

BYLAWS
OF
DREAMS LANDING CONDOMINIUM

ARTICLE I

Plan of Unit Ownership

Section 1. Unit Ownership. The property located in the County of Anne Arundel, State of Maryland (hereinafter called the "Property"), has been submitted to the provisions of Title 11, Sections 11-101, et seq. Of the Real Property Article of the Annotated Code of the State of Maryland, 1974 Edition as amended in 1974 (hereinafter called the "Act"), by the Declaration recorded in the Office of the Clerk of the Circuit Court in and for Anne Arundel County, Maryland, simultaneously herewith, and shall hereinafter be known as "Dreams Landing Condominium" (hereinafter called the "Condominium").

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the property of the Condominium and to the use and occupancy thereof. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other person who may use the facilities of the Condominium in any manner, are subject to these Bylaws, the Declaration and the Rules and Regulations. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall conclusively establish the acceptance and ratification of these Bylaws, the Rules and Regulations and the provisions of the Declaration and as they may be amended from time to time, by the person so acquiring, leasing or occupying Units and shall constitute and evidence an agreement by such person to comply with the same.

Section 3. Office. The office of the Condominium and of the Board of Directors shall be located initially at 312 Severn Avenue, Annapolis, Maryland 21403, or at such other place as may be designated from time to time by the Board of Directors, and the mailing address of the Council of Owners shall be the same.

ARTICLE II

Council of Owners

Section 1. Composition. All of the Owners of Units contained in the Condominium, acting as a group in accordance with the Act, the Declaration and these Bylaws, shall constitute the “Council of Owners”, 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 other acts that may be required to be performed by the Council of Owners by the Act and the Declaration. Except as to those matters which the Act specifically requires to be performed by the Board of Directors as more particularly set forth in Article III. The Council of Owners shall be unincorporated.

Section 2. Annual Meetings. Promptly after Units representing 50% or more of the Percentage Interests of all Units shall have been sold and conveyed by the Developer, the Developer shall notify the Owners of such Units, and the first annual meeting of the Council of Owners shall be held within 120 days thereafter on a call issued by the President. At such meeting the persons designated by the Developer shall resign as members of the Board of Directors, and all of the Owners, including the Developer if the Developer owns any Unit or Units, shall elect a new Board of Directors. Thereafter, the annual meetings of the Council of Owners shall be held on the 15th day of December of each succeeding year, unless such date shall occur on a Saturday or Sunday, in which event the meeting shall be held on the succeeding Monday. At such annual meetings the Board of Directors shall be elected by ballot of the Owners in accordance with the requirements of Section 4 of Article III of these Bylaws. So long as the Developer shall own at least four (4) Units, or until July 1, 1976, whichever first occurs, the Developer shall be entitled to elect at least three (3) members of the Board of Directors, who shall serve for the shortest terms as provided in Article II, Section 4, hereof. The Council of Owners may transact such other business at such meetings as may properly come before them.

Section 3. Place of Meetings. Meetings of the Council of Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Owners as may be designated by the Board of Directors.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Council of Owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Owners owning not less than 25% of the Percentage Interests of all Units. 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. Within 45 days after the fifty-third (53rd) Unit shall have been sold and conveyed by the

Developer, a special meeting of the Council of Owners shall be held at which meeting all of the members of the Board of Directors elected by the Developer shall resign and the Owners, including the Developer, if the Developer owns any Unit or Units, shall thereupon elect successor members of the Board of Directors to act in the place and stead of those resigning.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Owners, at least fifteen (15) but not more than ninety (90) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at such address as each Owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting to the Owner shall be considered service of notice. Mortgagees may be notified of special meetings if they so request in writing to the Secretary.

Section 6. Adjournment of Meetings. If any meetings of the Council of Owners cannot be held because a quorum is not present, the Owners of a majority of the Percentage Interest of all Units who are present at such meeting, either in person or by proxy; may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all annual meetings of the Council of Owners shall be as follows:

- (a) Roll call
- (b) Proof of Notice of Meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board of Directors.
- (f) Reports of committees.
- (g) Election of members of the Board of Directors (when so required).
- (h) Election of inspectors of election (when so required).
- (i) Unfinished business.
- (j) New Business.

Section 8. Voting. Voting at all meetings of the Council of Owners shall be on a percentage basis and the percentages of the note to which each Owner is entitled shall be the Percentage Interest assigned to his Unit in the Declaration. No Unit Owner shall be entitled to vote at meetings of the Council of Owners if the Council of Owners has recorded a Statement of Condominiums Lien on his Unit and the amount necessary to release the lien has not been paid at the time of the meeting; or the Unit

Owner has not furnished the Secretary his name and current mailing address. 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. Whenever the approval or disapproval of an 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 Owner of such Unit at any meeting of the Council of Owners. Except where a greater number is required by the Act, the Declaration, or these Bylaws, a majority of the Owners is required to adopt decisions at any meeting of the Council of Owners. If the Developer owns or holds title to one or more Units, the Developer shall have the right at any meeting of the Council of Owners to cast the votes to which such Unit is entitled.

