

EXHIBIT B TO DECLARATION

SIERRA LANDING CONDOMINIUM

BYLAWS

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. Condominium Submission. The Condominium Project known as "SIERRA LANDING CONDOMINIUM" (hereinafter called the "Condominium") located in Montgomery County, Maryland, has been declared and constituted a Condominium by Declaration and Condominium Plat made on the 12th day of December, 1983, by SIERRA LANDING MUTUAL HOUSING ENTERPRISES (hereinafter referred to as the "Developer") to which Declaration these Bylaws are appended as a part, and shall be governed by the Act (as defined in the Declaration), the said Declaration, Condominium Plat and these Bylaws.

2. Bylaws Applicability. The provisions of these Bylaws are applicable to the Property (described in the Declaration and Condominium Plat), and the use, occupancy, sale, lease or other transfer thereof. All owners of any freehold or lease hold interest, all occupants or users of the premises, and the agents and servants of any of them are subject to the provisions of the Declaration, the Condominium Plat, these Bylaws and the applicable laws of the State of Maryland.

3. Personal Application. All present and future Unit Owners (as defined in the Declaration), tenants, future tenants, their guests, licensees, servants, agents, employees and any other person or persons who shall be permitted to use the facilities of the Condominium, shall be subject to these Bylaws and the Rules and use of any facility or of any of the Units (as defined in the Declaration and Condominium Plat) in the Condominium shall constitute an acknowledgement that such Unit Owner, tenant, occupant or user of any facility has accepted and ratified these Bylaws, the provisions of the Declaration, the Condominium Plat and the Rules and Regulations as adopted by the Board of Directors from time to time and will comply with them.

ARTICLE II

COUNCIL OF UNIT OWNERS

1. Composition. All of the Unit Owners, acting as a group in accordance with the Act, the Declaration and these Bylaws shall constitute the "Council of Unit Owners," (hereinafter referred to as the "Council") who shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Condominium, and performing all of the acts that may be required to be performed by the Council by the Act. Except as to those matters which the Act specifically requires to be performed by the vote of the Unit Owners, the administration of the Condominium shall be performed by the Board of Directors (as more particularly set forth in Article III), unless delegated to the Managing Agent or to the Officers. The Council shall be



incorporated and shall have all of those powers enumerated in section 11-109(d) of the Act. The Council shall have a mailing address of 11500 Amherst Avenue, Silver Spring, Maryland 20902.

**2. Voting.** Voting at all meetings of the Council shall be on the basis of the number of votes appurtenant to each Unit as set forth in the Declaration and exhibits thereto. Where the ownership of a Unit is in more than one person, then the person who shall be entitled to cast the vote for that Unit shall be the person named in a certificate signed by all of the owners of the Unit and filed with the Secretary. Such certificate shall be valid until revoked by a subsequent certificate naming the person entitled to cast the vote for the Unit. Wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall only be made by the person who would be entitled to cast the vote for the owners of such Unit at any meeting of the Council. Except where a greater number is required by the Act, the Declaration, or these Bylaws, a majority of the total authorized votes of Unit Owners present in person or represented by proxy is required to adopt decisions at any meeting of the Council. If the Developer owns or holds title to one or more Units, the Developer shall have the right at any meeting of the Council to cast the vote to which such Unit is entitled.

**3. Place of Meeting.** Meetings of the Council shall be held at such place as may be designated by the Board of Directors and stated in the notice of the meeting.

**4. Annual Meeting.** The first annual meeting of the Council shall be held at a time and place to be designated by the Board of Directors: (a) within sixty (60) days after deeds are delivered on the sales by Developer of fifty percent (50%) of the number of Units in the Condominium or (b) within six (6) months after the Declaration is recorded among the Land Records of Montgomery County, Maryland, whichever date shall first occur, or on such earlier date as may be established by the Developer. At such meeting the persons designated by the Developer shall resign as members of the Board of Directors. Thereafter, an annual meeting of the Council shall be held during each successive twelve (12) month period on such date as the Board of Directors shall designate. At such meeting there shall be elected by ballot a Board of Directors in accordance with the requirements of these Bylaws. The Council may also transact such other business as may properly come before it.

**5. Special Meetings.** It shall be the duty of the President to call a special meeting of the Council if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Unit Owners with appurtenant votes totaling not less than 30 percent of the total votes appurtenant to all of the Units in the Condominium. 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 stated in the notice.

**6. Notice of Meeting.** It shall be the duty of the Secretary to mail, or have hand-delivered, a notice of each annual or special meeting of the Unit Owners, at least fifteen (15) but not more than thirty (30) days prior to such meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each Unit Owner of record, at such address as each Unit



Owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice.

**7. Voting Requirements.** A Unit Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Council if, and only if, there is no outstanding and unpaid condominium lien recorded against his Unit, and only if said Unit Owner has furnished the Secretary with his current mailing address.

**8. Proxies.** At all meetings of the Council each Unit Owner having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such Unit Owner for such meeting. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof and in no event for more than 180 days following its issuance, except if granted to a mortgagee or lessee. Proxies must be filed with the Secretary at or before the time appointed for each meeting in the notice. Proxies may be revoked by written notice of revocation filed with the Secretary. A Unit Owner may appoint any other Unit Owner, the Developer or the Managing Agent, or the mortgagee, as his proxy. In no case may any Unit Owner, except the Developer, its designee or the Managing Agent, cast the votes appurtenant to more than one Unit by proxy in addition to the votes appurtenant to his own Unit.

**9. Quorum.** Except as may otherwise be provided herein or by statute, votes, in person or by proxy, appurtenant to Units constituting at least twenty-five percent (25%) of the votes appurtenant to all Units shall constitute a quorum for the adoption of decisions.

**10. Council Action.** When a quorum is present at any meeting a majority of the votes represented in person or by proxy and voting 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.

**11. Adjournment of Meetings.** If any meeting of the Council cannot be held because a quorum has not attended, a majority of Unit Owners present may adjourn the meeting to a time not less than fifteen (15) days from the time the original meeting was called. No further notice thereof shall be required.

**12. Order of Business.** The order of business at all meetings of the Council shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of Board of Directors; (f) report of committees; (g) election of inspectors of elections, if applicable; (h) election of directors if applicable; (i) unfinished business; and (j) new business.

