

# **BYLAWS**

**HEARTHSTONE OF ELLICOTT MILLS CONDOMINIUM, INC.  
BY-LAWS**

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CONDOMINIUM BY-LAWS  
HEARTHSTONE OF ELLICOTT MILLS CONDOMINIUM, INC.

ARTICLE I  
NAME AND LOCATION

Section 1. Name and Location. The name of the Condominium is Hearthstone of Ellicott Mills Condominium, Inc. The principal office and mailing address of the Council of Unit Owners is c/o First Real Estate Management, 8000 Main Street, Ellicott City, Maryland 21043.

ARTICLE II  
DEFINITIONS

Section 1. Declaration. "Declaration" as used herein means that certain Declaration made the 24<sup>th</sup> day of May, 2004, by NVR, Inc., a Virginia corporation, as Declarant (sometimes referred to herein as "Condominium Developer"), pursuant to Section 11-101, et seq., of the Real Property Article of the Annotated Code of Maryland, 1996 Replacement Volume, as amended (the "Act"), by which certain described property, including land, was submitted to a Condominium Regime (hereinafter called the "Regime" or "Property"), which Declaration is recorded among the Land Records of Howard County, Maryland, prior hereto and to which these Condominium By-Laws are appended.

Section 2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in the Act.

ARTICLE III  
OWNERSHIP

Section 1. Owners. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a Condominium Unit within this Regime shall be a member of the Council of Unit Owners (hereinafter referred to as the "Council" or "Condominium Association"); provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be deemed an owner.

Section 2. Condominium By-Laws Applicability. The provisions of these Condominium By-Laws are applicable to the Condominium Regime. The terms "Condominium", "Condominium Regime" or "Regime" as used herein shall include the land, as well as the improvements thereon. In construing these Condominium By-Laws, and the government of the Regime pursuant thereto, the provisions of the Corporations and Associations Article of the Annotated Code of Maryland, 1999 Replacement Volume, as amended, pertaining to the government of nonstock corporations, shall be considered as governing to the extent not inconsistent with the provisions of the Condominium Act, and the Declaration and these By-Laws; the Council being considered the Corporation and the Owners being considered its members. This Council shall be incorporated as provided in the Condominium Act.

Section 3. Age-Restricted Adult Housing. In accordance with the Declaration and subject to the Declaration, the Condominium is intended to constitute housing intended and operated for occupancy by at least one person fifty-five (55) years of age or older per Unit.

ARTICLE IV  
MEETINGS OF CONDOMINIUM ASSOCIATION

Section 1. Place of Meetings. Meetings of the Council shall be held at the principal office or place of business of the Regime or at such other suitable place convenient to the Council as may be designated by the Condominium Board.

Section 2. Annual Meetings. The Organizational and First Meeting of the Council of this Regime shall be held within sixty (60) days after the date on which Units representing at least fifty percent (50%), as fully expanded, of the votes in the Council for the Condominium have been conveyed by the Condominium Developer to the initial purchasers of Units. Thereafter, annual meetings of the Council shall be held at such date and time and at such place as may be designated by the Condominium Board or the Manager of the Condominium. At such meeting there shall be elected by ballot of the Unit Owners a Condominium Board in accordance with the requirements of Section 5 of Article V of these By-Laws. The Council may also transact such other business of the Regime as may properly come before it.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Council as directed by resolution of the Condominium Board or upon a petition signed by Unit Owners representing at least twenty-five percent (25%) of the total votes of the Regime having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary or his agent to mail by first class a notice of each annual or special 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 his address as it appears on the Ownership Book of the Regime on the date of the notice, or if no such address appears, at his last known address, not less than ten (10) nor more than ninety (90) days prior to such meeting, unless the Condominium Act provides for a shorter time in which case the Condominium Act will control. Notice shall also be sent to the Owner, who shall have the right to attend meetings and receive an agenda for the meeting in advance if one is so available. Notice sent to the Owner shall be delivered in the same time frames provided in notice to Owners. Service may also be accomplished by the delivery of any such notice to the Unit Owner at his Condominium Unit or last known address. Notice by either such method shall be considered as notice served. Attendance by a Unit Owner at any meeting of the Council shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. Open Meeting. All meetings of the Condominium Association shall be open to all members of the Condominium Association and to the Owner (and other interested parties in the discretion of the Board of Directors or as required by law). Meetings of the Board of Directors shall be held in accordance with the provisions herein. Notwithstanding the foregoing and if permitted by applicable law, any action by the Condominium Association required or permitted to be taken at any meeting may be taken without a meeting if all the Owners shall individually or collectively consent in writing to such action. At least fifteen (15) days advance written notice of any such proposed action shall be given to the Owner. Any such written consent shall be filed with the minutes of the proceedings of the Condominium Association and a copy of such action shall be sent to the Owner.

Section 6. Quorum. The presence, either in person or by proxy, of Owners representing at least twenty-five percent (25%) of the total votes of the Regime shall be requisite for and constitute a

quorum for the transaction of business at all meetings of the Council. In the absence of a quorum, the meeting may be adjourned from time to time by majority vote of those Owners present in person or by proxy, in accordance with the requirements of State law, including Section 5-206 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time, if applicable, and at any such adjourned meeting those owners present in person or by proxy shall constitute a quorum and any business may be transacted which may have been transacted at the meeting originally held.

Section 7. Voting. At every meeting of the Council, each of the Unit Owners shall have the right to cast the number of votes for each Unit (as provided in Article III (h) of the Declaration) on each question. The votes established in the Declaration shall be applicable to voting rights. The vote of the Unit Owners present and voting representing fifty-one percent (51%) of the votes at that meeting shall be required, unless the question is one upon which, by express provision of the Condominium Act, the Declaration or these Condominium By-Laws, a different vote is required, in which case such express provision shall govern and control. No Unit Owner shall be eligible to vote at any annual or special meeting of the Council, or be elected to an office or to the Condominium Board if the Council has recorded a Statement of Condominium Lien against said Owner's Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 8. Proxies. A Unit Owner may appoint any other Unit Owner, the Condominium Developer (as defined in the Declaration), management agent, Mortgagee, attorney or lessee, as his proxy. Only a Unit Owner voting in person or a proxy voting for candidates designated by a Unit Owner may vote for members of the Condominium Board. Notwithstanding this provision, blank proxies may be used for any other purpose, including obtaining a quorum.

Proxies shall be effective for a maximum period of one hundred eighty (180) days following issuance, unless granted to a lessee or Mortgagee.

Section 9. Election Materials. Election materials prepared with funds of the Council must list candidates in alphabetical order and cannot indicate a preference among candidates.

Section 10. Powers. The Council has, subject to any provision of the Condominium Act, the Declaration and these Condominium By-Laws, the following powers:

- (a) To have perpetual existence, subject to the right of the Unit Owners to terminate the Condominium Regime as provided in Section 11-123 of the Condominium Act;
- (b) To adopt and amend reasonable rules and regulations;
- (c) To adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from Unit Owners;
- (d) To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Unit Owners on matters affecting the Condominium;
- (e) To transact its business, carry on its operations and exercise the powers provided in this subsection in any State, territory, district, or possession of the United States and in any foreign country;

(f) To make contracts and guarantees, incur liabilities and borrow money, sell, mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its property and assets;

(g) To issue bonds, notes, and other obligations and secure the same by mortgage or deed of trust on any part of its property, franchises, and income;

(h) To acquire by purchase or in any other manner, to take, receive, own, hold, use, employ, improve, and otherwise deal with any property, real or personal, or any interest therein, wherever located;

(i) To hire and terminate managing agents and other employees, agents, and independent contractors;

(j) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of corporations of the State, or foreign corporations, and of associations, partnerships, and individuals;

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

(l) To regulate the use, maintenance, repair, replacement, and modification of Common Elements;

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

(n) To grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests through or over the Common Elements in accordance with the Section 11-125(f) of the Condominium Act, and to assess responsibility for damages resulting therefrom;

(o) To impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements;

(p) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, By-Laws, and rules and regulations of the Council, under Section 11-113 of the Condominium Act;

(q) To impose reasonable charges for the preparation and recordation of amendments to the Declaration, By-Laws, rules and regulations, or resolutions, resale certificates, or statements of unpaid assessments;

(r) To provide for the indemnification of and maintain liability insurance for officers, directors, and any managing agent or other employee charged with the operation or maintenance of the Condominium;

(s) To enforce the implied warranties made to the Council by the Condominium Developer under Section 11-131 of the Condominium Act;

(t) To enforce the provisions of this title, the Declaration, By-Laws, and rules and regulations of the Council against any Unit Owner or occupant; and

(u) Generally, to exercise the powers set forth in the Condominium Act and the Declaration or By-Laws and to do every other act not inconsistent with law, which may be appropriate to promote and attain the purposes set forth in the Condominium Act, the Declaration or By-Laws.