Section 9. Proxies. A vote may be cast in person or by proxy. Proxies may be valid for a maximum period of 180 days from the date of issue unless such proxy has been granted to a lessee of a Unit Owner or mortgagee and must be filed with the Secretary before the appointed time of the meeting.

Section 10. Majority of Owners. As used in these Bylaws, the term "Majority of the Owners" shall mean the Owners of 15% or more of the aggregate Percentage Interests of all Units.

Section 11. Quorum. Except as otherwise provided in the Bylaws, the presence in person or by proxy of a majority of the Owners shall constitute a quorum at all meetings of the Council of Owners.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Council of Owners and the Secretary shall count the votes cast at the meeting, 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 of the Council of Owners when not in conflict with the Declaration, these Bylaws or the Act.

ARTICLE III

Board of Directors

Section 1. Number and Qualifications. The affairs of the Condominium shall be governed by a Board of Directors. Until Units representing more than 50% of the

Percentage Interest of all Units shall have been sold and conveyed by the Developer, and thereafter until their successors shall have been elected by the Owners, the Board of Directors shall consist of such partners of the Developer, or such other persons, as shall have been designated by the Developer. The Board of Directors shall be composed of five (5) persons, all of whom shall be partners or designees of the Developer, Owners or spouses of Owners (Owners to include officers of corporations or partners) of Units; provided, however, that anything in these Bylaws to the contrary notwithstanding, so long as the Developer owns at least four (4) Units, a majority of the members of the Board of Directors shall be selected and designated by the Developer. 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.

Section 2. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not by the Act or by these Bylaws directed to be exercised and done by the Council of Owners. 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 or the Declaration. 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 of Owners that may hereafter be adopted, the Board of Directors shall have the power to, and be responsible for, the following:

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

(b) Making assessments against the Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the 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 Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable on the first day of each month for said month.

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

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the General 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 Owners.

(e) Collecting the assessments against the 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 Rules and Regulations respecting the use of the Property.

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

(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, or as a result of condemnation or eminent domain proceedings.

(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 Owners.

(j) Obtaining and carrying insurance as provided by Article VI of these Bylaws, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Condominium and now billed to Owners of individual Units.

(l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the maintenance and repair expenses of the General Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, and mortgagees during normal 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 Owners. All books and

records shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once a year by an independent auditor employed by the Board of Directors who shall not be a resident of the Condominium or an owner of a Unit therein. The cost of such audit shall be a Common Expense.

(m) Notifying the mortgagee in writing of any Unit of any default by the Owner of such Unit in compliance with the provisions of these Bylaws.

(n) 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 of Owners.

Section 3. Managing Agent. The Board of Directors may employ a Managing Agent for the Condominium at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in paragraphs (a), (c), (d), (e), (h), (j), (k), (l), (m), and (n) of Section 2 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), and (i), of Section 2 of this Article III.

Section 4. Election and Term of Office. At the first annual meeting of the Council of Owners, the term of office of two (2) members of the Board of Directors shall be fixed at three (3) years, the term of office of two (2) members of the Board of Directors shall be fixed at two (2) years, and the term of office of one (1) member of the Board of Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective member of the Board of Directors, his successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Council of Owners.

Section 5. Removal of Members of the Board of Directors. At any regular or special meeting duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owners shall be given at least fifteen (15) days' notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, so long as the Developer owns four (4) or more Units, no person selected and designated by the Developer as a member of the Board of

Directors may be removed without the consent of the Developer and in such event the Developer shall select and designate his successor.

Section 6. Vacancies. Vacancies in the Board of Directors, caused by any reason other than the removal of a director by a vote of the Council of Owners shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board of Directors held for the purpose promptly after the occurrences of any such vacancy, even though the directors present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member so removed and until a successor shall be elected at the next annual meeting of the Council of Owners; provided, however, that the 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.

Section 7. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the Council of Owners shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Council of Owners at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, by mail, telephone or telegraph, at least three (3) business days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each director, given by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

Section 10. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place of such meeting. If all directors are present at any meeting of the

Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11. 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 votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 12. Fidelity Bonds. The Board of Directors shall obtain fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 13. Compensation. No director shall receive any compensation for acting as such.

Section 14. 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 meetings. 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.

Section 15. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the directors from and against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Owners. It is also intended that the liability of any Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as the Percentage Interest of his Unit bears to the Percentage Interests of all of the Units. Every agreement made by the Board of Directors or by the Managing Agent on behalf of the Owners shall, if

obtainable, provide that the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owner), and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as the Percentage Interest of his Unit bears to the Percentage Interests of all Units.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President and Vice President shall be members of the Board of Directors. Any other officers may be, but shall not be required to be, members of the Board of Directors.