**13. Conduct of Meeting.** The President shall preside over all meetings of the Council and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order shall govern the conduct of all meetings when not in conflict with the Declaration, these Bylaws or the Act.



14. Roster of Unit Owners. Each Unit Owner shall furnish to the Council his name and mailing address, which listings shall be maintained by the Council for all units. A Unit Owner may not vote at meetings of the Council until this information is furnished.

15. Rights of Mortgagees. Any institutional mortgagee of any Condominium Unit in the Condominium who desires notice of the annual and special meetings of the Unit Owners shall notify the Secretary to that effect by Registered Mail-Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the Unit Owners should be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Unit Owners to each such institutional mortgagee, in 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 Unit Owners and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the Unit Owners present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Unit Owners upon request made in writing to the Secretary.

### ARTICLE III

#### BOARD OF DIRECTORS

1. Powers and Duties. The affairs and business of the Condominium shall be managed by a Board of Directors (sometimes hereinafter referred to as the "Board") which shall have all of the powers and duties necessary for the administration of affairs of the Condominium and may do all such acts and things as are not by the Act, by the Declaration or by these Bylaws directed to be exercised and done by the Council. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent, if any, which might arise between meetings of the Board of Directors. In addition to the duties imposed by these Bylaws or by any resolution of the Council that may hereafter be adopted, the Board of Directors shall have the power to, and be responsible for, the following:

(a) Preparation and adoption of an annual budget, in which there shall be established the contribution of each Unit Owner to the Common Expenses.

(b) Making assessments against Unit Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Unit Owners, and establishing the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit



Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.

(c) Providing for the operation, care, upkeep, maintenance and surveillance of all of the Common Elements and services of the Condominium.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Council.

(e) Collecting the assessments against the Unit Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.

(f) Making and amending of additional Rules and Regulations respecting the use of the Property.

(g) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means the provisions of the Declaration, these Bylaws, and the Rules and Regulations for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Unit Owners.

(j) Obtaining and carrying insurance against casualties and liabilities, as provided in Article VII of these Bylaws and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Condominium and not billed to owners of individual Units.

(l) Purchasing, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with Units acquired by, and subleasing Units leased by, the Board of Directors or its designee, corporate or otherwise, on behalf of all Unit Owners.

(n) Granting such agreements as may be desirable or required from time to time, on behalf of the Council of Unit Owners, on behalf of any public utility company or governmental authority, with respect to the installation, construction, operation, maintenance, repair and/or replacement of any and all utility lines or poles or public sewer and water lines, pumping stations and related facilities and other customary utility facilities and improvements. It shall be the power, duty and obligation of the Board of Directors to grant such easements and rights-of-way upon request, as set forth above.



(o) Establishing reasonable reserve funds for emergencies and unforeseen contingencies and for the repair and replacement of Common Elements.

(p) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (i) the consent of at least 75% of the total of the Council of Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of \$10,000, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Unit owner. If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in (i) and (ii) above is not repaid by the Board, a Unit owner who pays to the creditor such proportion thereof as his interest in the Common Elements bears to the interest of all the Unit owners in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit owner's Unit.

(q) Keeping books with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon and all other records kept by the Council shall be available for examination and copying by any Unit Owner, his duly authorized agents or attorneys, at his expense, after reasonable notice during general business hours on working days at the times and in the manner that shall be set and announced by the Board of Directors for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting practices on a consistent basis, and the same shall be audited at least once a year by an auditor employed by the Board of Directors. The cost of such audit shall be a Common Expense.

(r) To do such other things and acts not inconsistent with the Act and with the Declaration which it may be authorized to do by a resolution of the Council.

2. Managing Agent. The Council, through the Board of Directors, shall employ for the Condominium a professional Managing Agent at a compensation to be approved by the Board of Directors, to perform such duties and services as these Bylaws and/or, the Board of Directors shall authorize, including, but not limited to, the duties listed in paragraphs (a), (c), (d), (e), (h), (j), (k), (q), and (r) of Section 1 of this Article III. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in paragraphs (b), (f), (g), (l), (m), (n), (o), and (p) and, to the extent not otherwise provided by these Bylaws, (i) of Section 1 of this Article III. Any agreement with the Managing Agent or Manager shall be in writing and shall provide that it may be terminated on no less than thirty (30) days' written notice. The term of any such agreement shall not exceed one (1) year. After the initial Managing Agent has been named, the Board of Directors shall not employ any new Managing Agent without thirty (30) days prior written notice to the institutional



holders of all first mortgages on the Units. The Managing Agent shall at all times be a professional management company, with expertise and experience in the operation of condominiums.

3. Number of Directors and Initial Selection of Board.

The number of directors which shall constitute the whole Board shall be not less than three (3) nor more than five (5). The initial Board of Directors shall be comprised of three (3) persons designated by the Developer and shall serve until the election of the Board of Directors takes place at the first annual meeting of the Council as provided in Section 4 of Article II hereof. The Developer's designees need not be residents of, nor Unit Owners in the Condominium, and the Developer shall have the right in its sole discretion to replace such Directors as may be so selected and designated by it, and to select and designate their successors if vacancies occur for any reason.

4. Election and Term of Office. At the first annual meeting of the Council five (5) directors shall be elected. The term of office of three (3) directors shall be fixed at one (1) year and the term of office of two (2) directors shall be fixed at two (2) years. At the expiration of the initial term of office of each respective director, each successor shall be elected at subsequent annual meetings of the Council to serve a term of two (2) years. The directors shall hold office until their successors have been elected and hold their first meeting.

Notwithstanding anything contained in these Bylaws to the contrary, until the first annual meeting of the Council, the Developer shall have the sole right to select the Board of Directors and to fill any vacancy occurring from the death, resignation or removal of any director.

5. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the Council shall be held within ten (10) days after the meeting at which such directors were elected at such place as shall be fixed by the directors at the meeting at which they were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present thereat.

6. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year after the first annual meeting of the Council. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

7. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each director. Such notice shall be given personally (in writing) or by mail, telephone or telegraph, and such notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

8. Waiver of Notice. Before or at 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



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

10. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Council shall be filled by vote of the majority of the remaining directors, at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum of the Board; and each person so elected shall be a director until a successor is elected at the next annual meeting of the Council, provided, however, that any vacancy of any director designated by the Developer pursuant to a right of the Developer to make such designation shall be filled by the Developer.

