Article VI

Assessments for Common Expenses

PART A. BUDGET.

Section 1. Fiscal Year. Unless otherwise directed by the Board, the fiscal year shall be the calendar year.

Section 2. Annual Assessments and Carrying Charges. Each unit owner shall pay to the Council of Unit Owners an annual assessment payable, unless otherwise directed by the Board, in regular monthly installments (herein elsewhere referred to as "assessments") equal to each unit owner's proportionate share, based upon his or her percentage interest as set forth in the Declaration, of the sum required by the Council of Unit Owners, as estimated by the Board, to meet the Council's annual expenses, including but in no way limited to the following:

a. the cost of all operating expenses of the Condominium and services furnished, including 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 the Managing 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 liability insurance on the project and the cost of such other insurance as the Council of Unit Owners may effect; and

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

f. the cost of funding all reserves established by the Council of Unit Owners, including, when appropriate, a general operating reserve and a reserve for contingencies and replacements; and

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

Section 3. Budget Preparation & Adoption.

a. The Board of Directors, with the assistance and counsel of the Managing Agent, shall prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Council of Unit Owners to meet its annual expenses for that period. The budget shall provide for sufficient estimates on a monthly basis to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operations and the actual financial condition of the Council of Unit Owners, on both a current basis and from prior corresponding periods, all in accordance with generally accepted accounting practices.

b. The Board of Directors shall cause each proposed annual budget to be submitted to the unit owners at least thirty (30) days before the proposed budget is adopted by the Board of Directors. The budget shall be adopted at an open meeting of the Board of Directors. Once the budget has been adopted, a copy of the budget and notice of each unit owner's percentage of the annual assessment shall be forwarded to each unit owner at each unit owner's address as it appears on the Condominium's roster. A copy of the budget and each owner's annual assessment will be mailed or delivered to each owner at least ten (10) days prior to the due date for the first installment.

c. Any expenditure 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 Council 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 of the Board of Directors, upon not less than ten (10) days notice to the unit owners.

d. The adoption of a budget shall not impair the authority of the Board of Directors on behalf of the Council of Unit Owners to obligate the Council of Unit Owners for expenditures for any purpose consistent with the Condominium Act, the Declaration or these Bylaws.

e. The omission, failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year before the expiration of any annual assessment period shall not be deemed a waiver or modification in any respect of the provisions of this Article VI or a release of any unit owner from the obligation to pay the annual assessment, or any installment thereof, for that or any subsequent assessment period. The assessment fixed for the preceding period shall continue until a new assessment is fixed in accordance with this Article.

f. No unit owner may exempt himself or herself from liability for assessments or carrying charges by his or her waiver of the use or enjoyment of any common elements or by abandoning his or her condominium unit on which the assessments are levied.

Section 4. Special Assessments. In addition to regular assessments authorized by this Article, the Board of Directors on behalf of the Council of Unit Owners may levy in any fiscal year a special assessment or assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Condominium property, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate; provided, however, that any such special assessment shall have the assent of a majority of unit owners in attendance at a special meeting of the Council of Unit Owners called for the purpose of approving or disapproving the special assessment.

Section 5. Reserve for Replacement. The Council of Unit Owners shall establish and maintain a reserve fund by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with an institution insured by an agency of any state or an agency of the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the common elements and equipment of the Condominium, for start-up costs and operating contingencies of a nonrecurring nature, and for such improvements as the Board, in its discretion, deems appropriate and necessary. The proportionate interest of any unit owner in any reserve for replacements and any other reserves established by the Council of Unit Owners shall be considered an appurtenance of his or her 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 6. Working Capital Fund. At the time of the first conveyance by the Developer, or any successor developer, of each unit within the Condominium, a non-refundable working capital contribution in an amount equal to one-sixth (1/6) of the established annual assessment shall be payable by the grantee/owner of said unit to the Council of Unit Owners. This payment shall be in addition to, and shall not be credited to, the annual assessment due by said grantee/owner.

PART B. CREATION OF LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS.

Section 1. Assessment Obligation. Each unit owner, by acceptance of a deed for a unit in the Condominium whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Council each annual assessment, all special assessments and any specific assessments levied against his or her unit pursuant to, and as provided by, the Act, the Declaration or these Bylaws. The Board of Directors may post a list of members who are delinquent in the payment of any assessment or other fees which may be due the Council, including any installment thereof which becomes delinquent, in any prominent location within the Condominium.

Section 2. Late Fees and Interest. Any assessment, or installment thereof, not paid within fifteen days (15) of the due date shall bear interest from the due date until paid at the rate of eighteen percent (18%) interest per annum, (or such greater amount provided for by the Act). Any such delinquency shall also be charged a late fee of fifteen dollars (\$15.00) (or such greater amount provided for by the Act) however, the late fee shall only be imposed once for the same delinquent payment.

Section 3. Acceleration of Installments. Upon default in the payment of one or more monthly installments of any assessment levied pursuant to the Act, the Declaration or these Bylaws, or any other installment thereof, the entire balance of the assessment may be accelerated and declared due and payable in full by the Board of Directors.

Section 4. Legal Fees and Costs of Collection. The Council of Unit Owners shall be entitled to all legal fees and costs of collection, including charges made by the Managing Agent, incurred by the Council to collect assessments, or any installment thereof, which are more than fifteen (15) days delinquent.

Section 5. Creation of a Lien and Foreclosure. Any assessment levied pursuant to the Act, the Declaration or these Bylaws, or any

installment thereof which is not paid on the due date, shall be delinquent. All such assessments together with management charges, interest, late fees, legal fees and costs of collection shall be a charge on the unit and shall be a continuing lien upon the unit against which each such assessment is made. A lien may be imposed on a unit in accordance with the requirements of the Act and the Maryland Contract Lien Act. The Board on behalf of the Council of Unit Owners may foreclose on the lien in the same manner, and subject to the same requirements, now or hereafter provided for the foreclosure of mortgages or deeds of trust in the State of Maryland containing a power of sale or a consent to a decree. Suit for any deficiency following the foreclosure may be maintained in the same proceeding. In the event that a proceeding is brought by the Board on behalf of the Council to foreclose on a lien, the owner of such unit may be required, upon resolution of the Board, to pay a reasonable rental for such unit.