**Section 11. Annual Proposed Budget.** Each year, at least thirty (30) days prior to its adoption at an open meeting of the Council, the Condominium Board, or the officers, managers, or agents of the Council as delegated by the Board, shall prepare a budget in a reasonably itemized form for the Council containing an estimate of the total amount which will be necessary to pay for the upcoming fiscal year the cost of the maintenance, management, operation, repair and replacement of the Common Elements and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, Declaration, By-Laws, or a resolution of the Board. Such budget shall also include a reserve for contingencies and replacements. The Secretary of the Council or another delegated agent of the Condominium Board shall send a copy of the budget as so prepared to each Unit Owner at least thirty (30) days prior to the open meeting. After receiving comments on the budget at the open meeting, the Board will adopt a budget for the Council for the next fiscal year.

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

The adoption of a budget shall not impair the powers of the Council to obligate the Council for expenditures for any purpose consistent with the Condominium Act.

**Section 12. Waiver.** The omission of the Council or the Condominium Board, before the expiration of any budget period, to adopt a budget hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or the Condominium Act, or a release of assessment installment thereof, for that or any subsequent budget period, but the budget fixed for the preceding period shall continue until a new budget is fixed. No Unit Owner may exempt himself from liability for assessment by a waiver of the use or enjoyment of any of the Common Elements, or by abandonment of any Unit belonging to him. Expenditures increasing the annual assessment in excess of fifteen percent (15%) shall be levied as provided in the Condominium Act.

## ARTICLE V DIRECTORS

**Section 1. Number and Qualification.** The affairs of the Regime shall be governed by the Condominium Board (hereinafter sometimes referred to as the "Board") composed of five (5) Directors. Notwithstanding the preceding sentence, the Condominium Board shall be composed

initially of three (3) persons, until their successors are elected as hereinafter provided.

**Section 2. Initial Directors.** The initial Directors shall be selected by the Condominium Developer and need not be Unit Owners. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records of Howard County, Maryland until such time as their successors are duly chosen and qualified are as follows: Donald Reuwer, Jr., Robert Webster and Jared Spahn. These Directors shall serve until the Organizational and First Meeting of the Council, at which time the Unit Owners shall elect a Board, all as prescribed herein. Initial Directors may be removed and their successors appointed by the Condominium Developer, its successors and assigns.

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

(a) To provide for the care, upkeep and surveillance of the Regime, as it is constituted from time to time and its General and Limited Common Elements, and services and maintenance of the Unit exteriors in a manner consistent with the law, and the provisions of the Declaration and these By-Laws;

(b) To establish and provide for the collection of assessments and fines, if levied, from the Unit Owners and for the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of the Declaration and these By-Laws;

(c) To designate, hire and/or dismiss the personnel necessary for the good working order of the Regime and for the proper care of the General and Limited Common Elements, and to provide services for the Regime in a manner consistent with all applicable State and local laws, the Declaration and these By-Laws;

(d) To promulgate and enforce such rules and regulations, and such restrictions or requirements, as may be deemed proper respecting the use, occupancy and maintenance of the Regime and the use and maintenance of the General and Limited Common Elements, as they are designated, to prevent unreasonable interference with the use and occupancy of the Regime and of the General and Limited Common Elements by the Unit Owners and the quiet enjoyment of the same, all of which are to be consistent with all applicable State and local laws, the Declaration and these By-Laws; provided, however, that certain Common Elements, such as walking paths, may not be accessible for certain times due to inclement weather and other similar circumstances;

(e) Procure bids or otherwise establish the fixed cost of all labor, materials, services, utilities and other items required for the operation, maintenance and care of the Condominium, and the convenience of the Unit Owners; review and analyze all cost and expense factors arising out of or otherwise related to the Condominium, together with the benefits and advantages to be derived therefrom; determine and fix a detailed annual budget for the project, and upon the establishment of such budget, assess and collect the funds therefor as a Common Expense;

(f) Impose and collect reasonable charges for the preparation, copying and recordation of any documents related to the Condominium; and impose and collect reasonable fines for the violations of the Condominium Declaration, these By-Laws and the rules and regulations of the

Condominium Association;

(g) Establish and maintain an accurate and efficient cash and accounting system, make collections and deposit of funds in such banks, trust companies, or other depositories as the Condominium Board shall from time to time approve, verify and account for all receipts and expenditures involved in the operation of the Condominium, approve or disapprove all requisitions, bills, statements and vouchers, pay all costs and expenses incurred in the operation and maintenance of the Condominium, designate signatories to which bank or other accounts shall be subject, keep and preserve, at the principal office of the Condominium, rosters, books, accounts and records covering the operation of the Condominium and execute and file any statement, certificate, affidavit, return or other form required to be filed with any governmental agency in connection with any income or unemployment, social security or employee benefit tax, or the withholding of any tax, or any information relative to the foregoing, and prepare and submit such account or accounts of the financial condition of the Condominium as may from time to time be required or advisable;

(h) Procure and maintain all policies of insurance required by the Condominium Act, by these By-Laws, or by the Condominium Association, or otherwise deemed advisable; designate a trustee or trustees, or other person, firm or corporation as the nominal beneficiary of any policy, to hold proceeds payable thereunder for the use and benefit of the Condominium Association; negotiate and adjust any loss occurring under any policy of insurance; and make any repair, replacement or restoration of the property damaged or destroyed by fire or other casualty insured against; and

(i) Prepare, with the assistance of an accountant, if deemed necessary, and file all income tax returns and other tax returns, declarations, and other forms required of the Condominium Association by law, and arrange for payment of any tax shown thereby to be due.

**Section 4. Management Agent.** The Condominium Board shall employ for the Regime a professional Management Agent at a rate of compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not necessarily limited to, the duties set out in Section 3 of this Article other than those duties reserved to the Council or Board by the Declaration, Condominium By-Laws or Condominium Act. The Council shall not undertake "self-management" or otherwise fail to employ a professional management agent. Any professional management company so employed must have and maintain fidelity bond coverage in an amount equal to or greater than the amount specified in Section 14 of this Article.

**Section 5. Elections and Terms of Office.** The terms of the Directors named herein shall expire when their successors have been elected at the Organizational and First Meeting of the Council and are duly qualified. At the First Meeting of the Council, a successor shall be elected to each Director whose term then expires and two (2) new Directors shall be elected. Two (2) Directors shall be elected to serve for a term of three (3) years, two (2) Directors shall be elected to serve for two (2) years, and one (1) Director shall be elected to serve for one (1) year. At each annual meeting thereafter, a successor shall be elected to each Director whose term then expires, to serve for a term of three (3) years.

**Section 6. Vacancies.** Vacancies on the Board 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, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the Council at the next annual meeting.



Section 7. Removal of Directors. At a regular or special meeting duly called, any Director may be removed with or without cause by the affirmative vote of the majority of the entire Council and a successor may then be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Council shall be given an opportunity to be heard at the meeting. The term of any Director who has an unreleased Statement of Lien recorded against him shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Section 8. Compensation. Except for those Directors named as such in Section 2 of this Article, and any of their successors elected prior to the Organizational and First Meeting of the Council, no remuneration shall be paid to any Director who is also a Unit Owner for services performed by him for the Regime in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board before the services are undertaken.

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

Section 10. Regular Meetings. At least annually, the Board shall send each Unit Owner notice of its meetings. All meetings of the Board shall be open for Unit Owners (except as provided in the Condominium Act) to attend. Regular meetings of the Board 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.

(a) Notice of meetings of the Council or the Condominium Board may not be given on less notice than required by Section 11-109 (c) of the Condominium Act.

(b) The Council shall maintain a current roster of names and addresses of each Unit Owner to which notice of meetings of the Condominium Board shall be sent at least annually.

(c) Each Unit Owner shall furnish the Council with his name and current mailing address. A Unit Owner may not vote at meetings of the Council until this information is furnished.

Section 11. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each Director and Unit Owner, given personally or by mail, facsimile transmission, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting; provided, however, that Unit Owners shall not be furnished notice of special meetings of the Board if such special meeting shall solely address any matter covered by Section 11-109.1 of the Condominium Act. Special meetings of the Board 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 12. Waiver of Notice. Before, or at, any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof.