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

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

Section 4. President. The President shall be the chief executive of the Condominium. He shall preside at all meetings of the Council of Owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of Maryland, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

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

Section 6. Secretary. The Secretary shall attend and keep the minutes of all meetings of the Council of Owners and of the Board of Directors; he shall maintain for the Council of Owners a current roster of names and addresses of each Unit Owner to which notice of meetings of the Council of Owners shall be sent; he shall have charge of such books and papers as the Board of Directors may direct; and he shall give, or cause to be given, notice of all meetings of the Council of Owners and the Board of Directors, and he shall, in general, perform all duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of Maryland.

Section 7. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of Maryland. The same person may, but shall not be required to hold the offices of secretary and treasurer.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, checks and other instruments of the Condominium requiring an expenditure or imposing an obligation of more than \$500.00, shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Board of Directors. All agreements, contracts, checks or other instruments requiring an expenditure or imposing an obligation of less than \$500.00 may be executed by any one officer of the Condominium or by such other person as may be designated by the Board of Directors.

Section 9. Compensation of Officers. No officer shall receive any compensation for acting as such.

ARTICLE V

Operation of the Condominium Regime

Section 1. Determination of Common Expenses and Assessments Against Owners.

(a) Fiscal Year. The fiscal year of the Condominium shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of the same year.

(b) Preparation and Approval of Budget. Each year on or before December 1st, the Board of Directors shall adopt a budget for the Condominium Regime containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the General Common Elements and those parts of the Units as to which it is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, these Bylaws or a resolution of the Council of Owners, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Owners of all related services. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital for the Condominium, a general operating reserve, and reserves for contingencies and replacements. The Board of Directors shall send to each Owner a copy of the budget, in a reasonable itemized form which sets forth the amount of the Common Expenses payable by each Owner, on or before December 15th preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Owner's contribution for the Common Expenses of the Condominium.

(c) 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 Owner in the proportion which the Percentage Interest of his Unit bears to the Percentage Interests of all Units, and shall be a lien against each Owner's Unit as of the first day of the fiscal year to which such budget applies. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth (1/12th) of the assessment for such fiscal year made pursuant to the foregoing provisions. At the

annual meeting of Council of Owners, the Board of Directors shall present an estimate of any excess or deficiency in the assessments for the current fiscal year. Within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply to all Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, 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 shall be disbursed to the Unit Owners or shall be credited according to the Percentage Interest of each Owner's Unit to the next monthly installments due from Owners under the current fiscal year's budget, until exhausted, or shall be used for any purpose as the Council of Owners have determined at the annual meeting preceding the close of the fiscal year, and any net shortage shall, if the Board of Directors deems it advisable, be added according to the Percentage Interest of each Owner's Unit to the installments due in the succeeding six (6) months after the rendering of the accounting.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Owners according to the respective Percentage Interests of their Units, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Owners by a statement in writing giving the amount and reasons therefore, and such further assessment effective with the next monthly payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment.

(e) Initial Assessment. When the first Board of Directors elected under these Bylaws takes office, it shall determine the budget, as defined in this Section, for the period commencing thirty (30) days after their election and ending on December 31 of the fiscal year in which their election occurs. Assessments shall be levied against the Owners during said period as provided in paragraph © of this Section. Notwithstanding the foregoing, until all Buildings in the Condominium have been substantially completed, the Common Expenses attributable to each Building which has not been substantially completed shall be paid for solely by the Developer and the Common Expenses attributable to each Building which has been substantially

completed shall be paid for solely by the Owners of Units in such Building in proportion to the respective Percentage Interests of their Units. No assessments for Common Expenses will be due in respect of any Unit until the Building in which such Unit is located shall have been substantially completed. For purposes of the preceding sentences, the determination whether and when any Building has been substantially completed shall be made by the project architect retained by the Developer, whose determination shall be final and binding upon all parties interested in such determination.

(f) 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 an 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 Owner shall continue to pay the monthly charge at the then existing monthly rate 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.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Owners may be commingled into a single fund, but shall be held for each Owner in accordance with the Percentage Interest of his Unit.

Section 2. Payment of Common Expenses. All 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 V. No Owner may be exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the General Common Elements or by abandonment of his Unit. No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit 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 Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses attributable to the Unit prior to the conveyance of the Unit to the purchaser, without prejudice to the purchaser's right to recover from the selling Owner the amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement from the Board of Directors or Managing Agent setting forth the amount of the unpaid assessments, against the selling Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if a mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first mortgage, such mortgagee or purchaser shall not be liable for, and such Unit shall not be subject to, a

lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such mortgagee or purchaser pursuant to the foreclosure sale. The unpaid share of Common Expenses assessed prior to the acquisition of title to such Unit by the mortgagee or purchaser pursuant to the foreclosure sale shall be collectible from all Owners, including the mortgagee or purchaser at the foreclosure sale, in proportion to the respective Percentage Interest of their Units.