Section 6. Lawsuit. Any assessment levied pursuant to the Act, the Declaration or these Bylaws, or any installment thereof, which is not paid on the date when due shall be delinquent. All such assessments together with management charges, interest, late fees, legal fees and costs of collection shall be the personal obligation of the unit owner. The Board of Directors, on behalf of the Council, may bring an action at law against the unit owner(s) legally obligated to pay the assessments to obtain a money judgment against him, her or them for the amount of the unpaid assessments as well as the amount of the attendant management charges, late fees, interest, legal fees and costs of collection.

Section 7. Lawsuit and Lien are Not Mutually Exclusive Remedies. Upon the placement of a lien on a unit, the lien shall bind the unit described in the Statement of Lien. The personal obligation of the unit owner to pay the assessment shall, however, remain his or her personal obligation and a lawsuit to recover a money judgment for non-payment of any assessment levied pursuant to the Act, the Declaration or these Bylaws, or any installment thereof, may be maintained without foreclosing on the lien or waiving the lien established to secure payment of such assessment. Likewise, a lawsuit to recover a money judgment may be maintained without waiving the right to impose or enforce a lien under the Maryland Contract Lien Act.

Section 8. Rights of the Mortgagee. Upon a mortgagee's written request to the Council that it be provided with notice of such default, the Council shall promptly notify the holder of a first mortgage on any condominium unit for which assessments levied pursuant to the Declaration or these Bylaws, or any installment thereof, becomes delinquent for a period exceeding thirty (30) days.

Section 9. Default in Mortgage. Any recorded first mortgage secured on a condominium unit in the Condominium shall provide that

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

Article VII

Use Restrictions and Rule Making

Section 1. Authority and Enforcement. The Condominium shall be used only for those uses and purposes set out in the Declaration. The Board of Directors shall have the authority to make and to enforce reasonable rules and regulations governing the conduct, use and enjoyment of units and the common elements, provided that such rules are promulgated and enforced in accordance with Sections 11-111 and 11-113 of the Act and that copies of all such rules and regulations are furnished to the unit owners. The Board shall have the power to impose reasonable fines which shall constitute a lien upon the unit owned by the violating owner, and to suspend an owner's rights to use the common elements and to vote. Each day of a continuing violation may be considered a separate violation. Nothing herein contained shall be construed to limit the Council's right to any other additional remedies at law or in equity available to it to enforce the Declaration, the Bylaws, or the rules and regulations of the Council. The remedies contained herein shall be construed as cumulative of the Council's other rights of enforcement at law or in equity or any other remedies available to the Council.

Section 2. Dispute Resolution Procedure. The Board or its designated committee shall not impose a fine, suspend voting, or infringe upon any other rights of an owner or other occupant for violation of the Declaration, these Bylaws or rules and regulations unless and until the provisions of Section 11-113 of the Act, as it is amended from time to time, are followed:

a. **Demand.** Written demand to cease and desist from an alleged violation is served upon the alleged violator specifying: (1) the alleged violation; (2) the action required to abate the violation; and, (3) a time period, not less than ten (10) days,

during which the violation may be abated without further sanction if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

b. **Notice.** Within twelve (12) months of the demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is violated subsequently, the Board shall serve the alleged violator with written notice of a hearing to be held by the Board. The notice shall contain: (1) the nature of the alleged violation; (2) the time and place of the hearing, which time may be not less than ten (10) days from the giving of the notice; (3) an invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf; and, (4) the proposed sanction to be imposed.

c. **Hearing.** At the hearing, the alleged violator has the right to present evidence and present and cross-examine witnesses. The hearing shall be held in executive session and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. This proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Officer or Director who delivered the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting.

d. **Hearing Results.** The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. A decision pursuant to these procedures shall be appealable to the courts of Maryland.

e. **Owner's Failure to Comply.** If any unit owner fails to comply with the Act, the Declaration or these Bylaws, or a decision rendered pursuant to this Section, the unit owner may be sued for damages caused by the failure or for injunctive relief, or both, by the Council of Unit Owners or by any other unit owner. The prevailing party in any such proceeding is entitled to an award for legal fees and costs as determined by the court.

f. **Effect of Failure to Enforce Provisions.** The failure of the Council of Unit Owners to enforce a provision of the Act, the Declaration, these Bylaws, or the rules and regulations on any occasion is not a waiver of the right to enforce any provision on any other occasion.

Section 3. Prohibited Uses and Nuisances. Except as may be reasonable and necessary in connection with the maintenance,

improvement, repair or reconstruction of any portion of the Condominium by the Council of Unit Owners:

a. Noxious or offensive trade or activity shall not be carried on within the Condominium or within any condominium unit, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other unit owners. Nuisances shall not be permitted within the Condominium, nor shall any use or practice be permitted which is or becomes a source of annoyance to the unit owners or which interferes with the peaceful use and possession thereof by the unit owners.

b. There shall be no obstruction of any of the common elements. Nothing shall be stored by any unit owner upon any of the common elements, except that appropriate patio furniture may be placed upon decks and patios 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. Structural alteration, construction, addition or removal of any condominium unit or the common elements shall not be commenced or conducted except in strict accordance with the provisions of these Bylaws.

e. The maintenance, keeping, breeding, boarding or raising of animals, livestock or poultry of any kind, regardless of number, is prohibited within any condominium unit or upon any of the common elements, except that the keeping of a dog, a cat or caged birds as domestic pets is not prohibited provided that they are not kept for commercial purposes or for breeding. Pets shall not be permitted upon the general common elements of the Condominium unless accompanied by an adult and unless they are leashed. Any unit owner who keeps or maintains any pet upon any portion of the Condominium shall be deemed to indemnify and agree to hold the Council, each unit owner and the Managing Agent free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be licensed and inoculated as required by law, and shall be registered with the Council in such manner, and upon such form, as the Board of Directors may from time to time designate. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the Condominium and the Board of Directors, after affording the right to a hearing to the unit owner affected, in accordance with Section

