

“EXHIBIT B”

BY-LAWS

THE COUNCIL OF UNIT OWNERS

OF

ROCK CREEK APARTMENTS CONDOMINIUM ONE, INC.

ARTICLE I

Name and Location

Section 1. Name and Location. The name of the Council of Unit Owners is as follows:

THE COUNCIL OF UNIT OWNERS OF
ROCK CREEK APARTMENTS CONDOMINIUM ONE, INC.

Its principal office and mailing address is as follows:

8327 Grubb Road
Silver Spring, Maryland 20910

ARTICLE II

Definitions

Section 1. Declaration. “Declaration,” as used herein, means that certain Declaration made the 22nd day of April, 1982, by the Declarant therein identified, pursuant to Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.) and as amended, by which certain described premises (including land) are submitted to a condominium property regime and which Declaration is recorded among the Land Records for Montgomery County, Maryland, immediately prior hereto and to which these By-Laws are appended as an Exhibit.

Section 2. Mortgagee. “Mortgagee,” as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the condominium units in the condominium. “Mortgage,” as used herein, shall include deed of trust. “First mortgage,” as used herein, shall mean a mortgage with priority over other mortgages. As used in these By-Laws, the term “mortgagee” shall mean any mortgagee and shall

not be limited to institutional mortgages. As used in the By-Laws, the term “institutional mortgagee” or “institutional holder” shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association (“FNMA”), Government National Mortgage Association (“GNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”), all corporations and any agency or department of the United States Government or of any state or municipal government. In the event any mortgage is insured by the Federal Housing Administration (“FHA”) or guaranteed by the Veterans Administration (“VA”), then as to such mortgage the expressions “mortgagee” and “institutional mortgagee” include the FHA or the VA, as the circumstances may require, acting, respectively, through the Federal Housing Commissioner and the Commissioner of Veteran Benefits or through other duly authorized agents.

Section 3. Other Definitions. Unless herein specifically provided to the contrary, or unless it is plainly evident from the context that a different meaning is intended or required, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in Title 11, Real Property Article Annotated Code of Maryland (1981 Repl. Vol.) and as amended.

ARTICLE III

Membership

Section 1. Members. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds legal title to a unit in the condominium shall be a member of the Council of Unit Owners; provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a member of the Council of Unit Owners by reason only of such interest.

ARTICLE IV

Meetings of Unit Owners

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

Section 2. Annual Meetings. The first annual meeting of the unit owners shall be held at such time as the Board of Directors shall determine but, in any event, within twelve (12) months following the recordation of the Declaration. Thereafter the annual meetings of the unit owners shall be held during the month of May of each succeeding year. At each such annual meeting there shall be elected by ballot of the unit owners a Board of Directors in accordance with the

requirements of Article V of these By-Laws. The unit owners may also transact such other business within the powers of the Council of Unit Owners as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the unit owners as directed by resolution of the Board of Directors or upon a petition signed by unit owners representing at least twenty-five percent (25%) of the total votes of the unit owners having been presented to the Secretary; provided, however, that, except upon resolution of the Board of Directors or upon a petition signed by unit owners representing at least a majority of the total votes of the unit owners having been presented to the Secretary, no special meeting of the unit owners shall be called either (a) prior to the first annual meeting of unit owners as hereinabove provided for; or (b) to consider any matter which is substantially the same as a matter voted on at any special meeting of the unit owners held during the preceding twelve (12) months. The Secretary shall inform the unit owners who petition for a special meeting of the reasonably estimated cost of preparing and mailing a notice of the meeting and, upon payment of the estimated cost to the Council of Unit Owners, shall notify each unit owner entitled to notice of the meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as specifically stated in the notice.

Section 4. Roster of Unit Owners. The Council of Unit Owners shall maintain a current roster of the names and addresses of each unit owner to which written notice of meetings of the Council of Unit Owners shall be delivered or mailed. Each unit owner shall furnish the Council of Unit Owners with his name and current mailing address. No unit owner may vote at any meeting of the Council of Unit Owners until this information is furnished.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail or otherwise deliver a notice of each annual and special meeting of the Council of Unit Owners, stating the time and place where it is to be held, to each unit owner at his address as it appears on the roster of unit owners maintained by the Council of Unit Owners, at least fifteen (15) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice. The purpose of the meeting shall be stated if the meeting is a special meeting or if notice of the purpose is required by any provision of law. Attendance by a unit owner at any annual or special meeting in person or by proxy, shall be a waiver of notice by him of the time, place and purpose thereof. Notice of any annual or special meeting of the unit owners may also be waived by any unit owner either prior to, at or after any such meeting.