Section 3. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

Section 4. Statement of Common Expenses. The Board of Directors shall promptly provide any Owner so requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such Owner.

Section 5. Maintenance and Repair.

(a) By the Board of Directors. Except for the portions of the General Common Elements and Limited Common Elements required to be maintained, repaired and replaced by the Owners of the Units, the Board of Directors shall be responsible for the maintenance, repair and replacement of the following, the cost of which shall be charged to all Owners as a Common Expense:

(1) All of the General Common Elements, whether located inside or outside of the Units, including, but not limited to, the following:

(A) All exterior walls and exterior surfaces (including the painting or staining of the exterior surface of the front door, rear door, if any, and side door, if any, of each Unit) of the Buildings; the roofs of the Buildings; Unit party walls and all other portions of the Units which contribute to the support of the Buildings, such as the outside walls of a building, and all fixtures of the exterior thereof; the boundary walls of Units; floor slabs; load-bearing columns; but excluding however, the interior walls, interior ceilings and interior floor coverings of the Units, and excluding the surfaces of all walls, floor and ceilings of the Units; and

(B) Except to the extent required to be maintained, repaired or replaced by a public utility company, the sanitary and storm sewer systems and appurtenances and all water, electric, plumbing and telephone lines, facilities and systems that are deemed General Common Elements, including all conduits, ducts, plumbing, wiring and other facilities for the furnishing of all utility services into two (2) or more Units, but excluding therefrom all plumbing, heating and electrical appliances, fixtures, systems and parts thereof which are enjoyed solely within the boundary of an individual Unit; all catch basins; and all roof and drainage pipes, gutters and leaders; and

(C) The care and maintenance (including removal of snow and ice) and landscaping of the front and rear yard appurtenant to each Unit (other than plantings made by the Owner of the Unit); and

(2) All incidental damage caused to any Unit by such work as may be done or caused to be done by the Board of Directors in accordance therewith.

(b) By the Owner.

(1) Except for the portions of his Unit required to be maintained, repaired and replaced by the Board of Directors, each Owner shall be responsible for the maintenance, repair and replacement, at this own expense, of the

following: any interior walls, windows, interior, exterior and sliding glass doors, and side porches where applicable, ceilings and floors; kitchen and bathroom fixtures and equipment; the heating and air conditioning units, including the air conditioning compressor; and those parts of the plumbing system (including hot water heater) and electrical system which may or may not be wholly contained within his Unit, but serve his Unit and no other except in the case of the hot water heater located in the basement of each of the Apartment Buildings which serves the four (4) Apartment Units in such Building.

(2) Each Owner shall be responsible for, and promptly after demand shall reimburse the Board of Directors for the cost of, maintaining, repairing or replacing any damage to the General Common Elements or any portion of his Unit required to be maintained, repaired or replaced by the Board of Directors which is caused by the negligence, misuse or neglect of such Owner.

(3) Each 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, shall clean and maintain both sides of all windows and sliding glass doors and all front and rear entry doors (but not the painting of the exterior surface of entry doors) and the fireplace and interior of the fireplace chimney appurtenant to this Unit, shall keep the rear and front yards appurtenant to his Unit free of debris and in a clean and neat 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.

(4) Each Owner shall perform his responsibility under this paragraph in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs or replacements for which the Board of Directors is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be performed in a good and workmanlike manner. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 6. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the General Common Elements shall require additions, alterations or improvements costing in excess of \$5,000 in the aggregate during any fiscal year, and the making of such additions, alterations or improvements shall have been approved by a majority of the Owners,

the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing in the aggregate of \$5,000 or less during any fiscal year may be made by the Board of Directors without the approval of the Owners and the cost thereof shall constitute part of the Common Expenses. Notwithstanding the foregoing, if, in the opinion of not less than a majority of the Owners, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Owner or Owners requesting the same, such requesting Owners shall be assessed therefore in such proportions as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

Section 7. Additions, Alterations or Improvements by Owners. Except as otherwise provided in these Bylaws, each Owner may make alterations, additions or improvements to the interior of his Unit without the prior approval of the Board of Directors. No Owner shall make any structural addition, alteration or improvement in or to his Unit or construct or erect any fence around the front or rear yard appurtenant to his Unit (except for replacement of the fence initially erected by the Developer) without prior written consent thereto of the Board of Directors. No Owner shall paint or alter the exterior of his Unit, including the doors and windows, or any fence, nor shall an Owner paint or alter the exterior of any Building, without the prior written consent thereto of the Board of Directors. The Board of Directors shall be obligated to answer any written request by an Owner for approval of a proposed structural addition, alteration or improvement (by painting or otherwise) in such Owner's Unit within 45 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 addition, alteration or improvement in or to any Unit shall comply with all local building codes and ordinances, and any approval of a request therefore by the Board of Directors shall be deemed conditional upon compliance by the Owner of such Unit with such codes and ordinances. The provisions of this Section 7 shall not apply to Units owned by the Developer until such Units shall have been initially sold and conveyed by the Developer.