11-113 of the Act, shall have the exclusive authority to declare any pet a nuisance and have the pet removed from Condominium property. In the event of a dangerous animal, the Board shall not be obligated to provide a hearing pursuant to Section 11-113 of the Act, and, instead, shall work with the proper governmental authorities to have the animal immediately removed from the Condominium property.

f. Except for such signs as may be posted by the Council for promotional 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 prior written consent from the Board of Directors and under such conditions as it may establish. The provisions of this subsection shall not be applicable to the institutional holder of any first mortgage which comes into possession of any condominium unit.

g. Except as provided elsewhere in these Bylaws, junk vehicles, vehicles which do not display current license plates or which are not properly registered, and recreational vehicles, such as trailers, campers, boats, or commercial vehicles, or the like, shall be not be kept upon any of the common elements. Unit owners shall not repair or conduct extraordinary maintenance of a vehicle on any of the common elements or within a condominium unit. Motorcycles shall only be parked in the garages of the individual units and not on the limited common element, including driveways, or general common element parking spaces. Further, as set forth in Article XIII of these Bylaws, the Condominium's Board of Directors shall have the authority to promulgate additional rules and regulations with respect to parking, including but not limited to, the assignment of parking spaces.

h. Except as provided elsewhere in these Bylaws, no part of the common elements shall be used for commercial activities of any kind.

i. Trash and garbage shall not be burned. Trash or garbage shall not be permitted to accumulate. Storage of new or used building materials, or trash and garbage of any kind shall not be permitted within any condominium unit or upon any of the common elements. Trash, garbage and recyclable material containers shall not be permitted to remain in public view, except on days of collection. Such containers shall not be set out for collection more than twelve (12) hours prior to the scheduled collection time, and such containers shall not remain at the point of collection for more than twelve (12) hours after the trash, garbage or recyclable materials have been collected. For example, if trash is collected at 8:00 a.m. on Tuesday morning, the trash may not be set out for collection prior to 8:00 p.m. on Monday evening and, after collection, the trash containers must be removed from the front of the property before 8:00 p.m. on Tuesday evening. All trash, garbage

or recyclable materials must be placed within appropriate receptacles. Unless otherwise approved by the Board of Directors or the refuse collection contractor, plastic bags, paper bags and cardboard boxes are not appropriate receptacles.

j. Temporary structures, trailers, tents, shacks, barns or other outbuildings shall not be maintained upon any common elements. Outdoor clothes lines shall not be maintained upon any of the common elements. No clothing, laundry, rugs or the like shall be hung from any part of any condominium unit, balcony or patio, or upon any common element.

k. Outside aerials or antennas of any type shall not be maintained upon any condominium unit or upon any common element without the prior written consent of the Board of Directors.

l. Nothing shall be stored upon any balcony or patio. Food shall not be cooked or prepared upon any common element without the prior written consent of the Board of Directors.

m. No unlawful use shall be made of any condominium unit or any portion of the common elements. All laws, zoning requirements and other ordinances and regulations of governmental bodies shall be observed at all times.

n. Unit owners shall not engage or direct any employee or contractor of the Council, including but not limited to, the Managing Agent, on any private business of the unit owner during the hours such employee or contractor is employed by the Council, nor shall any unit owner direct, supervise or attempt to assert control over such employee or contractor of the Council.

o. No portion of any condominium unit (other than the entire unit) shall be leased for any period. No condominium unit shall be leased for transient or hotel purposes or, without the prior written approval of the Board of Directors, for any period less than twelve (12) months. An owner of a condominium unit who leases his or her unit shall, along with a written lease, be required to execute, along with his or her tenant, a third party lease addendum provided by the Board of Directors. The lease addendum shall include at least the following provisions:

(1) that the right of the tenant(s) to use and occupy the condominium unit shall be subject to and subordinate in all respects to the provisions of the Declaration, these Bylaws and the Condominium's rules and regulations;

(2) that the unit owner shall provide the tenant(s) with copies of the Declaration, these Bylaws and the Condominium's rules and regulations;

(3) that the tenant(s)' breach of the Declaration, these Bylaws or the Condominium's rules and regulations shall constitute a breach of the lease;

(4) that the unit owner's failure to require his or her tenant(s)' compliance with the Declaration, these Bylaws, the Condominium's rules and regulations or any other applicable laws or ordinances, shall result in the Council, at the owner's expense, enforcing the provisions of these documents against the tenant(s), such enforcement including, but not limited to, evicting the tenant(s);

(5) that the owner's failure to pay the annual assessment, or any special or other assessment, or any installment thereof, levied against his or her unit may result in the Council collecting the assessments directly from the tenant(s) and the tenant(s) deducting the assessment payment(s) from the rental payment owed to the unit owner pursuant to the lease terms.

A copy of the lease and third party lease addendum shall be forwarded to the Board of Directors not more than fifteen (15) days after the lease and the addendum have been executed. The foregoing provisions of this subparagraph, except the restriction against use for hotel or transient purposes, shall not apply to a mortgagee in possession of a unit as a result of a foreclosure or other judicial sale or as a result of a proceeding in lieu of foreclosure.

p. There shall be no violation of any rules for the use of the common elements which may be promulgated by the Board of Directors from time to time in accordance with Section 11-111 of the Act.

Section 4. Family Day Care.

a. Family Day Care Homes shall not be considered a residential activity and shall not be permitted within the Condominium.

b. The approval of a simple majority of the total eligible votes of the Council voting in person or by proxy at any annual or special meeting of the Council shall be required to enact a provision permitting Family Day Care Homes within the Condominium.