Section 13. Quorum. At all meetings of the Board, 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. If any meeting of the Board has less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, following an adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Fidelity Bonds. The Board shall require that all officers and employees of the Council handling or responsible for Council or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council. The amount of each bond shall not be less than the estimated maximum amount of funds to be handled for the Council. In no event may the amount of such bonds be less than a sum equal to three (3) months assessments on all Units plus reserve funds.

## ARTICLE VI OFFICERS

Section 1. Designation. The principal officers of the Council shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by the Board. Officers elected by the initial Directors need not be Unit Owners. After the Organizational and First Meeting of the Council, the Board may elect officers who need not be Unit Owners except that the President must always be a Unit Owner. The Directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. Upon any affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 3. President. The President shall be the Chief Executive Officer of the Council and a member of the Board. He shall preside at all meetings of the Council and the Board. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to, the power to appoint committees from among the Unit Owners, or other persons whom he feels are qualified, from time to time, as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Council.

Section 4. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the Council; he shall have charge of the "ownership" and such other books and papers as the Board may direct; and he shall, in general, perform all the duties incidental to the office of Secretary, including counting the votes at meetings of the Council. In the Secretary's absence, the President shall designate some other person to perform these duties.

Section 6. Treasurer. The Treasurer shall have responsibility for Council funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Council in such depositories as may from time

to time be designated by the Board. The Board may delegate any or all of these duties to a Management Agent or banking institution.

Section 7. Compensation. The Board shall have the power to fix the compensation for all officers of the Council who are not Unit Owners, but shall have the power to fix the compensation for all officers of the Council who are Unit Owners only with the approval of the Council.

## ARTICLE VII LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Council shall indemnify every officer and Director of the Council against any and all expenses, including counsel fees, reasonably incurred or imposed upon any officer or Director in connection with any action, suit or other proceeding, including the settlement of any such suit or proceeding, if approved by the then Board, to which he may be made a party by reason of being or having been, an officer or Director of the Council, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Council shall be liable to the Council and the Unit Owners for any gross negligence, including their own individual willful misconduct or bad faith, but shall not be liable for mistakes of judgment or otherwise if made in good faith nor incur any personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council (except to the extent that such officers or Directors may also be Unit Owners), and the Council shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Council, or former officer or Director of the Council, may be entitled.

### Section 2. Other Interests.

(a) The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Council.

(b) No other contract or other transaction between the Council and any corporation or other entity or person and no act of the Council or Condominium Board shall in any way be affected or invalidated by the fact that any member of the Council or Condominium Board is pecuniarily or otherwise interested in, or is a director or officer of such other corporation or entity; any director individually, or any firm of which any director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction with the Council provided that the fact that he or such firm is so interested shall be disclosed and shall have been known to the Condominium Board or a majority thereof; and any Director of the Council who is also a director or officer of any such other corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Council or the Condominium Board thereof which shall authorize any such contract or transaction, and any such contract or transaction shall be valid if approved by a majority vote of disinterested directors, even if the disinterested directors constitute less than a quorum.

## ARTICLE VIII MANAGEMENT

Section 1. Management and Common Expenses. The Board shall manage, operate and maintain the Regime and, for the benefit of the Units and the Unit Owners thereof, shall enforce the provisions hereof and may pay out of the Common Expenses, herein elsewhere provided for, the

following, which itemization shall not act as a limitation on the Board:

(a) The cost of providing water, sewer, gas, electrical (including street lighting) , and other utility services for the Common Elements and to the extent that the same are not separately metered or billed to each Unit, for the Units; provided that if the same are separately metered or billed to each Unit, the cost shall be specially assessed pursuant to Section 1(g) of this Article;

(b) The cost of fire and extended liability insurance on the Common Elements and the cost of such other insurance as the Board or the Council may effect;

(c) The cost of the services of a person or firm to manage the Regime to the extent deemed advisable by the Council, together with the services of such other personnel as the Board or the Council shall consider necessary for the operation of the Regime;

(d) The cost of providing such legal and accounting services as may be considered necessary to the operation of the Regime;

(e) The cost of painting, maintaining, replacing, repairing and landscaping the General and Limited Common Elements (including, without limitation, yards, driveways, front stoops and leadwalks serving each Unit), bulb replacement of lights on garages for each Unit and any other areas of a Unit or Common Elements which are the responsibility of the Council pursuant to the Declaration and By-Laws, including such furnishing and equipment for the General and Limited Common Elements as the Board shall determine are necessary and proper; and the Board shall have the exclusive right and duty to acquire the same, provided, however, that nothing herein contained shall require the Council to paint, repair, or otherwise maintain the interior of any Unit or any fixtures or equipment located therein except for damage resulting from a casualty which is covered by Condominium insurance and further provided that the Council shall maintain the General and Limited Common Elements and any other areas which are the responsibility of the Council in accordance with the Replacement Reserve Schedule described in the budget for the Council;

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repair, taxes, assessments or the like which the Council is required to secure, to pay for by law, or otherwise, or which in the discretion of the Board shall be necessary or proper for the operation of the General and Limited Common Elements;

(g) The cost of utilities which may be separately metered or billed to a Unit (as described in paragraph (a) above), or the maintenance or repair of any Unit in the event such maintenance or repair is necessitated due to such Unit Owner's negligence, misuse or neglect, which shall be determined in the sole discretion of the Board; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board and not without reasonable written notice to the Unit Owner of the Unit proposed to be maintained or repaired; and provided further that the cost thereof shall be assessed against the Unit on which such maintenance or repair is performed, and when so assessed, a statement for the amount thereof shall be rendered promptly to the Owner of said Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects as provided in Article IX of these By-Laws;

(h) Any amount necessary to discharge any lien or encumbrance levied against the Regime or any portion thereof, which may, in the opinion of the Board, constitute a lien against any of the General or Limited Common Elements rather than the interest of the Unit Owner of any individual Unit; and

(i) The cost of any maintenance, repair or replacement contracted for between the Council or its Management Agent and individual Unit Owners having to do with an individual Unit, which cost shall be a Common Expense only with respect to that Unit, and that the cost thereof shall be assessed against the Unit on which such maintenance, repair or replacement is performed and when so assessed, a statement for the amount thereof shall be rendered promptly to the then Unit Owner of said Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects as provided in Article IX of these By-Laws.

**Section 2. Management Agent.** The Board shall delegate such of its duties, powers or functions to the Management Agent, as the Board shall authorize, provided that such delegation may be terminated by the Council, by majority vote, without liability upon thirty (30) days written notice, and any such contract shall have a maximum term of two (2) years.

**Section 3. Easements, Licenses and Rights of Way for Utilities and Related Programs.** The Council, through its Board, is authorized and empowered to grant, subject to the provisions of the Condominium Act, if any, including notice to Unit Owners, hearing requirements and right of Unit Owners to override a grant made by the Board, and shall from time to time grant such licenses, easements and/or rights of way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, T.V. antennas, underground conduits and/or such other purposes related to the provision of public utilities to the Regime, or for any other purpose as may be considered necessary and appropriate by the Board for the orderly maintenance, preservation and enjoyment of the General and Limited Common Elements for the preservation of the health, safety, convenience and/or welfare of the Unit Owners and the Condominium Developer and/or as required or permitted by the Declaration. In addition to the foregoing, in the event there is a storm water management facility located on the Condominium Land, Howard County, Maryland shall have a right to enter on the property of persons who do not comply with a maintenance notification requiring repairs to any storm water management facility, to perform necessary maintenance, and to assess any cost(s) involved to the owner(s) of any such facility.

**Section 4. Limitation of Liability.** The Council shall not be liable for any failure of water supply or other utilities or services to be obtained by the Council or paid for out of the Common Expenses. The Council shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the General or Limited Common Elements. No diminution or abatement of Common Expense Assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the General or Limited Common Elements, separately contracted maintenance to a Unit, or from any action taken by the Council to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

## ARTICLE IX CONDOMINIUM FEES/ASSESSMENTS

### **Section 1. Annual Condominium Fees/Assessments.**

(a) Commencing with the recording of the Declaration to establish the Condominium Regime, each Unit Owner shall pay to the Council the Unit Owner's proportionate share of the sum required by the Council pursuant to the Percentage Interests in Common Expenses and Common Profits as set forth in the Declaration ("Annual Assessments") to meet its annual budget, including but in no way limited to, the following:

(1) The cost of all operating expenses of the Regime as the same may be constituted from time to time, and services furnished, including charges by the Council for facilities and services furnished by it;

(2) The cost of necessary management and administration, including fees paid to any Management Agent;

(3) The amount of all taxes and assessments levied against the Council or upon any property which it is otherwise required to pay, if any;

(4) The cost of public liability, fire and extended coverage insurance on the Regime and the cost of such other insurance as the Council or the Board may effect;

(5) The cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or utilities, to the extent furnished by the Council;

(6) The cost of funding all reserves established by the Council including, when appropriate, a general operating reserve and/or reserve for replacements;

(7) The estimated cost of repairs, maintenance and replacements of the Regime, including General and Limited Common Elements (including, without limitation, yards), to be made by the Council; and

(8) The cost of all operating expenses, repairs, maintenance and replacements for parking areas, driveways, front stoops, leadwalks and exterior walkways.