Section 6. Quorum. A quorum is deemed present throughout any meeting of the unit owners if units owners entitled to cast twenty-five percent (25%) of the total votes of the unit owners are present, either in person or by proxy.

Section 7. Adjourned Meetings. If any meeting of unit owners cannot be organized because a quorum has not attended, the unit owners who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

Section 8. Action Without Meeting. Any action required or permitted to be taken at any annual or special meeting of the unit owners may be taken without a meeting if all of the unit owners shall individually or collectively consent in writing to such action and if such written consent or consents is filed with the minutes of the proceedings of the unit owners.

Section 9. Voting. At every meeting of the unit owners, each of the unit owners shall have the right to cast the number of votes appurtenant to his unit, as established in the Declaration, on each question. The votes of the unit owners representing a majority of the votes of the unit owners listed on the current roster of unit owners maintained by the Council of Unit Owners present and voting, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of law, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote appurtenant to any condominium unit which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owners of such condominium unit is noted at such meeting. In the event all of the co-owners of such condominium unit who are present at any meeting of the unit owners are unable to agree on the manner in which the vote appurtenant to such condominium unit shall be cast on any particular question, then such vote shall not be counted for purposes of deciding the question. In the event any condominium unit is owned by a corporation, then the vote appurtenant to such condominium unit shall be cast by a person designated in a certificate signed by the president or any vice president and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Council of Unit Owners at or prior to the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote appurtenant to any condominium unit which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, unless any objection or protest by any other trustee or partner is noted at such meeting. The Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No unit owners shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors if the Council of Unit Owners has caused a Statement of Condominium Lien to be recorded on that unit owner's condominium unit and if the entire amount necessary to satisfy the lien has not been paid on or prior to the date of the meeting.

Section 10. Proxies. A unit owner may appoint any other adult natural person as his proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors at or before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the unit owner appointing the proxy; provided, however, that no proxy is effective for a period in excess of one hundred eighty (180) days unless granted to a lessee of the condominium unit to which the votes are appurtenant.

Section 11. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the condominium who desires notice of the annual and special meetings of the unit owners shall notify the Secretary to that effect by Registered Mail-Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the unit owners should be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional

mortgages from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the unit owners to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the unit owners and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the unit owners present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the unit owners upon request made in writing to the Secretary.

Section 12. Order of Business. The order of business at all annual meetings of the unit owners of the Council of Unit Owners shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and disposal of minutes of preceding meetings, if any.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Election or appointment of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New Business.
- (j) Adjournment.

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

Section 13. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the unit owners shall be determined by the Chairman of such meeting.

Section 14. Inspectors of Election. The Board of Directors may, in advance of any annual or special meeting of the unit owners appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meeting of unit owners shall appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector of election at such meeting. The oath so taken shall be filed with the Secretary of the Council of Unit Owners. No officer or Director of the Council of Unit Owners, and no candidate for Director of the Council of Unit Owners, shall act as an inspector of election at any meeting of the unit owners if one of the purposes of such meeting is to elect Directors.

ARTICLE V

Directors

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

Section 2. Initial Directors. The initial Directors shall be selected by the Declarant. The names of the Directors who shall act as such from the date upon which the Declaration is recorded until the first annual meeting of the unit owners are as set forth in the Articles of Incorporation of the Council of Unit Owners.