Article VIII

Architectural Control

Section 1. Architectural Changes Must Be Approved. Except for purposes of proper maintenance and repair, or as otherwise provided

by the Declaration or these Bylaws, a unit owner shall not 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 or other signal receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, or walls, or make any change or otherwise alter, including an alteration in color, in any manner whatsoever the exterior of any condominium unit or upon any of the common elements within the Condominium, 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 operating 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, has been submitted to and approved in writing by the Board of Directors or by the Architectural & Environmental Control Committee.

Section 2. Architectural & Environmental Control Committee (AECC). The Architectural & Environmental Control Committee (AECC) shall be composed of an uneven number of three (3) or more persons designated from time to time by the Board of Directors. In the event the Board does not appoint an AECC, the Board shall constitute the AECC. The affirmative vote of a majority of the members of the AECC shall be required to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the AECC's authority as specified in this Article.

Section 3. Approval of Architectural Alterations. Upon the AECC's approval of an owner's architectural construction or alteration request, the approved plans and specifications submitted with the request shall become part of the AECC's permanent records and a copy of the plans and specifications bearing the AECC's written approval shall be returned to the unit owner. In the event the AECC fails to approve or disapprove of any architectural construction or alteration request within sixty (60) days of its receipt of same, the request is automatically disapproved. However, if so desired by the requesting unit owner, the architectural construction or alteration request shall be deemed to be resubmitted to the AECC on the 61st day after the original request. The AECC 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 AECC shall be final except that any unit owner who is aggrieved by any action or forbearance from action by the AECC may appeal the AECC's decision to the Board of Directors and, upon the written request of such

unit owner, shall be entitled to a hearing before the Board of Directors.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the AECC 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 AECC and shall be substantially completed within twelve (12) months following the date of commencement or within such longer period as the AECC 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 AECC 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 the plans and specifications approved by the AECC without the AECC's prior written consent. The AECC's approval of plans and specifications does not constitute a certification of structural soundness or constitute compliance with governmental building codes or other regulations. The requesting unit owner shall, at the AECC's request, furnish the AECC with appropriate building permits or other governmental approvals. The unit owner shall also be required, at the AECC's request, to submit a certificate of structural soundness from an architect or engineer. The cost of such certificate shall be borne solely by the requesting unit owner. Approval of any particular plans and specifications or design by the AECC shall not be construed as a waiver of the right of the AECC to disapprove of identical or similar plans, specifications or designs, or elements or features thereof, in the event such plans, specifications or designs are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alteration in accordance with plans and specifications approved by the AECC and with the provisions of this Article, the AECC shall, at the request of the unit owner, issue a certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved by the AECC and was constructed or installed in full compliance with the provisions of the AECC's written approval and with the provisions of this Article and such other provisions of these Bylaws as may be applicable.

Section 6. Rules and Regulations. Upon the request of the Board of Directors, the AECC shall, from time to time, propose rules and regulations regarding the form and content of plans and specifications to be submitted for approval to the AECC by unit owners requesting construction or alterations to their unit. The AECC may also be requested by the Board to propose statements of architectural policy, standards, guidelines, design, style and other related provisions. The Board of Directors may promulgate such rules, standards, guidelines, designs and styles as it deems necessary and proper. The promulgation of such rules, regulations

and related provisions shall be in accordance with Section 11-111 of the Act. No such rules and regulations, guidelines, statements or the like shall be construed as a waiver of the provisions of this Article or any other provisions or requirements of these Bylaws.

Section 7. Additions, Alterations or Improvements by the Board. Except in cases of bona fide emergencies involving manifest danger to life, property or the interruption of essential services to the Condominium, the Board of Directors shall not cause additions, alterations or improvements to be made to the common elements if the required additions, alterations or improvements shall exceed an amount equal to twenty percent (20%) of the then current annual budget of the Council of Unit Owners unless unit owners representing at least a majority of the total percentage interest, at any duly called meeting of the Council of Unit Owners called for such purpose in accordance with these Bylaws, shall approve such expenditure.

Article IX

Insurance

Section 1. Authority to Purchase.

a. Except as otherwise provided in Section 5 of this Article, all insurance policies relating to the Condominium shall be purchased by the Board of Directors. Neither the Board of Directors nor the Managing Agent shall be liable for failure to obtain any coverage required by this Article, or for any loss or damage resulting from such failure, if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverage is available only at a demonstrably unreasonable cost.

b. Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Council of Unit Owners, the Board of Directors, the Managing Agent or the unit owners, and their respective agents, employees, guests and, in the case of each condominium unit, the members of each household;

(2) Such policy shall not be canceled, invalidated or suspended due to the conduct of any unit owner (including his or her invitees, agents and employees) or of any member, officer or employee of the Board of Directors or the Managing Agent without a prior demand

in writing that the Board of Directors or the Managing Agent cure the defect and the defect is not cured within sixty (60) days of the demand;

(3) Such policy may not be canceled or substantially modified (including cancellation for nonpayment of the policy premium) without at least thirty (30) days prior written notice to the Board of Directors and the Managing Agent and, in the case of physical damage insurance, to all mortgagees.

c. All policies of insurance shall be written by reputable companies licensed to do business in the State of Maryland.

Section 2. Physical Damage Insurance.

a. The Board of Directors shall obtain and maintain a blanket "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, debris removal, cost of demolition and water damage endorsements, insuring the entire Condominium (but not including furniture, wall coverings, furnishings, or other personal property supplied or installed by unit owners), together with all air conditioning equipment and other service machinery contained therein and covering the interests of the Council of Unit Owners, the Board of Directors and all unit owners and their mortgagees, as their interests may appear, in an amount equal to one hundred percent (100%) of the then current replacement cost of the property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage).

b. Such policy shall also provide:

(1) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so;

(2) The following endorsements (or equivalent): (a) "no-control"; (b) "contingent liability from operation of building laws or codes"; (c) "increased cost of construction" or "condominium replacement cost"; and (d) "agreed amount" or "elimination of co-insurance clause"; and

(3) That any "no other insurance" clause expressly excludes individual unit owners' policies from its operation so that the

physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual unit owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual unit owners or their mortgagees, unless otherwise required by law.

c. The Board of Directors or the Managing Agent shall, at the request of any unit owner or at the request of the mortgagee of a condominium unit, promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the Condominium's insurance policies showing the interest of such unit owner or mortgagee as their interests may appear; and (b) certificates of insurance relating to any of such policies; and (c) duplicate originals of any such policies.