Each Annual Assessment levied under the provision hereof shall be paid in twelve (12) equal successive monthly installments, each installment to be equal to one-twelfth (1/12th) of the Annual Assessment commencing on the first day of the first month of the fiscal year for which levied, and continuing on the first day of each and every succeeding month thereafter until fully paid; provided, however, that (i) the first Annual Assessment shall be paid in such number of equal or unequal monthly installments as the Condominium Board shall determine, and (ii) the first Annual Assessment shall not begin to accrue until the first day of the first fiscal year.

Any Special Assessment levied under the provisions of Section 2 of this Article IX shall be due and payable fifteen (15) days after the date of levy of such Special Assessment and the serving of notice thereof upon the Unit Owners, or at such other time or times as may be provided by the Condominium Board in making such Special Assessment.

If record title to a Unit is conveyed during the period covered by a monthly installment of an Annual or Special Assessment, the Unit Owner of such Unit immediately before such conveyance and the Unit Owner of such Unit immediately after such conveyance shall each be fully liable to the Condominium Association for the entire amount of such installment, and shall each be subject to all remedies available to the Condominium Association for the collection of such installment, as described herein, provided there be but one satisfaction of the claim. If record title to a Unit is conveyed (i) during the period covered by an Annual Assessment not payable in installments, or (ii) within one hundred eighty (180) days after the date of a Special Assessment not payable in installments, the Unit Owner of such Unit immediately before such conveyance and the Unit Owner of such Unit immediately after such conveyance shall each be fully liable to the Condominium Association for the entire amount of such Annual or Special Assessment, as applicable, and shall each be subject to all remedies available to the Condominium Association for the collection of such

Annual Assessment or Special Assessment, as provided in these By-Laws and further provided there be but one satisfaction of the claim. Each such Unit Owner shall be entitled to exercise any right of contribution which it may have against the other such Unit Owner at law or in equity, or by contract, but the exercise of any such right of contribution shall not be permitted to delay or otherwise impair the collection of such Annual Assessment or Special Assessment, or installation thereof, by the Condominium Association. The provisions of this paragraph shall not apply, however, to any conveyance of a Unit (I) by the Condominium Developer, (II) by a foreclosure sale pursuant to a bona fide First Mortgage of record, or (III) by a deed in lieu of foreclosure to a Mortgagee holding a bona fide First Mortgage of record on the Unit, to the Federal Housing Commissioner (if such First Mortgage is insured by the FHA), or to the Administrator of Veterans Affairs (if such First Mortgage is guaranteed by the VA).

(c) In addition, each Unit Owner shall pay to the Council the amount of any fine levied against him pursuant to any rules and regulations for fining promulgated by the Board in accordance with the procedures in these By-Laws.

(d) The Board shall determine the amount of the assessment annually by preparation and adoption of an annual proposed budget as provided in Section 11-109.2 of the Condominium Act.

**Section 2. Special Assessments.** Notwithstanding the provisions of Article IV, Section 10, and in addition to the regular assessment authorized by this Article, the Council may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Regime, as then constituted, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate, provided that any such assessment shall have the assent of the Owners representing fifty-one percent (51%) of the total votes of the Regime. A meeting of the Unit Owners shall be duly called for this purpose, written notice of which shall be sent to all Owners and any other persons or entities entitled to notice of special meetings at least ten (10) days, but not more than ninety (90) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

**Section 3. Reserve for Replacements and Working Capital.** The Council shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board. Such fund shall be conclusively deemed to be a Common Expense. Such funds shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board, be invested in the obligations of, or fully guaranteed as to principal, by the United States of America, states, municipalities or counties thereof. The reserve for replacements may be expended only for the purpose of periodic maintenance, repair and replacement. The amounts required to be allocated to the reserve for replacements may be reduced by appropriate resolution of the Board provided that such resolution is approved by the affirmative vote of the Unit Owners representing at least sixty-six and two-thirds percent (66 2/3 %) of the total votes of the Regime at any meeting of the Council duly called for in accordance with the applicable provisions of the Condominium Act and these By-Laws. The proportionate interest of any Unit Owner in any reserve for replacements shall be considered an appurtenance of his Unit and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Unit to which it appertains, and shall be deemed to be transferred with such Unit.

In addition, a working capital fund shall be established for the initial months of the Condominium equal to three (3) months' estimated assessments applicable for each Unit. The working capital fund shall be deposited by the Council to a segregated fund. The working capital amount shall be paid at the time of delivery of deed from Condominium Developer to a Unit Owner provided, however, if said Unit Owner fails to pay said amount, then Condominium Developer shall be obligated to pay the same and remit it to the Council for deposit.

**Section 4. Disposition of Common Profits.** All Common Profits shall be disbursed to the Unit Owners, be credited to their assessments for Common Expenses in proportion to their percentage interests in Common Profits and Common Expenses, or be used for any other purpose as the Council determines.

**Section 5. Liability for Assessments.** A Unit Owner shall be liable for all assessments or installments thereof coming due while he is the owner of a Unit. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the Common Expenses up to the time of the voluntary grant for which a statement of lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any Common Element or by abandonment of the Unit for which the assessments are made.

**Section 6. Imposition of Lien.** Payment of assessments, together with interest, late charges, if any, costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien on a Unit in accordance with the provisions of the Maryland Contract Lien Act. Suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit to recover any money judgment for unpaid assessments may also be maintained in the same proceeding, without waiving the right to seek to impose a lien under the Maryland Contract Lien Act.

**Section 7. Interest on Unpaid Assessments; Late Charges; Demand for Payment of Remaining Annual Assessment.**

(a) Any assessment or installment thereof not paid when due shall bear interest at the option of the Council, from the date when due until paid at the rate of eighteen percent (18%) per annum.

(b) There shall be a late charge of Fifteen Dollars (\$15.00) or one-tenth (1/10) of the total amount of any delinquent assessment or installment, whichever is greater. This late charge shall not be imposed more than once for the same delinquent payment, but will be imposed on accounts when payments have not been received by the fifteenth (15th) of the month.

**Section 8. Assessment Certificates.** The Council shall, upon demand, furnish to any Unit Owner liable for any assessment, fine or other charge levied pursuant to the Condominium By-Laws (or to any other party legitimately interested in the same), a certificate in writing signed by an officer of the Council or its agent, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed the greater of Twenty-Five Dollars (\$25.00) or one-half percent (2%) of the monthly assessment may be levied in advance by the Council for each certificate so delivered.

**Section 9. Acceleration of Installments.** Upon default in the payment of any one or more monthly regular assessment installments levied pursuant to these By-Laws, and upon any required notice



under the Condominium Act, the entire balance of said assessment may be accelerated, at the option of the Board, and be declared due and payable in full, which will be enforceable in accordance with the provisions of the Maryland Contract Lien Act.

**Section 10. Subordination and Mortgagee Protection.**

(a) Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any Unit in the Regime 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; 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 assessment thereafter becoming due, nor from the lien of any such subsequent assessments, which lien, if claimed, shall have the same effect and be enforced in the same manner as provided herein.

(b) No amendment to these By-Laws shall affect the rights of the Holder of any such mortgage, or the indebtedness secured thereby, recorded prior to recordation of such amendment, unless the Holder thereof, or of the indebtedness secured thereby, shall join in the execution of such amendment.

(c) The Board may, in its sole and absolute discretion, extend the provisions of this Section to the Holders of a mortgage, or the indebtedness secured thereby, not otherwise entitled thereto.

**Section 11. Definition.** As used herein, the term "mortgage" shall include a mortgage, deed of trust or similar security instrument and the terms "Holder" or "Mortgagee" shall include the party secured by any deed of trust, any beneficiary thereof and the trustees named therein, their successors and assigns.

**ARTICLE X  
HEARING PROCEDURES**

**Section 1. Statement of Purpose.** It is the declared intention of the Council that rules and regulations shall be adopted freely by the Architectural Committee (or Condominium Board, if applicable), and without the requirement of a vote of the Council as a requisite to their adoption, provided that the rules and regulations shall be adopted in accordance with the requirements of the Condominium Act. All rules and regulations are intended to be adopted as supplements to, and not in lieu of, legally required provisions of these By-Laws. Should any adopted rules or regulations contradict any provisions of these By-Laws, as amended, such provisions of these By-Laws shall take precedence.