11. Removal of Directors. A director may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Council at which a quorum is present, by an affirmative vote of a majority of the votes represented and voting. Any director whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Notwithstanding anything herein to the contrary, no person selected and designated by the Developer as a director may be removed without the consent of the Developer and in such event the Developer shall select and designate the successor.

12. Compensation. No director shall receive any compensation from the Condominium for acting as such.

13. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a Minute Book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meeting. Roberts Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws or the Act.

14. Fidelity Bonds. The Board of Directors shall require that all directors, officers, trustees, volunteers, agents (including the Managing Agent) and employees of the Council handling or responsible for funds provide fidelity bonds or insurance in an amount not less than the total of three (3) months condominium assessment. The premium on such bonds shall constitute a common expense.



15. Rights of Mortgagees. Any institutional mortgagee of any Condominium Unit in the Condominium who desires notice of regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom 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 or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in 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 request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

#### ARTICLE IV

##### OFFICERS

1. Designation. The principal officers of the Condominium shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board. The Board may appoint assistant secretaries and such other officers as in its judgment may be necessary. Two or more offices may be held by the same person, except that the President shall not hold any other office.

2. Election of Officers. The officers of the Condominium shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board. Any vacancy in an office shall be filled by the Board at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time with or without cause by the affirmative vote of a majority of the whole Board.

4. President. The President shall be the chief executive officer; he shall preside at meetings of the Council and the Board of Directors and shall be an ex-officio member of all committees; he shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Board are carried into effect. To the extent not inconsistent with the laws of the State of Maryland, the Declaration, or these Bylaws, he shall have all of the general powers and duties which are usually vested in or incident to the office of president of a stock corporation organized under the Laws of the State of Maryland.



5. Vice President. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors shall prescribe. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint a member of the Board to do so on an interim basis.

6. Secretary. The Secretary shall attend all sessions of the Board of Directors and all meetings of the Council, count all votes for which inspectors of elections have not been elected at all meetings of the Board of Directors and of the Council and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notice of all meetings of the Council, the Board and committees and shall perform such other duties as may be prescribed by the Board or President. The Secretary shall compile and keep current at the principal office of the Condominium, a roster containing a complete list of the Unit Owners and their last known post office addresses to which addresses notices of all meetings of the Council shall be sent. This list shall be open to inspection by all Unit Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Council, containing the minutes of all annual and special meetings of the Council and all sessions of the Board including resolutions.

7. Treasurer. The Treasurer shall have the custody of all funds and securities that are not under the control of the Managing Agent, and, with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements and shall deposit all moneys and other valuable effects in such depositories as may be designated by the Board. He shall disburse funds as ordered by the Board taking proper vouchers for such disbursements, and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Condominium.

The Treasurer to the extent that he has any custody or control of funds or securities shall obtain a bond, or insurance, in such sum, and with such sureties or insurance companies as shall be satisfactory to the Board, for the faithful performance of the duties of his office and for the restoration, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control.

8. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments for expenditures or obligations of the Condominium shall be executed by any two officers of the Condominium.

9. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

#### ARTICLE V

#### LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

1. The Council of Unit Owners shall indemnify every person who is or was an officer or Director of the Council of Unit Owners under the terms and provisions set forth for such indemnification in the Articles of Incorporation.



**2. General Provisions.** The officers and Directors of the Council of Unit Owners shall not be liable to the Council of Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Council of Unit Owners shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council of Unit Owners except to the extent that such officers or Directors may also be Unit Owners, and the Council of Unit Owners shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment.

**3. Provisions of this Article Not Exclusive.** The provisions of this Article do not limit the power of the Council of Unit Owners to pay or reimburse expenses incurred by any person who was or is an officer or Director of the Council of Unit Owners in connection with an appearance as a witness in any proceeding by reason of service in that capacity, or otherwise involving the Council of Unit Owners, when that person has not been made a named defendant or respondent in the proceeding. Any right to indemnification provided for in this Article shall be in addition to, and not exclusive of, any other rights to which any person who is or was an officer or Director of the Council of Unit Owners may be entitled, by law or otherwise.

**4. Insurance.** The Council of Unit Owners may purchase and maintain insurance on behalf of any person who is or was an officer or Director of the Council of Unit Owners against any liability asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not the Council of Unit Owners would have the power to indemnify against such liability pursuant to the provisions of this Article or otherwise.

**5. Report to Unit Owners.** Any indemnification of, or advance of expenses to, any person in accordance with the provisions of this Article, if arising out of a proceeding by or in the right of the Council of Unit Owners, shall be reported in writing to the Unit Owners or prior to the next annual meeting of the Unit Owners.

**6. Interested Director Transactions.** The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Council of Unit Owners and the Condominium. A contract or other transaction between the Council of Unit Owners and any corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following conditions exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors and the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors constitute less than a quorum; or



(b) the fact of the common directorship or interest is disclosed or known to the Unit Owners entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Unit Owners entitled to vote other than the votes appurtenant to Condominium Units owned by the interested Director or corporation, firm or other entity; or

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

Common or interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity, may be counted in determining the presence of a quorum at a meeting of the Board of Directors or at a meeting of the Unit Owners, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified.

If the contract or transaction is not authorized, approved or ratified in a manner provided for in subparagraphs (a) or (b) of this Section 6, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Council of Unit Owners at the time it was authorized, approved or ratified.

This Section 6 does not apply to the fixing by the Board of Directors of reasonable compensation for a Director, whether as a Director or in any other capacity.

#### ARTICLE VI

#### OPERATION OF THE PROPERTY

##### 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Preparation and Approval of Budget. Each year the Board of Directors shall adopt an annual budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and any part of the Units as to which it is the responsibility of the Board of Directors to maintain, repair and replace. The cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or resolution of the Council, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to Unit Owners of all related services. Such budget shall also include such reasonable services as the Board of Directors considers necessary for the purposes hereinafter set forth. The Board of Directors shall make reasonable efforts to send to each Unit Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner, at least thirty (30) days in advance of the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses and reserves of the Condominium. An initial working fund shall be established by the Board of Directors for its first budget year from a Special Assessment equivalent to two (2) months regular assessment collected upon purchase of each Unit from Developer.