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

(a) to provide for the care, upkeep and surveillance of the condominium and its common elements and services in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(b) to provide for the establishment, collection, use and expenditure of assessments and carrying charges from the unit owners and for the assessment, filing and enforcement of Statements of Condominium Liens in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(c) to provide for the designation, hiring and dismissal of the personnel necessary for the good working order of the condominium and for the proper care of the common elements and to provide services for the condominium in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(d) to provide for the promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed reasonable and proper respecting the use, occupancy and maintenance of the condominium and the use of the general and limited common elements and as are designated to prevent unreasonable interference with the use and occupancy of the condominium and of the general and limited common elements by the unit owners and

others, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration; and

(e) to authorize, in their discretion, the payment of patronage refunds from residual receipts or common profits when and as reflected in the annual report; and

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

(g) to purchase insurance upon the condominium in the manner provided for in these By-Laws; and

(h) to repair, restore or reconstruct all or any part of the condominium after any casualty loss in a manner consistent with law and the provisions of these By-Laws and to otherwise improve the condominium; and

(i) to lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the condominium; and

(j) to purchase condominium units in the condominium and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration; and

(k) to appoint the members of the Architectural and Environmental Control Committee provided for in Article X of these By-Laws and to appoint the members of such other committees as the Board of Directors may from time to time designate.

Section 4. Management Agent. The Board of Directors shall employ for the Council of Unit Owners a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Council of Unit Owners shall not undertake "self-management" or otherwise fail to employ a management agent or manager without the prior written approval of all of the institutional holders of all first mortgages on the condominium units in the condominium. Any management agreement entered into by the Council of Unit Owners shall provide, *inter alia*, that such agreement may be terminated, with or without cause and without the payment of any termination fee, upon ninety (90) days written notice thereof. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one year periods.

Section 5. Election and Term of Office. The term of the Directors named herein shall expire when their successors have been elected at the first annual meeting of unit owners and are duly qualified. The election of Directors shall be by ballot, unless balloting is dispensed with by the unanimous consent of the unit owners present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of the unit owners, the term of office of the

Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed for two (2) years and the term of office of the other Director or Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. In the alternative, the membership may, by resolution duly made and adopted at the first annual meeting of members, or at any subsequent annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first regular meeting.

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

Section 7. Removal of Directors. At any annual meeting of unit owners, or at any special meeting duly called for such purpose, any Director may be removed with or without cause by the affirmative vote of a majority of the votes of the unit owners present and voting, in person or by proxy, and a successor may then and there be elected by the unit owners to fill the vacancy thus created. Any Director whose removal has been proposed by the unit owners shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in the payment of any assessments or carrying charges due the Council of Unit Owners may be terminated by resolution of the remaining Directors and the remaining Directors shall appoint his successor as provided in this Article.

Section 8. Compensation. No compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the unit owners, no remuneration shall be paid to any Director who is also a unit owner for services performed by him or the Council of Unit Owners in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses reasonably and necessarily incurred in connection with their services as Directors.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors 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 of Directors shall be present at such first meeting.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of the time and place

of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time and place of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Directors.

Section 12. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 13. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action and if such written consent or consents is filed with the minutes of the proceedings of the Board of Directors.

Section 15. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the condominium who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall have no voting rights

at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 16. Fidelity Bonds. The Board of Directors shall require that all officers, Directors and employees of the Council of Unit Owners regularly handling or otherwise responsible for the funds of the Council of Unit Owners shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article XI of these By-Laws. The premiums on such bonds or insurance shall be paid by the Council of Unit Owners.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Council of Unit Owners shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Except for the President, the officers of the Council of Unit Owners need not be Directors. Prior to the first annual meeting of unit owners, the officers of the Council of Unit Owners need not be unit owners. Thereafter, except for the President, the officers of the Council of Unit Owners need not be unit owners. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. A person may hold more than one office but may not serve concurrently as both President and Vice President or as President and Secretary.

Section 2. Election of Officers. The officers of the Council of Unit Owners shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

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

Section 4. President. The President shall be a Director of the Council of Unit Owners. The President shall be the chief executive officer of the Council of Unit Owners. He shall preside at all meetings of the unit owners and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation. The President shall count the votes at all meetings of the unit owners.