Section 3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasions of privacy coverage) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board, and the unit owners arising out of, or incident to the ownership and/or use of the common elements. Such insurance shall be issued on a comprehensive liability basis and shall contain:

a. a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his or her action against another named insured;

b. hired and non-owned vehicle coverage;

c. host liquor liability coverage with respect to events sponsored by the Council of Unit Owners;

d. deletion of the normal products exclusion with respect to events sponsored by the Council of Unit Owners; and

e. a "severability of interest" endorsement which shall preclude the insurer from denying liability to a unit owner because of negligent acts of the Council of Unit Owners or of another unit owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella liability" insurance in excess of the primary limits shall also be obtained.

Section 4. Other Insurance. The Board of Directors shall obtain and maintain:

a. adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Council and all others who handle or are responsible for handling funds of the Council, including the Managing Agent. Such fidelity bonds shall:

- (1) name the Council of Unit Owners as an obligee;
- (2) be written in an amount not less than three months of assessments income plus the amount of the condominium total reserves; and
- (3) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

b. Directors and Officers Liability Insurance which affords protection for the Officers and Directors of the Council for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such Officer or Director shall have been made a party by reason of his or her services as such;

c. if required by any governmental or quasi-governmental agency, including but not limited to, the Federal National Mortgage Corporation or the Federal Home Loan Mortgage Corporation or the Veterans Administration, flood insurance in accordance with the then applicable regulations of such agency;

d. workmen's compensation insurance if and to the extent necessary to meet the requirements of law;

e. broad form machinery and pressure vessel explosion insurance, if applicable; and

f. such other insurance coverage as the Board of Directors may determine to be necessary or appropriate, or as may be requested from time to time by a majority of the unit owners.

Section 5. Separate Insurance. Each unit owner shall have the obligation, at the owner's own expense, to obtain insurance for the owner's unit and for the owner's benefit and to obtain insurance coverage upon the owner's personal property (including a plateglass damage policy) and for the owner's personal liability as well as upon any improvements made by the owner to the owner's unit under coverage usually referred to as "tenants' improvements and betterments coverage;" provided however, that no unit owner shall

be entitled to exercise his or her right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all owners, may realize under any insurance policy maintained by the Board of Directors or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with insurance coverage obtained by a unit owner. All such policies shall contain waivers of subrogation. No unit owner shall obtain separate insurance policies on the Condominium except as provided in this Section.

Section 6. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each unit owner, each mortgagee, other named insurers and their beneficiaries and any other holder of a lien or other interest in the Condominium or the property to adjust and settle all claims arising under insurance policies purchased by the Board and to execute and deliver releases upon the payment of claims.

Section 7. Insurance Deductible. If repair is required as a result of an insured loss, the amount of the deductible shall be treated as if it were a maintenance expense and shall be paid by the person or persons who would be responsible for such repair, in the absence of insurance, as set forth in Article XII, Sections 1 and 2 hereof. If the maintenance responsibility cannot be determined by the Board or if the loss affects more than one unit or a unit and a common element, the cost of the deductible may be apportioned equitably by the Board among the parties suffering the loss.

Article X

Casualty Damage -- Reconstruction or Repair

Section 1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 4 of this Article, in the event of damage or destruction of all or any of the buildings in the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of such buildings (including damaged units, and the floor coverings, kitchen and bathroom fixtures and appliances installed therein at the time of conveyance by the developer, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit owners in the units). Notwithstanding the foregoing, each unit owner shall have the right to supervise the redecorating of the owner's own unit.

Section 2. Procedures for Reconstruction and Repair.

a. **Cost estimates.** Immediately after a fire or other casualty causing damage to any such building, the Board of Directors shall obtain reliable and detailed estimates of the cost

of repairing and restoring such building(s) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board deems necessary.

b. **Assessments.** If the proceeds of insurance are insufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and, to the extent that the reserve funds are insufficient to cover the costs, the shortage shall be deemed a common expense and a special assessment for such purpose shall be levied against the unit owners.

c. **Plans and Specifications.** Any reconstruction or repair shall be substantially in accordance with the original construction of the Condominium, subject to any modifications required by changes in applicable governmental regulations and building code requirements.

Section 3. Disbursement of Construction Funds.

a. **Construction Fund and Disbursement.** The proceeds of insurance collected on account of a casualty as well as the assessments collected from the unit owners on account of such casualty shall be held by the Board of Directors and shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

If the estimated cost of reconstruction and repair exceeds 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, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Maryland and employed by the Board to supervise such work. Payment shall be made from time to time, as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (1) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (2) there is no other outstanding indebtedness known to the architect for the services and materials described; and (3) the cost as estimated by the architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

b. **Common Elements.** When the damage is to both the common elements and the units, the insurance proceeds shall be applied first to the costs of repairing those portions of the common elements which enclose and service the units, then to the cost of repairing the other common elements and thereafter to the cost of repairing the units.

c. **Surplus.** It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall either be divided among all unit owners in proportion to their interests and shall be distributed in accordance with the priority of interests at law or in equity in each unit, or if the Board deems appropriate, be placed in the Council's reserve account.

Section 4. When Reconstruction is Not Required. Any portion of the Condominium damaged or destroyed shall be repaired or replaced promptly by the Council of Unit Owners unless:

a. the repair or replacement of the damaged or destroyed portion of the Condominium would be illegal under any State or local health or safety statute or ordinance; or,

b. the Condominium is damaged or destroyed to the extent of two-thirds (2/3) of the Condominium's full replacement cost, as estimated by the Board of Directors and the insurer, and the unit owners, by unanimous consent, resolve not to repair and replace the damaged or destroyed portions of the Condominium and, pursuant to the requirements of the Act, terminate the Condominium regime.