(b) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to his respective Percentage Interest in the Common Expenses and Common Profits. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months to such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or Managing Agent (as determined by the Board of Directors), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid and all sums added to any reserve funds, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves and any Common Profits shall, in the discretion of the Board of Directors, either be returned to the Unit Owners in accordance with each Unit Owner's Percentage Interest in Common Expenses and Common Profits or be credited according to each Unit Owner's Percentage Interest in Common Expenses and Common Profits to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted, or be used for any other purpose as the Board of Directors decides, provided such use is for the benefit of the Condominium, the Council or the Unit Owners. Any net shortage shall, if the Board of Directors deems it advisable, be added according to each Unit Owner's Percentage Interest in Common Expenses and Common Profits to the installments due in the succeeding six (6) months after the rendering of the accounting.

(c) Reserve Fund for Replacements. The Board of Directors shall establish and maintain a reasonable fund for capital improvements, maintenance, repairs and replacements, by providing for such a reserve fund in the budget, segregating such reserve fund on the books of the Condominium, and allocating and paying monthly to such reserve fund one-twelfth (1/12) of the total amount budgeted for such reserve fund for the current fiscal year. The portion of the Unit Owner's assessments paid into such reserve fund shall be conclusively deemed to be contributions to the capital of the Condominium by the Unit Owners. Such reserve fund may be expended solely for the purpose of capital improvements and replacements, and not for current maintenance and repair. If for any reason, including non-payment of any Unit Owner's assessment, such reserve fund is inadequate to defray the cost of a required capital improvement or replacement, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Percentage Interests in the Common Expenses and Common Profits, and which may be payable into such reserve fund in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessments on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessments.



(d) Special Assessments. In addition to the assessments authorized above, the Board of Directors may levy, as a contribution to the capital of the Condominium, a special assessment, for the purpose of defraying the cost of any unexpected repair or replacement of a described capital improvement or other non-recurring contingency, or to meet any deficiencies occurring from time to time. The fund resulting from said special assessments shall be segregated on the books of the Condominium and expended solely for the purpose set forth in the preceding sentence. Any special assessments shall be assessed and collected in the same manner set forth in Paragraph (c) of this Section 1 with respect to additional assessments payable to the reserve fund for replacements provided however, that any such special assessment shall have the assent of Unit Owners representing two-thirds (2/3) of the total votes of the Council of Unit Owners at a special meeting called for that purpose.

(e) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate (including any special assessment which may have been levied, in accordance with the terms of such levy) established for the previous fiscal period until the monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been mailed or delivered.

2. Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article as such assessments come due. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit which comes due subsequent to a sale, transfer or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses for which a statement of Condominium Lien has been recorded up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor.

3. Priority of Assessment. Upon the voluntary sale or conveyance of a Unit there shall be paid or provided from the sale proceeds an amount sufficient to satisfy any unpaid portion of the assessments due and payable as of the date of sale or conveyance. Any purchaser or lender in connection with any such sale or conveyance shall be entitled to a statement furnished by the Board of Directors setting forth in detail the amount of any unpaid assessments owed by the seller or borrower, and such purchaser or lender shall be entitled to rely on such statement and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid assessments greater than that shown on such statement. Upon an involuntary sale through foreclosure of a deed of trust, mortgage or encumbrance having a priority over assessments a purchaser thereunder shall not be liable for any installments of such lien as became due prior to the recording of such deed of trust, mortgage or encumbrance. Notwithstanding any



other provision herein to the contrary any first mortgagee who obtains title to a Unit pursuant to the remedies specified or provided for in the mortgage or deed of trust, or foreclosure of the mortgage or deed of trust, shall not be liable for such Unit's unpaid dues or charges which accrue or have accrued prior to the acquisition of title to such Unit by the first mortgagee.

Notwithstanding any other provisions hereof to the contrary the lien of any assessment levied pursuant to these Bylaws upon any Condominium Unit in the project shall be subordinate to and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage (meaning a mortgage with priority over other mortgages) upon such interest made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the Unit from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which said lien, if any, claimed shall have the same effect and may be enforced in the same manner as provided herein.

**4. Collection of Assessments.** The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Unit Owners which remain unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Directors may from time to time notify all Unit Owners as to the status of collection of assessments and may list those Unit Owners who are more than thirty (30) days in arrears.

**5. Statement of Unpaid Assessments.** The Board of Directors shall within twenty (20) days after written demand provide any Unit Owner or mortgagee requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. A charge not to exceed \$30 may be levied in advance by the Council of Unit Owners for each such certificate.

**6. Maintenance and Repair.**

(a) **By the Board of Directors.** The Board of Directors shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of a Unit Owner, or of a person gaining access with said Unit Owner's actual or implied consent, in which case such expense shall be charged to such Unit Owner), of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(1) All of the Common Elements, whether located inside or outside of the Units.

(2) All exterior walls and exterior surfaces (including the maintenance and painting of the exterior surface of each exit door of each Unit) of the Buildings; the roof, party walls and any other portions of the Units which contribute to the support of the Building, such as the outside walls of a Building and all fixtures on the exterior thereof, the boundary walls of Units, floor slabs, and load-bearing columns; but excluding, however, the interior surfaces of all walls, floors and ceilings of the Units.



(3) The sanitary and storm sewer systems and appurtenances; all water, electric, plumbing and telephone lines, facilities and systems that are deemed Common Elements, including all conduits, ducts, plumbing, wiring and other facilities for the furnishing of all utility services into two or more Units, but excluding therefrom all plumbing, heating and electrical appliances, fixtures systems and parts thereof which are enjoyed by only a single Unit and are located solely within the boundaries of an individual Unit; and all roof drainage pipes, gutters and leaders.