Section 8. Restriction on Use of Units. Each Unit and the General Common Elements shall be occupied and used as follows:

(a) No part of the Property shall be used for other than housing and the related common purposes for which the Property was designed. Each Unit shall be used as a residence for a single family and for no other purpose. An Owner may use a portion of his Unit for an office or studio for his personal use provided that the activities therein shall not interfere with any quiet enjoyment or comfort of any other

Owner, and provided further that in no event shall any part of the Property be used as a school or music studio.

(b) Nothing shall be done or kept in any Unit or in the General Common Elements which will increase the rate of insurance for the Property, or the contents thereof, applicable for residential use, without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept in his Unit or in the General Common Elements which will result in the cancellation of insurance on the Property, or the contents thereof, or which would be in violation of any law. No waste shall be committed in the General Common Elements.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner of the Unit or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property.

(d) Nothing shall be done in any Unit or in, on, or to the General Common Elements which will impair the structural integrity of the Property or which would structurally change any Building or improvements thereon except as is otherwise provided in these Bylaws.

(e) The right is reserved by the Developer or its agent to use any unsold Unit or Units for sales or display purposes.

(f) Nothing shall be altered or constructed in or removed from the General Common Elements, except upon the written consent of the Board of Directors.

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

(h) No planting in the front yard (other than in an area extending 10 feet from the front of the Unit) shall be permitted.

(i) No television antennas may be erected or caused to be erected by any Owner of a Unit on the exterior of any Building.

(j) No portion of a Unit (other than the entire Unit) may be rented.

Section 9. Right of Access. An Owner shall grant a right of access to his Unit, to the Limited Common Elements and to any part of the General Common Elements to which his Unit has sole access through the interior of the Unit, to the Board of Directors or the Managing Agent, or any other person authorized by the Board of Directors or the Managing Agent, or any group of the foregoing, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the General Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or the General Common Elements in his Unit or elsewhere in the Property, 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 Owner. In case of an emergency, such right of entry shall be immediate, whether the Owner is present at the time or not. The right of entry to the front yard of a Unit for maintenance and care shall be immediate in all events and shall not require the permission of the Owner of the Unit.

Section 10. Rules and Regulations. Rules and Regulations concerning the operation and use of the General 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 provisions of the Act, the Declaration or these Bylaws. Initial Rules and Regulations, which shall be effective until amended by the Board of Directors, with the approval of a majority of the Owners, are annexed hereto and made a part hereof as Exhibit A. Copies of all amendments to the Rules and Regulations shall be furnished by the Board of Directors to each Owner prior to the time when the same shall become effective.

Section 11. Electricity, Gas, Water Charges and Sewer Rents. Electricity, gas, and water shall be supplied by the public utility company serving the area directly to each Unit through separate meters and each Owner shall be required to pay the bills for electricity, gas, water and sewer rents consumed or used in his Unit. The electricity, gas and water serving the General Common Elements shall be separately metered, and the Board of Directors shall pay all bills for electricity, gas and water consumed in such portions of the General Common Elements, as a Common Expense.

Section 12. Parking Spaces. All parts of the General Common Elements identified as parking areas on the Condominium Plat shall be used by the Owners for self-service parking purposes on a first-come, first-serve basis, except as otherwise provided from time to time by the Board of Directors. The cost of maintenance and repair of all parking areas shall be a Common Expense.

ARTICLE VI

Insurance

Section 1. Authority to Purchase. Except as otherwise provided in Section 3 of this Article VI, all insurance policies relating to the Property shall be purchased by the Board of Directors for the benefit of the Owners of the Units and their respective mortgages, as their interests may appear, which insurance shall be governed by the following provisions:

(a) The Board of Directors shall be required to make every effort to obtain a single master policy covering physical damage for the entire Property under which the insurance company will issue to each Owner a certificate or sub-policy specifying the portion of the master policy allocated to each Owner's Unit and the Percentage Interest of his Unit in the General Common Elements. The master policy shall also provide that (i) each Owner shall have the right to request an increase in the coverage allocated to his Unit, but any additional premium resulting from such additional coverage shall be billed by the insurance company directly to, and shall be paid by, such Owner; and (ii) each Owner shall have the right to obtain, at his own expense, an endorsement to the master policy insuring him for the cost of emergency shelter in the event of damage rendering his Unit uninhabitable.