Section 5. Eminent Domain and Condemnation. Damages for a taking of all or part of the Condominium shall be awarded as provided by Section 11-112 of the Act.

Article XI

Fiscal Management

Section 1. Fiscal Year. Unless otherwise directed by the Board of Directors, the Council's fiscal year shall be the calendar year.

Section 2. Principal Office & Resident Agent. The Council's principal office as well as the resident agent shall be those indicated in the records of the Maryland State Department of Assessments and Taxation (SDAT). The Board of Directors shall have the authority to change the location of the principal office,

as well as the resident agent, from time to time, provided however, that no such change shall become effective until a certificate evidencing such change is filed with SDAT.

Section 3. Books and Accounts. The books and accounts of the Council shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The books shall be kept with detailed accounts, in chronological order, of receipts, expenditures, and other transactions of the Council. The books and records shall specify the maintenance, repair and service expenses of the common elements incurred by the Council. The receipts and expenditures of the Council shall be credited and charged to the Council's accounts under the following classifications:

a. "Current Operations" which shall involve the control of actual expenses of the Council, including reasonable allowances for necessary contingencies and working capital funds in relation to the assessments and expenses provided for elsewhere in these Bylaws; and

b. "Reserves for Deferred Maintenance" which shall involve the control of monthly funding and maintenance of such deferred maintenance costs and reserves as are approved by the Board of Directors from time to time; and

c. "Reserves 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 repairs or replacement of a capital improvement and for expenditures for additional capital improvements or personal property made or acquired by the Council with the approval of the Board of Directors.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Council shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards,

consistently applied. Based upon such a report, the Council shall furnish the unit owners, and any mortgagees who have so requested in writing, an annual financial statement, including the income and disbursements of the Council, on or before the date of each annual meeting.

Section 5. Inspection of the Books and Records. The books and records of the Council shall be maintained in the State of Maryland and available for inspection and copying by the unit owners, their mortgagees and their duly authorized agents or attorneys within forty (40) miles of Anne Arundel County. Inspection can be made during normal business hours after reasonable notice.

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 by either the President or the Vice President. All checks shall be executed on behalf of the Council by such officers, or agents as are from time to time authorized by the Board of Directors.

Article XII

Physical Management

Section 1. By the Board of Directors. The Council of Unit Owners, acting by and through the Board of Directors, shall manage, operate and maintain the Condominium, and shall, for the benefit of the condominium units and the unit owners, enforce the maintenance provisions of this Article and shall pay, as common expenses of the Council, the cost of managing, operating and maintaining the Condominium, including, but not limited to, the following:

a. the cost of providing water, sewer, garbage and trash collection, electrical, gas, and other 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 other casualty insurance, extended liability insurance, and the cost of such other insurance as required by these Bylaws or as deemed appropriate by the Board of Directors; and

c. the cost of services of a person or firm to manage the Condominium to the extent deemed advisable by the Board of Directors, together with the services of such other personnel as the Board deems appropriate or 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 for the operation of the Condominium; and

e. the cost of repair, maintenance, service and replacement of the general common elements of the Condominium, including but not limited to, the cost of painting, maintaining, replacing, repairing and landscaping the general common elements; and for the cost of such furnishings and equipment for the general common elements as the Board shall determine are necessary and proper; provided however, that nothing herein shall require the Council to repair, replace, or otherwise maintain an owner's condominium unit as defined in Article I of the Declaration; and

f. the cost of any and all other materials, supplies, labor, services, taxes, assessments or the like, which the Council is either required to pay or secure by law, or which the Board of Directors, on behalf of the Council, in its discretion deems 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 the limited common elements appurtenant to that unit, the cost thereof shall be specially assessed to the respective owner in the manner provided by Section 1(g) of this Article; and

g. the cost of the maintenance or repair of any condominium unit, or the limited common elements appurtenant to that unit, in the event such maintenance or repair is reasonably necessary in the discretion of the Board 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 the Council; provided, however, that, except in cases involving emergencies or manifest danger to the safety of persons or property, no such maintenance or repair shall be undertaken without a resolution by the Board and without reasonable notice to the owner of the condominium unit whose unit or appurtenant limited common elements is proposed to be maintained. Further, the cost of the maintenance or repair performed by the Council for the benefit of a particular unit owner shall be assessed against the condominium unit of the owner for which such maintenance or repair is performed and, when so assessed, a statement for the amount of the maintenance or repair shall be forwarded promptly to the unit owner of the respective condominium unit. Once the statement is forwarded to the unit owner, the assessment for the maintenance or repair shall become immediately due and payable and shall become a continuing lien on the condominium unit, as well as the personal obligation of the unit owner, as provided by Article VI of these Bylaws; and

h. any amounts necessary to discharge any lien or encumbrance levied against the Condominium, or any portion thereof, which may, in the opinion of the Board, constitute a lien against

any of the common elements, as opposed to the interest of an owner of any individual condominium unit.

Section 2. By the Unit Owners.

a. **Units.** Except for the maintenance requirements imposed upon the Council by these Bylaws, the owner of a condominium unit shall, at the owner's expense, maintain, repair and keep in good order, in a sanitary and safe condition, the owner's condominium unit. The boundaries of a condominium unit, as well as the components of a condominium unit, are set forth in Article I of the Declaration. An owner's maintenance, repair and replacement obligations include, but are not limited to: all redecorating and painting (inside and outside the unit) which may be necessary to maintain the good appearance of the unit; maintaining, repairing, replacing and cleaning the inside and the outside of the unit; maintaining, repairing and replacing all equipment and appliances situated within the unit, or which are situated outside of the unit but service only the owner's unit, including but not limited to any plumbing and electrical fixtures, water heaters, fireplaces, chimneys, plenums, heating and air conditioning equipment, lighting fixtures, refrigerators, freezers, trash compactors, garbage disposals, washers and dryers, ranges and range hoods and garage door openers. The owner of a unit shall also maintain, repair and replace any balcony, deck, terrace, entrance stoop, patio and unit privacy fence.

b. **Common Elements.** The Council shall maintain and keep in good order, in a sanitary and safe condition, free of ice and snow, the general common elements. The limited common elements appurtenant to an owner's condominium unit shall be maintained, repaired and kept in good order and in a sanitary and safe condition by that unit owner and at that unit owner's expense. The Council shall keep any driveway and walkway leading up to a unit free of ice and snow. The limited common elements are defined by the Condominium's plat and Article II of the Declaration. The Council's maintenance responsibility includes, but is not limited to, the cluster mailboxes and the roadways within the Property.