**Section 2. Rules and Regulations.** All rules and regulations may be proposed by the Architectural Committee (or Condominium Board, if applicable) provided that:

- (a) Each Unit Owner shall be mailed or delivered:
  - (1) a copy of the proposed rules and regulations;
  - (2) notice that Unit Owners are allowed to submit written comments on the proposed rules and regulations; and

(3) notice of the proposed effective date of the proposed rules and regulations.

(b) Before a vote is taken on a proposed rule, an open meeting is held to allow each Owner or tenant to comment on the proposed rule and regulation.

Section 3. Hearing and Comment.

(a) The meeting held may not be held unless each Owner receives written notice at least fifteen (15) days before the meeting, a representative of the Architectural Committee (or if no Architectural Committee currently exists, then a quorum of the Condominium Board) is present, and after notice has been given to the Owners, the proposed rule and regulation is passed at a regular or special meeting by the Architectural Committee (or majority vote of the Condominium Board, if applicable).

(b) The vote on the proposed rule and regulation shall be final unless:

(1) Within fifteen (15) days after the vote to adopt the proposed rule and regulation, fifteen percent (15%) of the Council signs and files a petition with the Architectural Committee (or Condominium Board, if applicable) calling for a special meeting;

(2) A quorum of the Council attends the meeting; and

(3) At the meeting, fifty percent (50%) of the Unit Owners present and voting disapprove the proposed rule and regulation, and the Unit Owners voting to disapprove the proposed rule are more than thirty-three percent (33%) of the total votes in the Condominium.

(i) During the special meetings held under paragraph (b) of this subsection, Unit Owners, tenants, and Mortgagees may comment on the proposed rule.

(ii) A special meeting held under paragraph (b) of this subsection shall be held:

a. After the Unit Owners and any Mortgagees have at least fifteen (15) days' written notice of the meeting; and

b. Within thirty (30) days after the day the petition is received by the Architectural Committee (or Condominium Board if applicable).

(c) Each Unit Owner or tenant may request an individual exception to a rule and regulation adopted while the individual was the Unit Owner or tenant of the Condominium.

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

a. Written;

b. Filed with the Architectural Committee (or Condominium Board, if applicable) that voted to adopt the proposed rule; and

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

(d) Each rule adopted under this Section shall state that the rule and regulation was adopted under the provisions of Section 11-111 of the Condominium Act.

**Section 4. Right of Appeal.**

(a) Each Unit Owner shall have a right to appeal to the Board for an individual exception to any rules or regulations adopted by the Architectural Committee (or Condominium Board, as the case may be).

(b) The appeal period shall begin on the effective date of the rules and regulations and shall run for a period of thirty (30) days.

(c) No appeals shall be considered, except by permission of the Architectural Committee (or Condominium Board, as applicable), if filed after the expiration of the appeal period.

(d) All appeals shall be in writing, shall be signed and dated by the Unit Owner or Owners making such appeal, and shall be delivered to a member of the Architectural Committee (or Board, if applicable). The Architectural Committee (or Board, if applicable) shall consider all appeals and shall render a decision at its next regularly scheduled meeting. Said decision shall be in writing and shall be addressed to the Unit Owner or Owners making the appeal. If the Architectural Committee (or Board, if applicable) shall deny an appeal, there shall be no requirement of publication as to the denial.

(e) If the Architectural Committee (or Board, if applicable) shall uphold any appeal, thus granting an individual exception to an adopted rule, the Architectural Committee (or Board, if applicable) shall publish or communicate in a reasonable manner to the Council an explanation of the reasons for granting the exception.

**ARTICLE XI  
INSURANCE**

**Section 1. Insurance.**

(a) The Board, acting on behalf of the Council, shall obtain and maintain, to the extent reasonably available, the following insurance as a Condominium Master Insurance Policy, which shall be an item of Common Expenses:

(1) Property insurance on the General Common Elements and Limited Common Elements, and Units, exclusive of improvements and betterments installed in Units by Unit Owners, insuring against all risks of direct physical loss commonly insured against or such other insurance as deemed appropriate to protect the Council, the individual Owners, and the Condominium from risks customarily associated with projects similar in construction, location and use. The total amount of insurance after application of any deductibles may not be less than eighty percent (80%) of the actual cash value of the insured property, exclusive of land, excavations, foundations, and other item normally excluded from property policies; and

(2) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Condominium Board, but not less than One Million Dollars (\$1,000,000.00), covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the

Common Elements; and

(3) Public liability insurance policy covering the Council, its officers, directors and agents, and also covering the Architectural Committee and its members and agents, having at least a One Million Dollar (\$1,000,000.00) limit per total claims that arise from the same occurrence.

(b) The Council shall give notice to all Unit Owners of the termination of any insurance policy within ten (10) days of termination. The Council, in any event, may carry any other insurance it deems appropriate to protect the Council or the Unit Owners.

(c) Insurance policies carried pursuant to subsection (a) shall provide that:

(1) Each Unit Owner is an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or membership in the Council;

(2) The insurer waives its right to subrogation under the policy against any Unit Owner or members of his household;

(3) Any act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Council, does not void the policy and is not a condition to recovery under the policy; and

(4) If, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

(d) Any loss covered by the property policy under subsection (a)(1) shall be adjusted with the Council, but the insurance proceeds for that loss shall be payable to any Insurance Trustee designated for that purpose, or otherwise to the Council, and not to any Mortgagee. The Insurance Trustee or the Council shall hold any insurance proceeds in trust for Unit Owners and lienholders as their interests may appear. Except as otherwise provided herein, the proceeds shall be disbursed for the repair or restoration of the damaged Common Elements and Units, and the Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements and Units have been completely repaired or restored, or the Condominium is terminated.

(e) Any insurance policy issued to the Council does not prevent a Unit Owner from obtaining insurance for his own benefit.

(f) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Council and, upon request, to any Unit Owner, Mortgagee, or beneficiary under a deed of trust. The insurance may not be canceled until thirty (30) days after the notice of the proposed cancellation has been mailed to the Council, each Unit Owner, and each Mortgagee to whom certificates of insurance have been issued.

(g) It is recommended by the Board that each Unit Owner should obtain his own insurance policy on his Unit in the HO-6 form with an "improvements and betterments," "alterations and additions", or similar endorsement. NOTICE IS HEREBY GIVEN BY THE CONDOMINIUM DEVELOPER THAT THE CONDOMINIUM MASTER POLICY REFERRED TO IN SECTION 1 OF THIS ARTICLE DOES NOT INSURE ANY ADDITIONS, ALTERATIONS, IMPROVEMENTS,

BETTERMENTS OR MODIFICATIONS TO ANY UNIT AS SOLD BY THE DEVELOPER. Each Unit Owner shall be required at all times to carry appropriate insurance coverage for his Unit in an amount of not less than One Hundred Thousand Dollars (\$100,000.00).

## ARTICLE XII CASUALTY DAMAGES

### Section 1. Use Of Insurance.

(a) Any portion of the Condominium damaged or destroyed shall be repaired or replaced promptly by the Council unless:

- (1) The Condominium is terminated;
- (2) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or
- (3) Eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild.

(b) The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the cause of any damage to or destruction of any portion of the Condominium originates from the Common Elements or a Unit, the Council of Unit Owners' property insurance deductible is a common expense; provided, however, that an Owner of a Unit where the cause of the damage or destruction originated is responsible for the Council of Unit Owner's property insurance deductible up to a maximum of One Thousand Dollars (\$1,000.00) or such other limit as may be prescribed from time to time by the Act; and further, provided, that the Council of Unit Owners' property insurance deductible amount exceeding One Thousand Dollars (\$1,000.00) or such limit set by the Act, is a common expense. The Council may make an annual assessment against the Owner responsible under the preceding sentence in accordance with Section 11-110 of the Act.

(c) If the entire Condominium is not repaired or replaced:

- (1) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;
- (2) The insurance proceeds attributable to the Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were assigned; and
- (3) The remainder of the proceeds shall be distributed to all the Unit Owners in proportion to their Common Element interest.