(b) By the Unit Owner. Except for the portions of his Unit required to be maintained, repaired and replaced by the Board of Directors as described above, each Unit Owner shall be responsible for the maintenance, repair and replacement, at his own expense, of the following: window glass and glazing, screens, interior doors, any interior walls, interior ceilings and floors; kitchen and bathroom fixtures and equipment, including refrigerator, oven, range, disposal, fans and dishwasher; and those parts of the heating and air-conditioning, plumbing and electrical systems which are a part of and serve his Unit and no other. Each Unit Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defects or need for repairs for which the Board of Directors is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the construction existing at the creation of the Condominium, and shall be of first class quality. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

7. Additions, Alterations or Improvements by Board of Directors. Except in the case of bona fide emergencies involving manifest danger to life, safety or property or interruption of essential services, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of Two Thousand Five Hundred Dollars (\$2,500) and the making of such additions, alterations or improvements shall have been approved by more than 50% of total votes of the Unit Owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing less than Two Thousand Five Hundred Dollars (\$2,500) may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

8. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit or alter the appearance of the exterior of the Building in which his Unit is located without



the prior written consent thereto of the Board of Directors. Absent the adoption of specific Rules and Regulations by the Board of Directors concerning the following, no Unit Owner shall paint or alter the appearance of any exterior surface of the Building, including doors or windows, without the prior written consent thereto of the Board of Directors. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration, modification or improvement or alteration of the exterior appearance in such Unit Owner's Unit or Building within sixty (60) days after such request, and its failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Directors only, without however, incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this section 8 shall not apply to Units owned by the Developer until title to same has been conveyed by Developer. The Board of Directors may in addition to adopting specific Rules and Regulations, designate an Architectural Control Committee, to review proposed additions, alterations or improvements. The members of the Architectural Control Committee shall be appointed by the Board of Directors to serve at the pleasure of the Board of Directors. No delegation of authority to the Architectural Control Committee shall in any way alter or affect the ultimate control or powers of the Board of Directors.

9. Restrictions of Use of Units. To assist the Condominium in providing for congenial occupancy and the protection of the value of the Units, it is necessary that the Board of Directors have the right and authority to exercise reasonable controls over the use of the Units. Violation of the following enumerated prohibitions shall not be permitted, and the Board of Directors is hereby authorized to take all steps necessary to prevent or discontinue any violations thereof, all at the expense of the violator:

(a) No Unit Owner or other resident of the Condominium shall post any advertisements or posters of any kind in or on the Property except as authorized by the Board of Directors. This restriction shall not apply to advertisements, signs or posters utilized by the Developer, or its agents, in selling or renting the Units or to the institutional holder of any first mortgage which comes into possession of any Unit by reason of any remedies provided for in its mortgage, foreclosure of any mortgage or any deed of trust or other proceedings or conveyance in lieu of foreclosure.

(b) All Units shall be used only for private residential purposes or professional purposes permitted by zoning regulations, except for such temporary other uses as may be permitted by the Board of Directors from time to time. This provision shall not, however, be so construed as to prevent the Developer from using any Units which Developer owns for promotion marketing or display purposes as model units or sales offices, or from leasing any Units which Developer owns, subject to all of the provisions of the Declaration and these Bylaws.



(c) No clothing, laundry, rugs or wash shall be hung from or spread upon or from any window or exterior portion of a Unit or in or upon any Common Element or Limited Common Element. No food preparation or cooking is permitted outside the Unit except as permitted by the Board of Directors under such rules as they may adopt.

(d) Unit Owners, residents and lessees shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions and amplifiers that may disturb other Unit Owners.

(e) No nuisances, noxious or offensive trade or activity shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium by its residents.

(f) No Unit Owner, resident or lessee shall install wiring for electrical or telephone installations, television antennae, or other equipment, which protrudes through the walls or the roof of the Building or is otherwise visible on the exterior of the Building except as presently installed or as authorized by the Board.

(g) No Unit or Common Elements of the Condominium may be used for any unlawful, immoral or improper purpose.

(h) A Unit Owner shall not place or cause to be placed in the public walkways, driveways, parking areas or other Common Elements any bicycles, furniture, packages or objects of any kind. The public walkways and driveways shall be used for no purpose other than for normal transit through them.

(i) No Unit Owner, resident or lessee shall direct or engage any employee of the Condominium during working hours on any private business of such Unit Owner, resident or lessee, nor shall he direct, supervise or in any manner attempt to assert control over any such employee during the employee's working hours.

(j) Nothing shall be done or maintained in any Unit or upon any of the Common Elements which will increase the rate of insurance on any 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 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.

(k) No structural alteration, construction, addition or removal of any Unit or the Common Elements shall be commenced or conducted except in strict accordance with the provisions of these Bylaws.

(l) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon any of the Common Elements, except that this shall not prohibit the keeping of a dog no larger than 25 pounds, cat or caged birds as domestic pets provided that they are not kept or maintained 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 carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Condominium shall be deemed to have indemnified



and agreed to hold the Council of Unit Owners, each of the Unit Owners and the Developer and 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 pets within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the premises and the Board of Directors, after affording the right to a hearing to the Unit Owner affected, shall have the exclusive authority to declare any pet a nuisance.

(m) Except as hereinelsewhere provided, no junk vehicles or other vehicle on which current registration plates are not displayed, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon any of the Common Elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out on any of the Common Elements or within or upon any Unit.

(n) There shall be no violation of any rules for the use of the Common Elements, or other "house rules", which may from time to time be adopted by the Board of Directors and promulgated among the Unit Owners by them in writing, and the Board of Directors is hereby and elsewhere in these Bylaws authorized to adopt and promulgate such rules.

(o) Nothing shall be done in any Unit or in, on, or to the Common Elements which violates any provision of the Declaration, these Bylaws, the Act or which will impair the structural integrity of the Property, or which would structurally change any Building or the improvements thereon except as provided in these Bylaws. Nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board of Directors.

(p) No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accomodated therein, except as otherwise provided herein or in the Declaration.

(q) Any Unit Owner may lease his Unit provided that (i) a fully conformed copy of said lease or renewal thereof shall be delivered to the Board of Directors within ten (10) days of execution; (ii) any such lease shall contain a provision to the effect that the tenant is subject to provisions of the Declaration, the Bylaws, and the Rules and Regulations and shall be for a term of at least twelve months; (iii) any such lease shall include a signed receipt by the Lessee of a copy of the Declaration, Bylaws and Rules and Regulations; and (iv) the Board of Directors shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the lessor thereunder in the event of a default by the tenant in the performance of such lease. The restrictions of this paragraph shall not apply to (i) the Developer, or any successors, assigns or grantees of the Developer or (ii) any mortgagee who comes into possession of any Unit pursuant to a foreclosure sale, other judicial sale or any transfer or conveyance in lieu of foreclosure.