The Council shall also be responsible for the maintenance, including but not limited to, mowing and pruning, of any lawn or landscaped area which is a part of the general common elements.

Section 3. Board of Directors as Attorney-in-Fact. The Board of Directors, on behalf of the Council of Unit Owners, is hereby irrevocably appointed as attorney-in-fact for the owners of all of the condominium units, individually and jointly, to manage, control and deal with the interests of the owners in the common elements of the Condominium, to permit the Board to fulfill the Council's functions and duties under the provisions of the Act, the Declaration, and these Bylaws, and to exercise all powers and rights

thereunder, and to deal with the Condominium upon its destruction or condemnation and the proceeds of any insurance indemnity, as hereinelsewhere provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any condominium unit shall constitute an irrevocable appointment of the Board of Directors as attorney-in-fact.

Section 4. Right of Access. The Board of Directors, on behalf of the Council of Unit Owners, or its authorized designee, shall have an irrevocable right and an easement to enter units to make repairs when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium. Except in cases involving manifest danger to public safety or property, the Board shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of repair. If damage is inflicted on the common elements or any unit through which access is taken, the Council is liable for the prompt repair of the damage. An entry by the Board or its designee, on behalf of the Council, for the purposes specified in this Section shall not be considered a trespass.

Section 5. Easements for Utilities and Related Purposes. The Board of Directors, on behalf of the Council, may, by majority vote, grant easements, rights-of-way, licenses, leases, and other similar interests, in excess of (1) one year for the provision of utility services or communication systems for the exclusive benefit of units within the Condominium. The action granting such an easement, license or other interest shall be taken at a meeting of the Board held after at least thirty (30) days' notice to all unit owners of record, at which the unit owners shall have an opportunity to present their views on the proposed easement, license, right-of-way or other interest. Further, the easement, license, right-of-way or other interest shall contain the provisions required by Section 11-125 of the Act.

The Board of Directors, on behalf of the Council, may grant easements, rights-of-way, licenses, leases, and other similar interests, in excess of (1) one year for purposes other than the provision of utility services or communication systems if the grant of such interest is approved by the affirmative vote of unit owners having sixty-six and two-thirds percent (66 2/3%) of the total votes in the Council (or such other lesser percentage as may be provided by Section 11-125 of the Act).

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 or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common elements or from any wire, pipe, drain, conduit, appliance or

equipment. The Council shall not be liable to the owner of any unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of common expense assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements, or to any condominium unit, or from any action taken by the Council of Unit Owners to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Article XIII

Parking

Section 1. Parking Space Assignment. Except for parking spaces located on driveways which are limited common elements, all other parking spaces within the Condominium are part of the general common elements. Parking may be regulated by the Board of Directors and parking spaces may be assigned by the Board of Directors. If the parking spaces are assigned by the Board of Directors, no owner or resident shall make use of any parking space other than the space(s) appurtenant to or assigned to the owner or resident's unit without the express written consent of both the unit owner to whom such other space has been assigned and the Board of Directors, nor shall any owner or resident invite, encourage or permit the use by his or her guests of the parking space(s) appurtenant to or assigned to condominium units other than his or her own. In the event the Board of Directors elects to assign parking spaces, the Board shall make reasonable efforts to assign parking spaces in a manner calculated to make reasonable accommodations for the elderly and disabled.

Section 2. Obstruction of Parking Spaces is Prohibited. No vehicle belonging to any owner or resident, or to any guest or employee of the Condominium, shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any parking space assigned to any other unit or used by any other owner or resident. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris.

Section 3. Derelict or Junk Vehicles. A vehicle which is inoperable, or which is not properly registered and licensed shall not be permitted to park on any of the Condominium's parking spaces, including the limited common element driveways. After a reasonable attempt at notifying the owner of such a vehicle, (in accordance with applicable law), to remove it from the Condominium property, the vehicle shall be towed at the expense of the vehicle's owner.

Section 4. Parking Rules and Regulations. Each owner and resident 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. The Board of Directors is hereby, and elsewhere in these Bylaws, authorized to adopt such rules and regulations.

Article XIV

Amendments

Section 1. Amending the Bylaws. These Bylaws may be modified or amended either (i) by a vote by the unit owners representing at least sixty-six and two-thirds percent (66 2/3%) of all of the votes in the Council of Unit Owners (or such lesser percentage as may be provided by the Act) present in person or by proxy, at any regular or special meeting of the Council, or (ii) pursuant to a written instrument duly executed by the unit owners having at least sixty-six and two-thirds percent (66 2/3%) of all the votes in the Council of Unit Owners (or such lesser percentage as may be provided by the Act). A modification or an amendment of these Bylaws shall not be effective until it is recorded among the Land Records of Anne Arundel County.

Section 2. Proposing Amendments. Amendments to these Bylaws may be proposed by the Board of Directors 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 Council at which such proposed amendment will be considered and/or voted upon.

Article XV

Notices to, and Rights of, Mortgagees & Contract Purchasers

Section 1. Notice to Contract Purchasers. A unit owner shall provide a contract purchaser of the owner's condominium unit with the following information and disclosures not later than fifteen (15) days (or within such other time period required by the Act) prior to closing:

- a. A copy of the Condominium Declaration;
- b. A copy of these Bylaws;
- c. A copy of the Council's rules and regulations;

d. A resale certificate from either the Council's Board of Directors or the Managing Agent;

e. A statement by the unit owner as to whether the unit owner has knowledge:

(1) that any alteration to the unit or to the limited common elements assigned to the unit violates any provision of the Condominium's Declaration, the Bylaws or the Rules and Regulations; and

(2) of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit.

f. And such other disclosures as may be required by the Act.