(d) If the Unit Owners vote not to rebuild any Unit, that Unit's entire Common Element interest, votes in the Council, and Common Expense liability are automatically reallocated upon the vote as if the Unit had been condemned, and the provisions of the Declaration shall govern; and the Council shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, the Condominium Act (Section 11-114) governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE XIII  
MAINTENANCE, REPAIR AND REPLACEMENT

Section 1. Maintenance by Owners. Except as otherwise provided in Section 2 of this Article XIII, each Unit Owner shall maintain, repair and replace all portions of his Unit and the Limited Common Elements appurtenant thereto, and each improvement thereon or therein, except those portions of or duties with respect to the Limited Common Elements or Units which are, under the provisions of the Declaration or these By-Laws, to be undertaken by the Council. Each Unit Owner shall keep his Unit and the Limited Common Elements appurtenant to his Unit in an orderly, neat and clean condition.

By way of example and not as a limitation, the following items of maintenance, repair and replacement shall be performed by the Unit Owners and such maintenance, repair and replacement shall not be the responsibility of the Council or an item of Common Expense:

A. Any heating and air conditioning systems, hot water heaters, smoke detectors, fixtures, equipment and appliances and all chutes, flues, ducts, conduits, wires, pipes or other apparatus installed or contained within the Unit or located in the Limited Common Elements. Additionally, to prevent freezing of any water in any pipe, plumbing fixture or other facility in the Condominium, and to minimize the heating costs of any adjacent Units and Common Elements, each Unit Owner, at his own expense, shall maintain the temperature inside his Unit at not less than 62 degrees Fahrenheit throughout each calendar year. Furthermore, each Unit Owner shall shut off any water main serving such Unit if the Unit Owner will not be residing in the Unit for more than five (5) consecutive days.

B. All windows, storm windows, screens and the exterior door, storm door and exterior door and window frames including any sliding glass doors and the seals or glazing thereof (and further provided, any replacements of windows and doors may only be replaced with similar materials);

C. The washing of all exterior windows and the replacement of all glass;

D. Fireplaces, including the inspection and cleaning of all fireplaces and fireplace flues at least once annually;

E. All chutes, flues, ducts, conduits, wires, water pipes, sewer pipes, sprinkler pipes and condensate lines or other apparatus whether or not installed or contained within the Unit, but serving only that one Unit, including the inspection, cleaning or flushing of all such items at least once annually;

F. The Limited Common Elements appurtenant to the Unit including decks and patios; and

G. Any alteration or modification to a Unit or to the Limited Common Elements appurtenant thereto unless such responsibility is expressly assumed by the Council in the architectural approval of same.

Each Owner shall perform such maintenance, repairs and replacements in such manner and at such hours as to not unreasonably disturb any other Unit Owner.

In the event any Owner fails to maintain, repair or replace all portions of his Unit or Limited

Common Elements as set forth herein, it shall be deemed a violation of these By-Laws, and, in addition to the right of entry by the Council to remedy the violation, the Council may assess the Owner for any expenses incurred by the Council (including but not limited to administrative costs and attorneys' fees relating to pursuit of the violation) for maintenance, repair or replacement of the Unit, the Limited Common Elements or for repairs or replacements to other Units or the Common Elements resulting from the negligent act, the failure to act, or the failure of such Owner, his family members, tenants, invitees or other user of the Unit to maintain, repair or replace all portions of the Unit. Such expenses may be levied and the collection of such expenses may be enforced against the Owner in the same manner as regular Assessments.

Section 2. Maintenance by the Council. Except as provided elsewhere in the Declaration or these By-Laws, the Council shall maintain, repair, and replace all Common Elements, the costs of which shall be a Common Expense; provided, however, the Council shall not be responsible for replacement of any Limited Common Elements.

By way of example and not as a limitation, the following items of maintenance, repair and replacement shall be performed by the Council and such maintenance, repair and replacement shall be an item of Common Expense:

A. All maintenance, repair and replacement of the General Common Elements (roads, street lighting, curbs and gutter, water and sewer facilities located in the General Common Elements) as well as roofs, leadwalks and exterior walls (including exterior surfaces such as siding and brick) for and of each Unit, including structural repairs and replacements;

B. The removal of snow and ice from the General Common Elements (i.e., roads);

C. All landscaping and maintenance of lawns in the General Common Elements and the yards, provided, however, a Unit Owner shall be solely responsible for any landscaping, flower beds and the like installed by such Unit Owner on the yard appurtenant to his Unit which shall be properly maintained by such Unit Owner;

D. The removal of all snow and ice from the driveways, front leadwalks and front stoops; and

E. The painting, where applicable, of the exterior surface of all doors and door frames, windows and window frames.

Section 3. Additions, Alterations, Improvements and Decorations.

(a) Except as otherwise provided herein or in the Condominium Declaration, or in Subsection (b) of this Section 3, no Unit Owner, except the Condominium Developer, shall make (i) any structural addition, alteration or improvement to his Unit or any Limited Common Element which he has the right to use (including, without limitation, any deck, patio, fence or other structure), or (ii) any non-structural addition, alteration, improvement or decoration to or upon the windows and doors enclosing his Unit, or to or upon any Limited Common Element which he has the right to use including, without limitation, installation of any landscaping, flowers or the like, or the addition of any awning or screen to any window, door, patio or balcony, unless and until plans and specifications, in duplicate, showing the nature, kind, shape, height, color, materials, location and approximate cost of such addition, alteration, improvement or decoration shall have been submitted to and approved in writing by the Architectural Committee (or the Condominium Board, if applicable), which shall have the right for good cause to refuse to approve any such plans or specifications which it deems

unsuitable or undesirable, whether based on aesthetic or other reasons. If the Architectural Committee (or the Condominium Board if there is no Architectural Committee) fails to deny any requested addition, alteration, improvement or decoration within sixty (60) days after receipt of two (2) complete sets of plans and specifications therefor, such request shall be deemed approved. The Architectural Committee shall serve until the earlier of: (i) the date all Units have been conveyed to an Owner occupying the same as his/her residence, (ii) the date the Architectural Committee, in its sole and absolute discretion, determines that it no longer desires to designate the members of the Architectural Committee and such determination is evidenced in writing to the Condominium Association, or (iii) the date the Architectural Committee is dissolved or no longer exists. Thereafter, all plans and specifications shall be submitted to the Condominium Board for approval in accordance with the provisions herein. The plans and specifications for any addition, alteration, improvement or decoration approved by the Architectural Committee or the Condominium Board, as the case may be, and actually constructed or installed shall be filed and maintained at the principal office of the Condominium, and, if appropriate, the Condominium Plat shall be amended to reflect any such addition, alteration or improvement.

(b) The Architectural Committee, or Condominium Board if there is no Architectural Committee, may adopt reasonable rules and regulations as provided herein establishing general standards for the making of one or more types of non-structural addition, alteration, improvements or decorations to or upon the windows and doors enclosing the Units or to or upon the Limited Common Elements. Such rules and regulations may provide that to the extent any particular addition, alteration, improvement or decoration is made in compliance with such general standards, such addition, alteration, improvement or decoration may be made without the submission of plans and specifications therefor to the Architectural Committee or Condominium Board, as the case may be, and without written approval by the Architectural Committee or Condominium Board, as applicable, of said plans and specifications.

(c) For the purposes of the Condominium Declaration, and of this Section 3, a structural addition, alteration or improvement to a Unit shall include, without limitation, any addition, alteration or improvement involving any portion of the Unit (such as a utility line or duct serving that Unit) located above the top surface of any sheetrock ceiling within the Unit, whether such ceiling is a drop ceiling or is located at the upper boundary of the Unit.

**Section 4. Water, Gas and Electricity.** Electricity and gas are furnished to the General Common Elements through a separate meter or meters designed for the property held in common, and the Condominium Board shall pay, as a Common Expense, the cost of all electricity and gas furnished through said meter or meters. Gas and electricity are furnished to the Units (and to certain Limited Common Elements appurtenant to each Unit) through separate meters, and each Unit Owner shall pay for all gas and electricity furnished through a separate meter to his Unit and to the Limited Common Elements appurtenant thereto. Water is furnished to the General Common Elements through a single meter, and the Condominium Board shall pay, as a Common Expense, the cost of all water furnished through said meter. Water to each individual Unit and appurtenant Limited Common Elements is provided through a separate meter for such Unit, the cost of which shall be billed directly from the Condominium Association to each Owner and paid by the Owner to the Condominium Association, and any amount due for the water bill which an Owner fails to pay may be levied and collected against such Owner in the same manner as failure to pay regular Assessments.