(r) In the use of the Common Elements of the Condominium, Unit Owners shall obey and abide by all valid laws, ordinances and zoning and other governmental regulations affecting the same and all applicable Rules and Regulations adopted by the



Board. The Common Elements shall be used only for furnishing the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

(s) To maintain the high quality appearance of the exterior of the Building, all blinds, shades, screens, drapes, or drapery backing which are visible from the exterior of any window or sliding glass door shall be of a light neutral color (i.e., white, off-white, beige).

10. Right of Access. A Unit Owner shall grant a right of access to his Unit to the Board of Directors or the Managing Agent or to any other person authorized by the Board for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the Buildings, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of any emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not.

11. Rules and Regulations. Rules and Regulations concerning the operation and use of the Common Elements may be promulgated and amended by the Board of Directors, provided that such Rules and Regulations are not contrary to or inconsistent with the State and County laws, the Declaration or these Bylaws. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time when the same shall become effective.

12. Water Charges and Sewer Rents. The Board of Directors, unless other arrangements are adopted, shall pay all bills for all water and sewer charges and all costs of electricity attributable to Common Elements as a Common Expense.

## ARTICLE VI

### PARKING

1. General Requirements. All parking areas within the Condominium shall be considered a part of the General Common Elements. Each Unit Owner shall comply in all respects with such reasonable supplementary rules and regulations which are not inconsistent with the provisions of the Declaration or these Bylaws and which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium, and the Board of Directors is hereby, and elsewhere in these Bylaws, authorized to adopt such rules and regulations. No vehicle belonging to any Unit Owner, Unit Owner's family or guest shall be parked in a manner which unreasonably interferes with or impedes vehicular access to any other parking space unless otherwise consented to in writing by the Board of Directors. Trucks, vans and trailers, campers, boats and commercial vehicles shall be permitted to park only in areas designated by the Board of Directors. No inoperable, unlicensed or abandoned motor vehicle of any type shall be parked or stored upon the Common Elements and no portion of the Common Elements shall be used for the repair, overhaul, painting or work of a similar nature of any motor vehicle. Any such vehicle may be towed from the Condominium at the vehicle owner's risk and expense.



ARTICLE VII

INSURANCE

1. Insurance. The Council of Unit Owners shall obtain and maintain, to the extent reasonably available, all insurance required by law including, without limiting, the generality of the foregoing, at least the following:

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

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

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

(b) Comprehensive public liability insurance (including medical payments insurance) with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and \* \* \* No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, legal liability, hired automobile liability, non-owned automobile liability, liability for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the Condominium or any portion thereof.

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

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

(e) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall hereafter



be considered appropriate by the Board of Directors. The Council of Unit Owners shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and Directors of the Council of Unit Owners, trustees for the Council of Unit Owners and such employees and agents of the Council of Unit Owners who handle or are responsible for the handling of funds of the Council of Unit Owners. Such fidelity coverage shall meet the following requirements:

- (i) all such fidelity bonds and policies of insurance shall name the Council of Unit Owners as obligee or named insured, as the circumstances may require; and
- (ii) all such fidelity bonds and policies of insurance shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating budget of the Condominium, including reserves; and
- (iii) all such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and
- (iv) all such fidelity bonds and policies of insurance shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all obligees and insureds named thereon and to any mortgagee of any Condominium Unit who requests such notice in writing.

**2. Limitations.** To the extent reasonably available, any insurance obtained pursuant to the requirements of this Article shall be subject to all applicable requirements of law and shall be subject to the following provisions:

- (a) All policies shall be written or reinsured with a company or companies licensed to do business in the State where the Condominium is located and holding a rating of "Class B-VI" or better in the current edition of Best's Insurance Report.
- (b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Council of Unit Owners, as a trustee for the Owners of the Condominium Units, or its authorized representative, including any trustee with which the Council of Unit Owners may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be hereinelsewhere referred to as the "Insurance Trustee".
- (c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the Owners of the Condominium Units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Council of Unit Owners pursuant to the requirements of this Article shall exclude such policies from consideration.



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

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

(f) All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Council of Unit Owners may be a party, these Bylaws or the provisions of the Condominium Act.

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

(h) To the extent permitted by law, all policies of casualty insurance shall contain the standard mortgagee clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in Article VII of these Bylaws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

3. Notice to Unit Owners. In the event the Council of Unit Owners does not obtain and maintain insurance in conformity with the requirements of this Article and the requirements of the Condominium Act, then the Council of Unit Owners shall give prompt written notice of that fact to each Unit Owner at his address as it appears on the roster of Unit Owners maintained by the Council of Unit Owners, or if no such address appears, at his last known place of address or at his Condominium Unit.

4. Individual Policies. Any Unit Owner and any mortgagee shall be encouraged to obtain at his own expense additional insurance (including a "Condominium Unit Owner's Endorsement" for improvements and betterments to a Unit made or acquired at the expense of the Unit Owner). Such insurance should contain the same waiver of subrogation provision as that set forth in section 2(g) of this Article VII. It is recommended that each Unit Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a "Tenant's Homeowners Policy," or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living expense, vandalism or malicious



mischief, theft, personal liability and the like. Such policy should include a "Condominium Unit Owner's Endorsement" covering losses to improvements and betterments to the Unit made or acquired at the expense of the Unit Owner.

No Unit Owner shall maintain insurance coverage which will tend to decrease the amount which the Council may realize under any insurance policy which it may have in force at any particular time; the Board of Directors may require that each Unit Owner file with the Managing Agent a copy of each individual policy of insurance purchased by the Unit Owner within thirty (30) days after its purchase; the Board may also require that each Unit Owner notify the Council of all improvements made by him to his Unit having a value in excess of \$1,000.

5. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner and for each mortgagee of a Unit and for each owner of any other interest in the Condominium to adjust all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

6. Premium. Premiums upon all insurance policies purchased by the Board of Directors, and all fees and expenses of the Insurance Trustee, shall be deemed to be a Common Expense.

7. Endorsements, etc. The Board of Directors, at the request of any Unit Owner or mortgagee, shall promptly forward to such party: (a) an endorsement to any of the aforementioned insurance policies showing the interest of such parties as it may appear; (b) certificates of insurance relating to any of such policies, and (c) copies of any such policies.