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the unit owners and shall maintain accurate and complete books for the recording of the resolution of the Council of Unit Owners. The Secretary shall give notice of all annual and special meetings of the unit owners in conformity with the requirements of these By-Laws. The Secretary shall have custody of the seal of the Council of Unit Owners, if any. The Secretary shall have charge of the membership roster and of such other books and papers as the Board of Directors may direct and he shall, in general, perform all of the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of the Council of Unit Owners and shall be responsible for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Council of Unit Owners. He shall be responsible for causing the deposit of all funds and other valuable effects in the name, and to the credit, of the Council of Unit Owners in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Council of Unit Owners shall indemnify every person who is or was an officer or Director of the Council of Unit Owners and who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, whether civil, criminal, administrative or investigative, if that person (i) acted in good faith; and (ii) reasonably believed (a) in the case of conduct in that person's official capacity, that the conduct was in the best interests of the Council of Unit Owners; and (b) in all other cases that the conduct was at least not opposed to the best interests of the Council of Unit Owners; and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that the conduct was unlawful.

The indemnification provided for in this Section 1 is against judgments, penalties, fines, settlements and reasonable expenses actually incurred in connection with any such threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative; provided, however, that if any such action, suit or proceeding was one by or in the right of the Council of Unit Owners, indemnification shall be made only against reasonable expenses and shall not be made in respect of any proceeding in which the person otherwise entitled to indemnity pursuant to the provisions of this Section 1 shall have been adjudged to be liable to the Council of Unit Owners. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, creates a rebuttable presumption that the person otherwise entitled to indemnity did not meet the requisite standard of conduct set forth in this Section 1.

A person who is or was an officer or Director of the Council of Unit Owners is not indemnified under the provisions of this Section 1 in respect of any threatened, pending or completed action, suit or proceeding charging improper personal benefit to that person, whether

or not involving action in that person's official capacity, in which the person was adjudged to be liable on the basis that personal benefit was improperly received.

The provisions of this Section 1 are intended to provide every person who is or was an officer or Director of the Council of Unit Owners and who was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity with indemnification to the extent permitted in Section 2-418(b) of Title 2, Corporations and Associations Article, Annotated Code of Maryland (1975 Repl. Vol.) as from time to time amended or superceded.

Section 2. Determination that Indemnification is Proper. Indemnification under Section 1 of this Article may not be made by the Council of Unit Owners unless authorized in the specific case after a determination has been made that indemnification is permissible because the person who is or was an officer or Director of the Council of Unit Owners has met the standard of conduct set forth in Section 1 of this Article. Such determination shall be made in the manner provided in Section 2-418(e) of Title 2, Corporations and Associations Article, Annotated Code of Maryland (1975 Repl. Vol.) as from time to time amended or superceded.

Section 3. Payment of Expenses in Advance of Final Disposition of Action. Reasonable expenses incurred by any person who is or was an officer or Director of the Council of Unit Owners and who is a party to any threatened, pending or completed action, suit or proceeding by reason of service in that capacity may be paid or reimbursed by the Council of Unit Owners in advance of the final disposition of that proceeding, after a determination that the facts then known to those making the determination would not preclude indemnification under Section 1 of this Article, upon receipt by the Council of Unit Owners of:

(a) a written affirmation by that person of that person's good faith belief that the standard of conduct necessary for indemnification by the Council of Unit Owners as authorized in Section 1 of this Article has been met; and

(b) a written undertaking by or on behalf of that person to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by the Council of Unit Owners as authorized in Section 1 of this Article has not been met. The undertaking required by this subparagraph (b) shall be an unlimited general obligation of the person making it but need not be secured and may be accepted without reference to financial ability to make the repayment.

Determinations and authorizations of payment under this Section 3 of Article VII shall be in the manner specified in Section 2-418(e), Title 2, Corporations and Associations Article, Annotated Code of Maryland (1975 Repl. Vol.) as from time to time amended or superceded.

Section 4. General Provisions. The officers and Directors of the Council of Unit Owners shall not be liable to the Council of Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Council of Unit Owners shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council of Unit

Owners except to the extent that such officers or Directors may also be unit owners, and the Council of Unit Owners shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment.

Section 5. Provisions of this Article Not Exclusive. The provisions of this Article do not limit the power of the Council of Unit Owners to pay or reimburse expenses incurred by any person who was or is an officer or Director of the Council of Unit Owners in connection with an appearance as a witness in any proceeding by reason of service in that capacity, or otherwise involving the Council of Unit Owners, when that person has not been made a named defendant or respondent in the proceeding. Any right to indemnification provided for in this Article shall be in addition to, and not exclusive of, any other rights to which any person who is or was an officer or Director of the Council of Unit Owners may be entitled, by law or otherwise.