ARTICLE XIV  
DISPUTE RESOLUTION

**Section 1. Fine Imposition Procedure.** The Condominium Association shall be entitled to impose a reasonable fine against a Unit Owner, Tenant or resident of a Unit for the violation of any of the use restrictions or any of the rules and regulations adopted by the Condominium Association pursuant to the Declaration and these By-Laws, provided the Condominium Association follows the procedure set forth in Section 11-113 (or any successor provision) of the Condominium Act for the imposition of fines for rules violations (the "Fine Imposition Procedure"), except that notwithstanding Section 11-113 (b) (4) of the Condominium Act, a decision rendered by or on behalf of the Condominium Association pursuant to the Fine Imposition Procedure shall be appealable to an arbitration panel pursuant to Section 2 of this Article, rather than being appealable to the Courts of Maryland. Any such appeal by a Unit Owner or Tenant must be initiated by written notice delivered to the Secretary of the Condominium Association within thirty (30) days after the Condominium Association gives the Unit Owner or Tenant written notice of the decision rendered pursuant to the Fine Imposition Procedure. Any such notice of appeal shall comply with the requirements set forth in Section 2 of this Article for a Notice Invoking Arbitration.

**Section 2. Arbitration.** If there is any dispute concerning rules and regulations or any other matter related to the Condominium, between the Condominium Association, the Architectural Committee, Condominium Board or the Manager, on the one part, and any Unit Owner, Tenant or resident of a Unit, on the other part, which is not governed by Section 1 of this Article, or if any decision rendered by or on behalf of the Condominium Association pursuant to the Fine Imposition Procedure referred to in Section 1 of this Article is appealed, such dispute or such appeal, as applicable, shall be submitted to arbitration. Either party shall have the right to notify the other party that it is invoking the arbitration provisions of these By-Laws, as herein provided. The party initiating the arbitration shall set forth in its written notice (the "Notice Invoking Arbitration") the desire to invoke the arbitration provisions of this Article, and shall specify the name and address of the arbitrator selected to represent the party initiating the arbitration and the matter to be arbitrated. Within ten (10) days after receipt of such notice, the other party to the dispute shall specify by written notice to the party invoking arbitration, the name and address of the arbitrator to represent it. Within seven (7) days after the designation of the second arbitrator, the two (2) arbitrators so designated shall name the third arbitrator by their joint agreement. If the party requested to name its arbitrator fails to do so within the time limited, or if the two (2) arbitrators fail to agree within seven (7) days after appointment of a second arbitrator, as to a third arbitrator, then the one or two designated arbitrators, as the case may be, shall then request the then Chief Judge of the Circuit Court for Howard County to designate an arbitrator or arbitrators so that there will be three (3) arbitrators. Such arbitration shall be conducted in accordance with all applicable arbitration laws of the State of Maryland, except that in the event of any conflict between said laws and the provisions of this Article, the provisions of this Article shall be controlling, unless otherwise required by law. A decision of the majority of the arbitrators shall be final, conclusive and binding upon both parties. The controlling decision shall be in writing, signed by the arbitrators making same, shall briefly state the grounds therefor and shall fix and allocate the cost of the proceedings between the parties. Notwithstanding the above provisions of this Section 2, any dispute between the Condominium Association, the Condominium Board or the Manager, on the one part, and the Condominium Developer, on the other part, involving the Condominium Developer in its role as the Condominium Developer (rather than its role merely as a Unit Owner or Tenant) shall be resolved without the use of arbitration unless the parties to the dispute mutually agree in writing to submit such dispute to arbitration.

Section 3. Failure to Comply. If either party to an arbitration proceeding shall fail to comply with the decision of the arbitrators, the other party may seek enforcement by appropriate judicial proceedings, either an action at law for damages, or a suit in equity to enjoin a breach or violation, or enforce performance, of any rule, regulation or other obligation. The prevailing party in any such proceeding shall be entitled to an award for counsel fees and other litigation expenses at the discretion of, and to the extent determined by, the court.

Section 4. Enforcement. All of the use restrictions and all of the rules and regulations adopted by the Architectural Committee (or Condominium Board, if applicable) pursuant to the Declaration and these By-Laws shall be held and construed to run with and bind the Common Elements and all Units located within the Condominium and all Unit Owners and Tenants of such Units, their respective heirs, personal representatives, successors and assigns, forever, all except as otherwise expressly set forth in said rules and regulations. Said limitations and rules and regulations shall inure to the benefit of and be enforceable by the Condominium Association, Architectural Committee, Condominium Board and Manager in accordance with the procedures set forth in Sections 1, 2 and 3 of this Article against anyone violating or attempting to violate any of said rules and regulations, provided, however, that if the person who commits or attempts such a violation is not a Unit Owner, Tenant or resident of a Unit (or if, for any reason, such person is not subject to the procedures set forth in Sections 1 and 2 of this Article notwithstanding that such person is a Unit Owner or Tenant), the Condominium Association, Architectural Committee, Condominium Board or Manager may enforce such limitation, rule or regulation in accordance with the procedure set forth in Section 3 of this Article, without resort to the procedures set forth in Sections 1 and 2 of this Article. Furthermore, and in any event, the Condominium Association, for itself, its agents, servants, employees and contractors, after notice to a Unit Owner of any breach or violation of any rule or regulation within his Unit or within or upon any Limited Common Element which he has the right to use, and the failure of said Unit Owner to correct the same within a reasonable time thereafter, shall have the right to enter said Unit or Limited Common Element and, at the expense of said Unit Owner, summarily abate or remove the breach or violation occurring in said Unit or Limited Common Element, provided, however, that appropriate judicial proceedings shall be instituted before any item of construction can be altered or demolished.

#### ARTICLE XV FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Council shall begin on the first day of January every year and shall end on the 31st day of December, except that the first year of the Council shall begin on the date of the recording of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board in its discretion.

Section 2. Books and Accounts. Books and accounts of the Council shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of the receipts and expenditures affecting the Regime and its administration and shall specify the maintenance and repair expenses of the General and Limited Common Elements and services and any other expenses incurred. That amount of any assessment required for payment on any capital expenditures of the Council shall be a credit upon the books of the Council to the "Paid-in Surplus" account as a capital contribution by the Unit Owners.

The Council shall be required to make available to all Owners, Lenders and the Holders or Insurers of the first mortgage on any Unit, current copies of the Declaration, the Condominium By-Laws and other rules governing the Condominium (if any), and any other books, records and financial statements of the Council. The Council shall also be required to make available to prospective purchasers current copies of the Declaration, Condominium By-Laws, any rules

governing the Condominium and the most recent annual audited financial statement, if the same has been prepared. "Available" for purposes of this Section shall mean available for inspection upon request during normal business hours or under other reasonable circumstances.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Regime shall be audited, and if such audit is by an independent Certified Public Accountant, his report shall be prepared and may be certified in accordance with generally accepted auditing standards. Based upon such audit or report, the Council shall furnish the Unit Owners with an annual financial statement, including the income and disbursements of the Council. Upon request of Unit Owners of at least five percent (5%) of the Units, an audit of the Condominium shall be made by an independent Certified Public Accountant, provided an audit shall not be made more than once in any consecutive twelve (12) month period. The cost of the audit shall be a Common Expense. In addition, upon written request from any entity which has an interest or prospective interest in the Condominium, the Council may be required to furnish within a reasonable time an audited financial statement of the Council for the immediately preceding fiscal year.

## ARTICLE XVI AMENDMENTS

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of Unit Owners representing at least sixty-six and two-thirds percent (66 2/3%) of the total votes of the Regime, at any meeting of the Council duly called for such purposes in accordance with the provisions of the Condominium Act; provided, however, that the provisions of Section 2 hereof are satisfied. Amendments may be proposed by the Board or by a petition signed by Unit Owners representing at least twenty percent (20%) of the total votes of the Regime. A description of the proposed amendment shall accompany the notice of the regular or special meeting at which such proposed amendment is to be voted upon, and said notice shall also be given to the Holders of all first mortgages in the Regime. Any amendments adopted by the Council shall be effective only upon recordation among the Land Records of Howard County. The recorded amendment shall set out the Section(s) of these By-Laws being amended and the applicable provisions of the Condominium Act. The provisions of this Article are subject to the rights of the Condominium Developer as provided in the Declaration.

Section 2. Except as provided in the Condominium Act and excluding those amendments to the Declaration or these By-Laws made as a result of destruction, damage or condemnation, or to a reallocation of interests in the Common Elements:

(a) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes on Units subject to a mortgage appertain, shall be required to terminate the Condominium.

(b) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of units subject to a mortgage appertain, shall be required to materially amend any provisions of the Declaration or these By-Laws or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;

Expenses thereto, (iii) the number of votes in the Council to any Unit or (iv) the purposes to which any Unit or the Common Elements are restricted;

- (2) Any proposed termination of the Condominium Regime;
- (3) Any condemnation loss or any casualty loss which affects a material portion of the Condominium, or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such Eligible Holder;
- (4) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the mortgage of such Holder, Insurer or Guarantor, where such delinquency has continued for a period of sixty (60) days; or
- (5) Any lapse, cancellation or material modification of any insurance policy maintained by the Council pursuant to the terms of the Declaration, Condominium By-Laws or the Condominium Act.