#### ARTICLE VIII

##### CASUALTY DAMAGE - RECONSTRUCTION OR REPAIR

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

- (a) The Condominium is terminated; or
- (b) Repair or reconstruction would be illegal under any State or local health safety statute or ordinance; or
- (c) Unit Owners representing at least eighty percent (80%) of the total votes of the Unit Owners, including every Owner of a Condominium Unit which is proposed not to be repaired or reconstructed, vote not to make such repairs or reconstruction.

2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished



promptly by the Council of Unit Owners as a common expense, pursuant and subject to such conditions and subject to such controls as the mortgagee, as defined in Section 4 of this Article, may require. The ratable share of the expense of such repairs or reconstruction may be assessed and, in the event any Statement of Condominium Lien is recorded with respect to any such assessments, then the lien shall have all the priorities provided for in these Bylaws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the Unit Owners of the Condominium Units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

3. Restoration Not Required. In the event the Condominium is damaged or destroyed by fire or other casualty and the Unit Owners do not promptly resolve to proceed with repair or reconstruction, then and in that event the Condominium shall be deemed to be owned in the manner contemplated by law and the Condominium shall be subject to an action for partition at the suit of the Owner or any Condominium Unit, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Council of Unit Owners or the Unit Owners in common, shall be considered as one fund and shall be divided among the Owners of all of the Condominium Units in the same proportion as that established in the Declaration for ownership of appurtenant undivided interests in the Common Elements, after first paying out of the share of the Owner of any Condominium Unit, to the extent such payment is required by any lienor and to the extent such share is sufficient for the purpose, all liens upon said Condominium Unit in accordance with the priority of interests in each Unit.

4. Insurance Trustee. In the event the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to two and one-half percent (2-1/2%) of the full replacement value of the Condominium, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1(a) of Article VII of these Bylaws for the period during which such loss was sustained, and the institutional holder or holders of any mortgages or other obligations secured by any Condominium Unit or Units in the aggregate principal sum of more than \$250,000.00 (hereinafter in this Section 4 called the "mortgagee") shall so require, all proceeds of insurance shall be paid over to a trust company or bank (the "Insurance Trustee") having trust powers and authorized to engage in trust business in the jurisdiction wherein the Condominium is located, selected by the Board of Directors with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which shall contain, inter alia, the following provisions, to the extent permitted by law:

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



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

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

#### ARTICLE IX

##### SEVERANCE OR SUBDIVISION OF UNITS

1. No Severance of Ownership. No Unit Owner shall execute any deed, lease, mortgage, or instrument conveying or mortgaging the title of his Unit without including therein the undivided interest of such Unit in the Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, lease, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the interests in the Common Elements of any Unit may be sold, leased, transferred, given, devised or otherwise disposed of, except as part of a sale, lease, transfer, gift, devise, or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, lease, transfer, gift, devise or other disposition of such part of the interests in the Common Elements of all Units.

2. Payment of Assessment. No Unit Owner shall be permitted to convey, mortgage, hypothecate, sell, lease, give, or devise his Unit unless and until he (or his personal representative) shall have paid in full to the Board of Directors all unpaid installment or regular and special assessments for Common Expenses then due with respect to his Unit and shall have satisfied all unpaid liens with respect to his Unit, except mortgages.

3. No Subdivision. Without the written approval of the Council and the applicable first mortgagee, no Unit Owner may grant by deed any part of his Unit or incorporate any part of his Unit in any other Unit or subdivide his Unit into two or more Units. If the Council of Unit Owners approves such a grant or subdivision, the Percentage Elements shall be readjusted so that the aggregate



percentage interests of the Units involved are unaltered. All costs and expenses of any grant or subdivision shall be borne by the Unit Owners party thereto.

# ARTICLE X

## MORTGAGES

1. Notice to Board. A Unit Owner who mortgages his Unit, shall notify the Board through the Managing Agent of the name and address of his mortgagee. The Board shall maintain suitable records pertaining to such mortgages.

2. Notice of Unpaid Assessments. The Board whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid assessments for Common Expenses due from, or any other default by, the Owner of the mortgaged Unit.

3. Notice of Default. The Board shall give written notice to a Unit Owner of any default by the Unit Owner in the performance of any obligations under the act, Declaration or these Bylaws, and, if such default is not cured within thirty (30) days, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board.

4. Notice of Damage. The Board of Directors shall notify: (i) the mortgagee of a Unit where damage to the Unit covered by the mortgage exceeds \$1,000 provided such mortgagee has previously requested such notification; (ii) all mortgagees who have previously requested notification whenever damage to the Common Elements exceeds \$10,000; and (iii) all mortgagees who have previously requested notification of any condemnation proceeding or acquisition by any condemning authority of any portion of the Condominium or any Unit or portion of a Unit which is the security for any such mortgage.

5. Notice of Termination of Management Contracts. The Board of Directors shall notify all first mortgagees in writing of the termination of any management contract within ten (10) days of receipt or issuance of any notice of such termination by either the Condominium or the Managing Agent.

6. Examination of Books. Each mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times.

7. "Mortgagee" and "Mortgage". As used in this Article and generally in the Declaration and Bylaws, the term "mortgagee" includes the holder of a note secured by a deed of trust or mortgage encumbering a Unit and recorded among the Land Records of Montgomery County, Maryland, and in the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Veterans Administration ("VA"), then as to such mortgage the expressions, "mortgagee" and "institutional mortgagee" shall include the FHA or the VA, as the circumstances may require, acting, respectively, through the Federal Housing Commissioner and the Commissioner of Veterans Benefits, or through other duly authorized agents. The term "mortgage" includes any deed of trust recorded among the said Land Records.



ARTICLE XI

NOTICE

1. Manner of Notice. Whenever any notice is required to be given under the provisions of applicable statutes or of the Declaration or these Bylaws to any mortgagee, director or Unit Owner, it shall not be construed to require personal notice but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such mortgagee, director or Unit Owner at such address as appears on the books of the Condominium, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of these statutes, the Declaration or these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE XII

AMENDMENT

1. Amendments. Subject to any limitations provided for in the Declaration, these Bylaws may be amended by the affirmative vote of Unit Owners representing sixty-seven percent (67%) of the total votes of the Council of Unit Owners, at any meeting of the Unit Owners duly called for such purpose, in accordance with the provisions and requirements of these Bylaws and Title 11, Real Property Article, of the Annotated Code of Maryland (1982 Supp.), as amended. Any amendment to these Bylaws shall be effective only upon the recordation of such amendment among the Land Records for the jurisdiction where the Declaration was originally recorded, together with a certificate in writing of the President of the Council of Unit Owners stated that the amendment was approved as aforesaid.