Section 6. Insurance. The Council of Unit Owners may purchase and maintain insurance on behalf of any person who is or was an officer or Director of the Council of Unit Owners against any liability asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not the Council of Unit Owners would have the power to indemnify against such liability pursuant to the provisions of this Article or otherwise.

Section 7. Report to Unit Owners. Any indemnification of, or advance of expenses to, any person in accordance with the provisions of this Article, if arising out of a proceeding by or in the right of the Council of Unit Owners, shall be reported in writing to the unit owners with the notice of the next annual meeting of unit owners or prior to the next annual meeting of the unit owners.

Section 8. Interested Director Transaction. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Council of Unit Owners and the condominium. A contract or other transaction between the Council of Unit Owners and any of its Directors, or between the Council of Unit Owners and any corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following conditions exist:

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

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

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

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

If a contract or transaction is not authorized, approved or ratified in a manner provided for in subparagraphs (a) or (b) of this Section 8, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Council of Unit Owners at the time it was authorized, approved or ratified.

This Section 8 does not apply to the fixing by the Board of Directors of reasonable compensation for a Director, whether as a Director or in any other capacity.

ARTICLE VIII

Assessments and Carrying Charges for Common Expenses

Section 1. Annual Assessments and Carrying Charges. Each unit owner shall pay to the Council of Unit Owners, in advance, a monthly sum (hereinafter sometimes referred to as "assessments" or "carrying charges") equal to one-twelfth (1/12) of the unit owner's proportionate share (determined in accordance with the percentage interests in common expenses and common profits of the condominium set forth or as otherwise established in the Declaration) of the sum required by the Council of Unit Owners, as estimated by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following:

(a) the cost of all operating expenses of the condominium and services furnished to the condominium, including, without limitation, charges by the Council of Unit Owners for facilities and services furnished by it; and

(b) the cost of necessary management and administration of the condominium, including fees paid to any Management Agent; and

(c) the amount of all taxes and assessments levied against the Council of Unit Owners or upon any property which it may own or which it is otherwise required to pay, if any; and

(d) the cost of fire and extended coverage and liability insurance on the condominium and the cost of such other insurance as the Council of Unit Owners may affect; and

(e) the cost of furnishing water, electricity, heat, gas, garbage and trash collection and other utilities and similar services to the condominium, to the extent furnished by the Council of

Unit Owners at common expense including, without limiting the generality of the foregoing, any obligation required pursuant to the provisions of Section 5 of Article VI of the Declaration; and

(f) the cost of funding any reserves established by the Council of Unit Owners, including, when appropriate, a general operating or working capital reserve and a reserve for replacements; and

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

The Board of Directors shall determine the amount of the assessments at least annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of annual assessments may be levied and collected on a quarterly, semiannual or annual basis rather than on the monthly basis hereinabove provided for.

The Board of Directors of the Council of Unit Owners shall make reasonable efforts to fix the amount of the assessment against each condominium unit for each annual assessment period at least thirty (30) days in advance of the commencement of such period and shall, at that time, prepare or cause the preparation of a roster of the condominium units and assessments applicable thereto which shall be kept in the office of the Council of Unit Owners and shall be open to inspection by the owner or mortgagee of any condominium unit, and by their respective duly authorized agents and attorneys, upon reasonable notice to the Council of Unit Owners. Written notice of the assessments shall thereupon be sent to the unit owners. The omission of the Council of Unit Owners, before the expiration of any annual assessment period, to fix assessments for that or the next such period shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any unit owner from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period; and, in that event, the assessment fixed for the preceding period shall continue until a new assessment is fixed. No unit owner may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him.