(b) Other Provisions for First Lienholders. Except as provided in the Condominium Act, the Declaration or these By-Laws;

(1) Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated, is obtained.

(2) Any election to terminate the Condominium Regime after substantial destruction or a substantial taking in condemnation of the Condominium Property requires the approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated.

(3) No reallocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of the Condominium may be effected without the approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated.

As used herein, the terms, "Eligible Holder", "Insurer", or "Guarantor" shall mean a holder, insurer or guarantor of a first mortgage on a Unit in the Condominium which has requested notice in accordance with the provisions hereof.

(c) Examination of Books and Records. Owners, first mortgagees, Insurers and Guarantors of first mortgages of Units shall have the right to examine the books and records of the Council during normal business hours by appointment or with forty-eight (48) hours notice, or under other reasonable circumstances. The Council shall be required to make available to Owners, Lenders, and the Holders and Insurers of the first mortgage on any Unit, current copies of the Declaration, Condominium By-Laws and other rules governing the Condominium, and other books, records and financial statements of the Council. The Council shall also be required to make available to prospective purchasers current copies of the Declaration, Condominium By-Laws and other rules governing the Condominium, and the most recent annual audited financial statement, if such statement is prepared. "Available" for purposes of this Paragraph shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances.

Upon written request from the Department of Housing and Urban Development and/or the Veterans Administration which has/have an interest or prospective interest in the Condominium, the Council shall be required to prepare and furnish within a reasonable time an audited financial statement of the Council for the immediately preceding fiscal year.

(d) Consent of First Lienholders to Proposed Amendments to Condominium By-Laws. If a Holder of a mortgage or deed of trust affecting any Unit which receives a proposed amendment to the Condominium By-Laws fails to object, in writing, to the proposed amendment within sixty (60) days from the date of actual receipt of the proposed amendment, the Holder shall be deemed to have consented to the adoption of the amendment; provided, however, that this subparagraph (d) shall not apply to amendments that alter the priority of a lien of an affected mortgage or deed of trust; or materially impair or affect the applicable Unit as collateral; or materially impair or affect the rights of the Holder to exercise any rights under the mortgage, deed of trust or applicable law.

## Section 2. Additional Rights of Mortgagees (FNMA Requirements).

(a) In addition to the above and except as provided in the Condominium Act, no amendment of a material nature of the Declaration, Plats, these By-Laws (including any rules adopted pursuant to the Condominium Act or these By-Laws or other Condominium Documents) may be made unless approved by at least sixty-seven percent (67%) of the total votes appurtenant to all Units in the Condominium (unless a greater vote is required by the Condominium Act, in which case the greater vote shall be required) and approval is obtained from Eligible Holders representing at least sixty-seven percent (67%) of the votes of unit estates that are subject to mortgages held by Eligible Holders.

A change to any of the following would be considered as material:

- (i) voting rights;
- (ii) increases in assessments that raise the previous assessed amount by more than twenty-five percent (25%) , assessment liens, or priority of assessment liens;
- (iii) reductions in reserves for maintenance, repair and replacement of common areas;
- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the general or limited common areas, or rights to their use;
- (vi) redefinition of any Unit boundaries;
- (vii) convertibility of Units into common areas or vice versa;
- (viii) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to and from the Condominium;
- (ix) hazard or fidelity insurance requirements;
- (x) imposition of any restrictions on the leasing of Units;

(xi) imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(xii) a decision by the Council to establish self management when professional management had been required previously by an Eligible Holder;

(xiii) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium documents;

(xiv) any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or

(xv) any provisions that expressly benefit Holders, Insurers or Guarantors.

(b) When Unit Owners are considering termination of the legal status of the Condominium Regime for reasons other than substantial destruction or condemnation of the Property, the Eligible Holders representing at least sixty-seven percent (67%) of the votes of the mortgaged Units must agree.

(c) "Eligible Holders" means those holders of a first mortgage on a unit estate who have requested the Council to notify them on any proposed action that requires the consent of a specified percentage of Eligible Holders.

(d) An Eligible Holder shall be deemed to have impliedly approved an amendment if it fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposals provided the notice was delivered by certified or regular mail with a "return receipt requested."

Section 3. Unpaid Assessments. The Council may report to a Mortgagee of a Unit any unpaid assessment due from the Owner of the Unit, and take such other steps as it may deem reasonable to give notice of the nonpayment of such assessment. Further, upon the request of any Mortgagee of a Unit, the Council shall give written notification to the Mortgagee of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under the Declaration, these By-Laws, and the related Condominium documents, if such default is not cured within sixty (60) days.

Section 4. Amenities and Facilities. All amenities and facilities shall be owned by the Unit Owners and shall not be subject to a lease between the Unit Owners (or Council) and another party, other than as set forth in the Declaration.

#### ARTICLE XVIII COMPLIANCE - INTERPRETATION - MISCELLANEOUS

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of the Condominium Act and all applicable State and local laws and ordinances, notwithstanding anything in these By-Laws to the contrary, whether expressed or implied.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Condominium Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration, and the provisions of the Declaration shall control; in the event of any conflict between the Condominium By-Laws and the applicable sections of the Condominium Act, the provisions of the Condominium Act control.

Section 3. Resident Agent. Rachel M. Hess, 20 Crossroads Drive, Suite 215, Owings Mills, Maryland 21117, a Maryland resident, is designated as the party authorized to accept service of process in any action relating to the Regime or to the General or Limited Common Elements, as authorized under the Condominium Act. The Board may, at its discretion, substitute another Resident Agent for the purpose of accepting such service of process as set forth above, provided that proper notification of such change be promptly filed with the Maryland Department of Assessments and Taxation.

Section 4. Rights of Action. The Condominium Association and any aggrieved Unit Owner shall have the right of action against Unit Owners who fail to comply with the provisions of the Declaration or Condominium By-Laws or the decisions made by the Condominium Association. Unit Owners have similar rights of action against the Condominium Association.

Section 5. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Condominium Association unless approved by a vote of fifty-one percent (51%) of the Owners (other than Condominium Developer). In the case of such a vote, and notwithstanding anything contained in the Declaration or the Articles of Incorporation or Condominium By-Laws of the Council to the contrary, the Council shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of fifty-one percent (51%) of all Unit Owners (other than Condominium Developer) of the Council. This Section shall not apply, however, to (a) actions brought by the Council to enforce the provisions of the Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided herein, or (c) counterclaims brought by the Council in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Condominium Developer or is approved by the percentage votes pursuant to the same procedures necessary to institute proceedings as provided above.

Section 6. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 7. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 8. Captions and Table of Contents. The captions and Table of Contents contained in these By-Laws are for convenience and ease of use only, and are not part of these By-Laws, and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 9. Gender. Etc. Whenever in these By-Laws the context so requires, the singular shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

2004. WITNESS the signature and seal of the Condominium Developer, this 24<sup>th</sup> day of May.

ATTEST/WITNESS:

NVR, INC.

Pat Ellis

By Sharon McKeown (SEAL)  
Sharon McKeown, Vice President

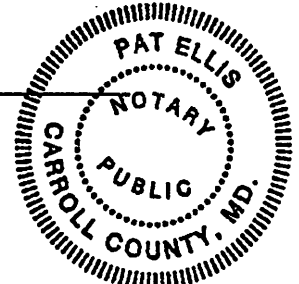
STATE OF MARYLAND, COUNTY OF Carroll to wit:

I HEREBY CERTIFY that on this 24<sup>th</sup> day of May, 2004, before me, a Notary Public in and for the State aforesaid, personally appeared Sharon McKeown, who acknowledged herself to be the Vice President of NVR, Inc., a Virginia corporation, the within named Condominium Developer, and that she, as such Vice President, executed the foregoing By-Laws for the purposes therein contained.

WITNESS my hand and Notarial Seal.

My commission expires: 1/10/07

Pat Ellis  
Notary Public



## ATTORNEY CERTIFICATION

The undersigned, an attorney duly admitted to practice and in good standing before the Court of Appeals of Maryland, certifies that the foregoing instrument was prepared by her.

Rachel M. Hess  
Rachel M. Hess



AFTER RECORDATION, PLEASE RETURN TO:

Rachel M. Hess, Esquire  
Kantor, Winegrad & Hess, LLC  
20 Crossroads Drive  
Suite 215  
Owings Mills, Maryland 21117