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

3. Recording. A modification or amendment of these Bylaws shall become effective only if such modification or amendment is recorded among the Land Records of Montgomery County, Maryland.

4. Conflicts. No modification or amendment of these Bylaws may be adopted which shall be inconsistent with the provisions of the Act and/or Declaration. A modification or amendment once adopted and recorded as provided herein shall then constitute part of the official Bylaws of the Condominium and all Unit Owners shall be bound to abide by such modification or amendment.

ARTICLE XIII

COMPLIANCE AND DEFAULT

1. Relief. Each Unit Owner, tenants, guests, invitees and licensees shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws, and the Rules and



Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Council acting through the Board of Directors or the Managing Agent, to the following relief:

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these Bylaws, and the Rules and Regulations shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Council, the Board of Directors, the Managing Agent, or, if appropriate, by any aggrieved Unit Owner.

(b) Additional Liability. Each Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, tenants, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

(c) Costs and Attorneys' Fees. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees as may be determined by the court.

(d) No Waiver of Rights. The failure of the Council, the Board of Directors, or of a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, these Bylaws or the Rules and Regulations shall not constitute a waiver of the right of the Council, the Board of Directors, or any Unit Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Council, the Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, or the Rules and Regulations shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, these Bylaws or the Rules and Regulations, or at law or in equity.

(e) Interest. In the event of a default in the payment of any assessment by any Unit Owner which continues for a period in excess of fifteen (15) days, such Unit Owner, at the option of the Council of Unit Owners, may be obligated to pay interest on the amounts due at the rate of eighteen percent (18%) per annum from the due date thereof. The Unit Owner may also be obligated to pay a late charge equal to one-tenth (1/10th) of the total amount of any delinquent assessment or installment, provided that such late charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least fifteen (15) days.



(f) Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Directors, or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

2. Lien for Assessments, Acceleration and Collections.

(a) Until paid, all special and regular assessments, together with interest thereon as specified in this Article and actual costs of collection shall constitute a lien on the Units on which they are assessed from and after recording of a Statement of Condominium Lien as hereafter provided. In any case where an annual assessment against a Unit Owner is payable monthly upon a default by such Unit Owner in the payment of any single installment, which continues for fifteen (15) days the maturity of the remaining total of the unpaid installments of such annual assessments may be accelerated, and the then balance owing may be declared due and payable in full by notification to the Unit Owner as may be required by the Act.

(b) The Managing Agent shall advise the Board monthly of all assessments which remain unpaid for more than thirty (30) days past the date originally due. The Managing Agent is thereby appointed as the Agent of the Council for signing and certifying any and all statements of Condominium Lien filed pursuant hereto. The Managing Agent may, but unless specifically so instructed by resolution of the Board shall not be required to, prepare and file a Statement of Condominium Lien (the form and content of which shall be as required by the Act) among the Land Records of Montgomery County, Maryland, against any Unit the Owner of which has failed to pay any assessment or installment of any assessment within thirty (30) days from the date such assessment or installment was due. The Board shall not direct the Managing Agent to delay preparing and filing any statement or Condominium Lien against a Unit to a date more than twelve (12) months after the date any assessment or installment was due. Upon full payment of any assessment for which a lien is claimed the Unit Owner shall be entitled to a recordable satisfaction of the Lien. The Managing Agent shall, upon request of the Unit Owner, record the release among the Land Records of Montgomery County, Maryland, at the Unit Owner's expense.

(c) The lien provided for hereby may be foreclosed in the manner provided by the laws of the State of Maryland by suit brought in the name of the Board of Directors, acting on behalf of the Council in the same manner as mortgages or deeds of trust containing a power of sale or an assent to decree. During the pendency of such suit, the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to appointment of a receiver, if available under the then laws of the State of Maryland.



(d) Suit to recover a money judgment for unpaid contributions shall be maintainable without foreclosure or waiving the lien securing the same.

(e) All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominium Units and not to the Condominium project as a whole.

#### ARTICLE XIV

#### COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

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

2. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration or the Act. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the Declaration and the Act, the provisions of the Act shall control.

3. Council of Unit Owners as Attorney-in-Fact. The Council of Unit Owners is hereby irrevocably appointed as attorney-in-fact for the Owners of all of the Condominium Units in the Condominium, and for each of them, to manage, control and deal with the interests of such Unit Owners in the Common Elements of the Condominium so as to permit the Council of Unit Owners to fulfill all of its powers, functions and duties under the provisions of the Condominium Act, the Declaration and the Bylaws, and to exercise all of its rights thereunder and to deal with the Condominium upon its destruction and the proceeds of any insurance indemnity, as 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 Council of Unit Owners as attorney-in-fact as aforesaid.

4. Limitation of Liability. The Council of Unit Owners shall not be liable for any failure of water supply or other services to be obtained by the Council of Unit Owners or paid for out of the Common Expense funds, or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any wire, pipe, drain, conduit, appliance or equipment. The Council of Unit Owners shall not be liable to the Owner of any Condominium Unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of Common Expense assessments, as 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.



**5. Inspection of Books.** The books and accounts of the Council of Unit Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Council of Unit Owners shall be available for examination by the Unit Owners and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Condominium Unit and its duly authorized agents or attorneys, at some place designated by the Board of Directors within the County wherein the Condominium is located, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

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

**7. Seal.** The Board of Directors may provide a suitable corporate seal containing the name of the Council of Unit Owners, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

**8. Records and Audits.** The Board of Directors or the Managing Agent shall keep detailed records of the actions of the Board of Directors and the Managing Agent, minutes of the meetings of the Board of Directors, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Expenses against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid.

An annual report of the receipts and expenditures of the Condominium, audited by an independent Certified Public Accountant shall be rendered by the Board of Directors to all Unit Owners and to all mortgagees of Units who have requested the same, promptly after the end of each fiscal year. The cost of such report shall be charged by the Board of Directors as a Common Expense.

**9. Severability.** These Bylaws are set forth to comply with the requirements of the State of Maryland. In case any of the Bylaws are in conflict with the provisions of any of its statutes, the provisions of the statutes will apply. If any provisions of these Bylaws or any section, sentence, clause, phrase, or word, or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws, shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

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

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