(b) In addition, the Board of Directors shall be required to make every effort to secure a master policy covering physical damage that will provide the following:

(1) That the insurer waives its right of subrogation to any claims against the Board of Directors, the Managing Agent, the Owners and their respective agents, employees, guests and, in the case of the Owners, the members of their households;

(2) That the master policy on the Property cannot be cancelled, invalidated, or suspended on account of the conduct of any member, officer or employee of the Board of Directors or the Managing Agent, without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect;

(3) That any "no other insurance" clause contained in the master policy shall expressly exclude individual Owners' policies from its operation;

(4) That until the expiration of ten (10) days after the insurer gives notice in writing to the mortgagee of any Unit, the mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents, employees or household members, not cancelled for non-payment of premiums;

(5) That the master policy may not be cancelled or substantially modified without at least ten (10) days' written notice to the Board of Directors and all mortgagees of Units.

(6) That the net proceeds of such policies, if less than \$25,000 shall be payable to the Insurance Trustee designed in Section 4 of this Article.

(7) That the master policy shall contain a standard mortgagee clause in favor of each mortgagee of a Unit to the extent of the portion of the coverage of the master policy allocated to such Unit, which shall provide that the loss, if any, thereunder shall be payable to such mortgagee and the Owner, as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee contained in Sections 4 and 5 of this Article VI.

(c) All policies of insurance shall be written with a company licensed to do business in the State of Maryland and holding a rating of "AAA" or better by Best's Insurance Reports.

(d) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their mortgagees.

(e) Each Owner shall notify the Board of Directors of all improvements made by the Owner to his Unit, the value of which is in excess of \$1,000, within ten (10) days after the completion of such improvements.

Section 2. Insurance Coverage.

(a) The Board of Directors shall be required to obtain and maintain the following insurance: (1) fire insurance with extended coverage, vandalism, malicious mischief and windstorm endorsements, insuring the entire Property (including all of the Units and the floor coverings, bathroom and kitchen fixtures initially installed therein by the Developer, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by Owners), together with all air-conditioning equipment and other service machinery contained therein and covering the interests of the Board of Directors and all Owners and their mortgagees, as their interests may appear, in an amount equal to the maximum insurable replacement value of the Property, without deduction for depreciation; (2) workman's compensation insurance if and to the extent necessary to meet the requirements of law; and (3) such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority of the Owners.

(b) The Board of Directors shall also be required to obtain and maintain, to the extent obtainable, public liability and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, the Managing Agent, and each Owner against any liability to the public or to the Owners (and their invitees, agents and employees) arising out of, or incident to, the ownership and/or use of the General Common Elements. Said insurance shall be issued on a comprehensive liability basis and shall contain a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than \$500,000 with respect to any one person and \$500,000 with respect to any one accident or occurrence and \$50,000 with respect to any claim for property damage. It shall be the responsibility of each Owner to obtain, at his own expense, liability insurance with respect to his ownership and/or use of his Unit, and the Board of Directors shall not be responsible for obtaining such insurance.

(c) A duplicate original of the master policy of physical damage insurance, all renewals thereof, and all sub-policies or certificates issued thereunder, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to the expiration of the then current policies. Prior to obtaining any policy of fire insurance, or any renewal thereof, the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of the full replacement value of the Property, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be effected pursuant to this Section.

Section 3. Separate Insurance. Each Owner shall have the right, at his own expense, to obtain additional insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability, provided that no Owner shall be entitled to exercise his right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Board Directors, on behalf of all Owners, may realize under any insurance policy which it may have in force on the Property at any particular time or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with such additional insurance coverage obtained by the Owner. All such additional policies shall contain waivers of subrogation against all parties insured by the comprehensive general liability insurance required by Section 2 (b).

Section 4. Insurance Trustee.

(a) The Board of Directors shall have the right to designate a bank, or trust company doing business in the State of Maryland, or any institutional lender

therein, as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsement shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these Bylaws.

(b) The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the Owners of the Units and their respective mortgagees.

Section 5. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Owner of a Unit and for each mortgagee of a Unit and for each Owner of any other interest in the Property 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.

Section 6. Premiums. Premiums upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

ARTICLE VII

Repair and Reconstruction After Fire Or Other Casualty

Section 1. When Repair and Reconstruction are Required. In the event of damage to or destruction of all or any of the Buildings as a result of a fire or other casualty (unless more than two-thirds (2/3) of the Units are rendered untenable and the Owners fail unanimously to vote in favor of reconstruction and repair of the Buildings at a meeting called within ninety (90) days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within thirty (30) days thereafter) the Board of Directors shall arrange for and supervise the prompt repair and restoration of the Buildings (including any damaged Units, and the floor coverings, kitchen and bathroom fixtures initially installed therein by the Developers, and replacements thereof installed by the Owners, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by Owners in the Units). Notwithstanding the foregoing, each Owner shall have the right to supervise the redecorating of his own Unit.