Section 2. Notice of Board of Directors. Upon purchasing a unit within the Condominium, the unit owner(s) shall supply the Managing Agent with a copy of his or her settlement sheet, as well as the name and address of the mortgagee holding a first mortgage on the owner's condominium unit and the owner's mortgage account number. A unit owner's failure to provide the Managing Agent with this information will render the unit owner(s) ineligible to vote at any meeting of the Council until such time as the owner(s) has complied with this Section.

Section 3. Consent of Mortgagee. The Board of Directors, the Council of Unit Owners or the unit owners shall not take any of the following actions without the prior written consent and approval of the holders of first mortgages of record on the condominium units:

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

b. modify or amend any material provision of the Declaration or of these Bylaws, including but not limited to, any amendment which would change the percentage interests of the unit owners in the common elements of the Condominium, the percentage interest of the unit owners in the common expenses and common profits of the Condominium or the voting rights of the unit owners; or

c. modify the method of determining and collecting common expense assessments or other assessments as provided in Article VI of these Bylaws; or

d. partition, subdivide, transfer or otherwise dispose of any of the common elements of the Condominium; or

e. partition or subdivide any condominium unit without the express written approval of the first mortgage holder on the condominium unit subject to the partition or subdivision.

Section 4. Notice of Casualty Loss, Condemnation or Eminent Domain Proceeding. In the event of damage or destruction of any condominium unit or any part of the common elements of the Condominium, or in the event any condominium unit or any part of the common elements of the Condominium is made the subject of a condemnation or eminent domain proceeding, the Board shall give prompt written notice of any such damage or proceeding to the holders of all first mortgages of record on the condominium units. No provision of the Declaration or these Bylaws shall entitle any unit owner to any priority over the holder of any first mortgage of record on the owner's unit with respect to the distribution to such owner of any insurance proceeds or to the proceeds of any condemnation award or settlement.

Article XVI

Miscellaneous

Section 1. Conflict. These Bylaws are subordinate and subject to all provisions of the Act and the Condominium's Declaration. All of the terms used in these Bylaws, except where clearly repugnant to the context, shall have the same meaning as the Act and the Declaration. In the event of any conflict between the Declaration and the Bylaws, the provisions of the Declaration shall control. In the event of any conflict between the Declaration and the Act, the provisions of the Act shall control.

Section 2. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications required under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if deposited in the U.S. mail with sufficient first class, prepaid postage:

a. If to a unit owner, at the address which the unit owner has designated in writing and filed with the Secretary or the Managing Agent, or if no such address is designated, at the address of the unit of such unit owner. If a unit is owned by more than one person, each such person who so designates an address in writing to the Secretary or the Managing Agent shall be entitled to receive all notices hereunder;

b. If to the Council, the Board of Directors or the Managing Agent, at the principal office of the Council or the Managing Agent, or at such other address as shall be designated by written notice to the unit owners in accordance with this Section.

Section 3. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws.

Section 4. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

Section 5. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure by the Board of Directors or the unit owners to enforce them.

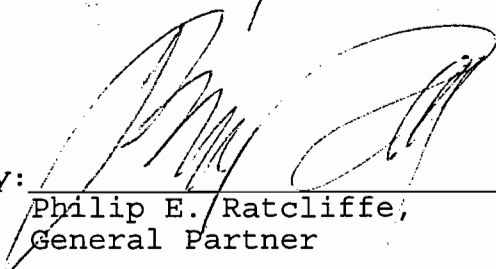
Section 6. Gender and Grammar. Whenever the context of these Bylaws requires, the singular shall include the plural and the plural shall include the singular. The use of any gender shall be deemed to include all genders.

Section 7. Enforcement. If any owner or other person fails to comply with any provision of these ByLaws or the Council's Declaration or Rules and Regulations, such failure shall give rise to a cause of action for the recovery of damages, injunctive relief, or both, in the Council and/or each owner, and their respective heirs, personal representatives, successors and assigns. The Council shall be entitled to recover from an owner, or other person who has violated these Bylaws or the Council's Declaration or Rules and Regulations, all costs, including reasonable attorneys' fees, incurred by the Council in obtaining such owner's, or other person's, compliance with these ByLaws or the Council's Declaration or Rules and Regulations. Any such owner shall be personally liable to the Council for the cost thereof, to the same extent as the owner is liable for an assessment adopted pursuant to Article VI of these ByLaws and the Council shall have a lien therefor which is enforceable in the same manner as an assessment Lien imposed upon a unit.

WITNESSETH the hand and seal of the Developer, Street Venture Limited Partnership, this 20 day of July, 1994.

WITNESS:

Jana Bevan Popelak

By:  (SEAL)
Philip E. Ratcliffe,
General Partner

STATE OF MARYLAND; CITY/COUNTY OF Baltimore, to wit:

I, Janni Maxdee, a Notary Public in and for the State of Maryland, do hereby certify that PHILIP E. RATCLIFFE, known to me, or satisfactorily proven to be, the person named as the General Partner of Street Venture Limited Partnership, personally appeared before me in the above-referenced jurisdiction, and as General Partner, as aforesaid, executed these By-Laws on behalf of Street Venture Limited Partnership and that said By-Laws were executed and will be recorded for the purpose of establishing and administering the Severna Enclave Condominium as set forth in the Declaration.

GIVEN under my hand and seal this 30th day of July, 1994.

Janni Maxdee
Notary Public

My Commission Expires: October 1, 1997

b:\severna.byl (condo.003)
07/21/94

**WARTZMAN, OMANSKY, BLIBAUM, SIMONS,
STEINBERG, SACHS & SAGAL, P.A.**
341 NORTH CALVERT STREET
BALTIMORE, MARYLAND 21202
(410) 685-0111