Section 2. Budget. The Board of Directors, with the assistance and counsel of the Management Agent, shall prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Council of Unit Owners to meet its annual expenses for that period. The budget herein required to be prepared and adopted by the Board of Directors shall be in a format consistent with the classification of the accounts of the Council of Unit Owners, as hereinafter in these By-Laws provided for, and shall provide for sufficient estimates on a monthly basis, to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operations and the actual financial condition of the Council of Unit Owners, on both a current basis and for prior corresponding periods, all in accordance with generally accepted accounting practices, consistently applied. Copies of the budget shall be available for examination by the unit owners and by their duly authorized agents and attorneys, and to the holder of any first mortgage on any condominium unit in the condominium and by their duly authorized agents and attorneys during normal business hours for purposes reasonably related to their respective interests.

Section 3. Special Assessments. In addition to the regular assessments, authorized by this Article, the Council of Unit Owners 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 condominium, including the necessary fixtures and personal property related thereto, operating contingencies of a nonrecurring nature, and for such other purposes as the Board of Directors may consider appropriate; provided, however, that any such special assessment shall have the assent of the unit owners representing sixty-seven percent (67%) of the total votes of the unit owners either at an annual meeting of the unit owners or at a special meeting of the unit owners duly called for that purpose.

Section 4. Reserve for Replacements and Working Capital. The Council of Unit Owners 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 of Directors. Such fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of any state or an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, any state or the United States of America. The reserve for replacement may be extended only for the purpose of effecting the replacement of the common elements and equipment of the condominium and for start-up costs and operating contingencies of a nonrecurring nature. The proportionate interest of any unit owner in any reserve for replacements and any other reserves established by the Council of Unit Owners shall be considered an appurtenance of this condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the condominium unit to which it appertains and shall be deemed to be transferred with such condominium unit.

Section 5. Non-payment of Assessments – Statement of Condominium Lien. Any assessment levied pursuant to the Declaration or these By-Laws, and any installment thereof, which is not paid on the date when due shall be delinquent and shall entitle the Council of Unit Owners to claim the amount of such assessment, together with interest thereon, late charges and the actual costs of collection and reasonable attorney’s fees, as a lien on the condominium unit against which it is assessed; provided, however, that such lien shall be effective only after a Statement of Condominium Lien is recorded among the Land Records for the jurisdiction where the Declaration was originally recorded, stating the description of the condominium unit, the name of the unit owner of record, the amount due and the period for which the assessment is due. Any such Statement of Condominium Lien shall be in substantially the following form or as may otherwise be required by the Condominium Act;

STATEMENT OF CONDOMINIUM LIEN

This is to certify that _____, owner(s) of Unit No. _____ in
“ _____,” (is) (are) indebted to The Council of Unit Owners
of Rock Creek Apartments Condominium One, Inc. in the amount of \$ _____ as
of _____, 19____, for (his) (their) proportionate share of the common
expenses of the condominium for the period from _____, 19__ to _____,

19 ____, plus interest thereon at the rate of ____ percent (____%), a late charge of \$ ____, costs of collection and reasonable attorney's fees.

THE COUNCIL OF UNIT OWNERS OF
ROCK CREEK APARTMENTS
CONDOMINIUM
ONE, INC.

By: _____
Officer's Title (or Agent)
Address
Telephone

I HEREBY AFFIRM under penalties of perjury that the information contained in the foregoing Statement of Condominium Lien is true and correct to the best of my knowledge, information and belief.

Officer (or Agent)

The Statement of Condominium Lien shall be signed and verified as required in the Condominium Act by any officer of the Council of Unit Owners, or by the Management Agent or any duly authorized representative thereof, or by any agent, attorney or other person duly authorized by the Board of Directors of the Council of Unit Owners for such purposes.

Upon recordation of the Statement of Condominium Lien as aforesaid, the lien shall bind the condominium unit described in the Statement of Condominium Lien in the hands of the unit owners, his heirs, devisees, personal representatives and assigns. The personal obligation of the unit owner to pay the assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment, or any installment thereof, may be maintained without foreclosing or waiving the lien established by the Statement of Condominium Lien to secure payment of such assessment. Upon full payment of the amount for which the lien is claimed the unit owner shall be entitled to a recordable satisfaction of the lien.