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any Building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the Building (including any damaged Units, and the floor coverings, kitchen and bathroom fixtures initially installed therein by the Developer, but not including any other furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Owners in the Units) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair as determined by the Board of Directors, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments in sufficient amounts to provide payment of such costs, shall be made against the Owners of the damaged Units, and against all Owners of Units in a damaged Building, in the case of damage to the General Common Elements of a Building, except that in the case of the assessments shall be made against all Owners of Units in the damaged buildings. The assessments against Owners for damage to the Units shall be in proportion to the cost of reconstruction and repair of their respective Units, and the assessments on account of damage to General Common Elements shall be in proportion to the respective Percentage Interests of the Units in the Building affected by the damage to the General Common Elements.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the Building Plans under which the Property was originally constructed.

(d) Encroachments. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction is substantially in accordance with the Building Plans under which the Property was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed Building(s) shall stand.

Section 3. Disbursement of Construction Funds.

(a) Construction Fund. The net proceeds of insurance collected on account of a casualty and the funds collected by the Board of Directors from assessments against Owners on account of such casualty shall constitute a

construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section. If the net proceeds of insurance collected on account of a casualty exceed \$25,000, then the funds collected by the Board of Directors from assessments against the Owners shall be deposited by the Board of Directors with the Insurance Trustee and the entire construction fund shall be disbursed by the Insurance Trustee; otherwise the construction fund shall be held and disbursed by the Board of Directors.

(b) Method of Disbursement. The construction fund shall be paid by the Board of Directors or the Insurance Trustee, as the case may be, in appropriate progress payments, to such contractors, suppliers and personnel engaged in performing the work or supplying materials or services for the repair and reconstruction of the Buildings as are designated by the Board of Directors.

(c) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be distributed jointly to the Owners and mortgagees of all Units affected by such destruction in proportion to the respective Percentage Interests of their Units; provided, however, that the part of a distribution to an Owner which is not in excess of assessments paid by the Owner into the construction fund shall not be made payable to any mortgagee.

(d) General Common Elements. When the damage is to both the General Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing the General Common Elements and the balance to the cost of repairing the Units.

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary of the Condominium certifying (1) whether the damaged Property is required to be reconstructed and repaired and, if such reconstruction and repair is not required, whether or not the Owners voted in favor of such reconstruction and repair as provided in these Bylaws; (2) the name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it or whether surplus funds to be distributed are less than the assessments paid by the Owners; and (3) all other matters concerning the holding and disbursing of any construction fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

Section 4. When Reconstruction is not Required. If more than two-thirds (2/3) of the Condominium is rendered untenable by a fire or other casualty and the Owners fail unanimously to vote in favor of repair or restoration within the period of time prescribed by Section 1 of this Article VII, the net proceeds of insurance policies, if any, shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among the Owners of all Units affected by such destruction in proportion to the respective Percentage Interests of their Units, after first paying out of the share of each, to the extent sufficient for the purpose, the amount of any unpaid liens on the Units, in order or priority of the liens. If the Condominium is damaged to the extent of two-thirds (2/3) of its then replacement cost, the Property shall be subject to an action for partition at the suit of the Owner or mortgagee of any Unit, as if the Property were owned in common, in which event the net proceeds of sale shall be added to the net proceeds of insurance policies, if any, and the total shall be considered as one fund which shall be distributed by the Board of Directors or the Insurance Trustee, as the case may be, among all the Owners in proportion to the respective Percentage Interests for their Units, after first paying out of the share of each Owner, to the extent sufficient for this purpose, the amount of any unpaid liens to his Unit, in the order of the priority of such liens.

ARTICLE VIII

Sales, Leases, and Alienation of Units.

No Owner shall execute any deed, lease, mortgage, or instrument conveying or mortgaging the title to his Unit without including therein the undivided interest of such Unit in the General 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, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Interests in the General 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 General Common Elements of all Units.

ARTICLE IX

Mortgages

Section 1. Notice to Board of Directors. An Owner who mortgages his Unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Board of Directors, 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 to the requesting mortgagee.

Section 3. Notice of Default. The Board of Directors, when giving notice to an Owner of a default in paying an assessment for Common Expenses or any other default, shall send a copy of such notice to each holder of a mortgage concerning such Owner's Unit whose name and address has theretofore been furnished to the Board of Directors.

ARTICLE X

Compliance and Default

Section 1 Relief. Each Owner of a Unit 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 an Owner shall entitle the Council of Owners, acting through its Board of Directors or through the Managing Agent, to the following relief:

(a) Local 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, and 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 of Owners, the Board of Directors, the Managing Agent, or, if appropriate, by any aggrieved Owner.

(b) Additional Liability. Each Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness of any member of his family or his employees, 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 any insurance company of its rights of subrogation.

(c) Costs and Attorneys' Fees. In any proceeding arising out of any alleged default by an 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 of Owners, the Board of Directors, or of an 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 of Owners, the Board of Directors or the Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Council of Owners, the Board of Directors, or any 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 by any Owner in paying any Common Expenses or other sum assessed against him which continues for a period in excess of fifteen (15) days, such Owner shall be obligated to pay interest on the amounts due at the then prevailing highest interest rate allowed by law, from the due date thereof.

(f) Abatement and Enjoinment of Violations by 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 into the Unit which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the 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.

Section 2. Lien for Contributions.

(a) The total annual contribution of each Owner for the Common Expenses assessed against the Owner for the fiscal year pursuant to Section 1 of Article V of these Bylaws, plus the actual costs of collection is hereby declared to be a lien levied against the Unit of such Owner within the purview of the Act, which lien shall be effective as of the first day of each fiscal year of the Condominium. The Board of Directors, or the Managing Agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the State of Maryland to confirm the establishment of such lien.

(b) In any case where an assessment against an Owner is payable in installments, upon a default by such Owner in the payment of any single installment, which continues for more than ten (10) days after written notice of such default shall have been sent to the Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner by the Board of Directors or the Managing Agent.

(c) The lien for contribution may be foreclosed after ten (10) days' written notice to the Unit Owner, given by Registered Mail, Return Receipt Requested, to the address of the Unit Owner shown on the Secretary's roster in the manner provided by the laws of the State of Maryland by suit brought in the name of the Board of Directors, or the Managing Agent, acting on behalf of the Council of Owners. During the pendency of such suit the 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 the 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 foreclosing or waiving the lien securing pendency of any suit to recover a money judgment.

ARTICLE XI

Designation of Person Authorized to Accept Service of Process

The person authorized to accept service of process in any action relating to two (2) or more Units or to the General Common Elements as authorized under the Act is James A. Coleman, Jr., who resides in Annapolis, Maryland, and who maintains an office at 312 Severn Avenue, Annapolis, Maryland 21403. The resident agent may be changed from time to time by the Board of Directors as provided in the Act.

ARTICLE XII

Miscellaneous

Section 1. Notices. All notices, demands, bills, statement or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first-class postage prepaid, (1) if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the Unit of such Owner, or (2) if to the Council of Owners, the Board of Directors, or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

ARTICLE XIII

Amendments to Bylaws

Section 1. Amendments. Except as otherwise provided in this Section, these Bylaws may be modified or amended either (1) by a vote of the Owners of seventy-five (75%) percent of the Percentage Interests of all Units at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Owner at least ten (10) days in advance of such meeting, or (2) pursuant to a written instrument duly executed by the Owners of at least seventy-five (75%) percent of the Percentage Interests of all Units; provided, however, that (a) Section 2 of Article II, insofar as it provides that the Developer, as long as it is the Owner of four (4) or more Units, shall be entitled to select a specified number of the members of the Board of Directors, (b) Section 9 of Article II, insofar as it provides that the Developer, so long as it is the Owner of one (1) or more Units, may vote the votes appurtenant thereto, and (c) Article VIII, may not be amended without the consent in writing of the Developer, so long as the Developer shall be the Owner of four (4) or more Units.

Section 2. Recording. A modification or amendment of these Bylaws shall become effective only if such modification or amendment is recorded in the Office of the Clerk of the Circuit Court in and for Anne Arundel County, Maryland; further, such modification or amendment must be certified by the Secretary that said modification or amendment has been approved by Owners of seventy-five (75%) percent of the Percentage Interests of all Units in accordance with Section 1 of Article XIII of these Bylaws.

Section 3. Conflicts. No modification or amendment of these Bylaws may be adopted which shall be inconsistent with the provisions of the Act, or Declaration. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official Bylaws of the Condominium, and all Owners shall be bound to abide by such modification or amendment.

Section 4. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of the mortgagees of Units. Such provisions in these Bylaws are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, no amendment or modification of these Bylaws impairing or affecting the rights, priorities, remedies or interests of a mortgagee shall be adopted without the prior written consent of such mortgagee. If there is more than one mortgagee holding mortgages on the Units, it shall be sufficient for this purpose

to obtain the written consent of the mortgagees holding mortgages on fifty-one (51%) percent or more of the Units encumbered by mortgages.

WITNESS:
PARTNERSHIP

DREAMS LANDING LIMITED

(SEAL)

BY: _____
General Partner

(SEAL)

STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, to wit:

I HEREBY CERTIFY, That on this 25th day of June, 1975, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared WILLIAM E. DIXON, who acknowledged himself to be the President of DREAMS LANDING, INC., General Partner of Dreams Landing Limited Partnership, and that he as such, being authorized so to do, executed the within instrument and acknowledged that he executed the same for the purposes therein contained and in my presence signed and sealed the name of said Limited Partnership by himself as such President of DREAMS LANDING, INC., General Partner.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My Commission Expires: July 1, 1978