Any assessment levied pursuant to the Declaration or these By-Laws, and any installment thereof, which is not paid when due may, upon resolution of the Board of Directors, subject the unit owner obligated to pay the same to the payment of such penalty or "late charge" not exceeding the greater of \$15.00 or ten percent (10%) of the delinquent assessment or installment as the Board of Directors may fix and the Council of Unit Owners may bring an action at law against the unit owner personally obligated to pay the same or may, after the recordation of the Statement of Condominium Lien provided for in this Article and in the Condominium Act, foreclose the lien against the condominium unit or units then belonging to the unit owner in the same manner, and subject to the same requirements, now or hereafter provided for the foreclosure of mortgages or deeds of trust in the State of Maryland containing a power of sale or

an assent to a decree; in either of which events interest at the rate of eighteen percent (18%) per annum, late charges, actual costs or collection and reasonable attorneys' fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of the assessment. Suit for any deficiency following foreclosure may be maintained in the same proceeding. No suit may be brought to foreclose the lien except after ten (10) days' written notice to the unit owner given by registered mail – return receipt requested to the address of the unit owner shown on the roster of unit owners maintained by the Council of Unit Owners.

In the event any proceeding to foreclose the lien for any assessment due the Council of Unit Owners is commenced with respect to any condominium unit or units in the condominium, then the owner of such condominium unit or units, upon resolution of the Board of Directors, may be required to pay a reasonable rental for such unit or units and the Council of Unit Owners shall be entitled to the appointment of a receiver to collect the same.

The Board of Directors may post a list of members who are delinquent in the payment of any assessment or other fees which may be due to the Council of Unit Owners, including any installment thereof which becomes delinquent, in any prominent location within the condominium.

Section 6. Priority of Lien. The lien established by the recordation of a Statement of Condominium Lien, as in this Article provided for, shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(a) general and special assessments for ad valorem real estate taxes and other public charges on the condominium unit; and

(b) the lien of any bona fide deed of trust, mortgage or other encumbrance made in good faith and for value received and duly recorded on the condominium unit prior to the recordation of the Statement of Condominium Lien, or duly recorded on the condominium unit after receipt by the holder of any such mortgage of a certificate or statement in writing signed by an officer or agent of the Council of Unit Owners stating that payments on account of all assessments levied by the Council of Unit Owners against the condominium unit were current as of the date of recordation of such deed of trust, mortgage instrument or other encumbrance; provided, however, that such subordination shall apply only to assessments, and installments thereof, which have become due and payable prior to a sale or transfer of the condominium unit pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance or prior to any deed, assignment or other proceeding or arrangement in lieu of foreclosure.

Any holder of any deed of trust, mortgage or other encumbrance duly recorded on the condominium unit and made in good faith and for value received who comes into possession of the condominium unit pursuant to foreclosure or pursuant to any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the condominium unit free of any claims for unpaid assessments levied against the condominium unit which accrued prior to the time such holder came into possession of the condominium unit or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid assessments resulting from a reallocation of such unpaid assessments among all of

the condominium units in the condominium. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not relieve the mortgagee in possession or the purchaser at any foreclosure sale from any liability for any assessments thereafter becoming due, or from the lien established by the recordation of a Statement of Condominium Lien with respect to any assessments thereafter becoming due.

No amendment to this Section shall affect the rights of the holder of any such deed of trust, mortgage or other encumbrance recorded prior to the recordation of such amendment unless the holder of such deed of trust, mortgage or other encumbrance shall join in the execution of such amendment.

Section 7. Additional Rights of Mortgagees – Notice. Any mortgagee of any condominium unit who desires written notice of any default by the mortgagor in any provision of the Declaration which remains uncured for a period in excess of sixty (60) days following the date of such default shall notify the Secretary to that effect by United States Registered or Certified Mail – Return Receipt Requested, postage prepaid. Any such notice shall contain the name and post office address of such mortgagee, the name of the mortgagor, a description of the affected condominium unit and the name of the person to whom notice of default should be addressed. The Secretary of the Council of Unit Owners shall maintain a roster of all mortgagees from whom such notices are received.

The Council of Unit Owners shall provide prompt written notice to any such mortgagee of a condominium unit for which any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, becomes delinquent for a period in excess of sixty (60) days and, further, of any other default in any provision of the Declaration or these By-Laws affecting the condominium unit described in the notice which remains uncured for a period in excess of sixty (60) days following the date of such default. Any failure to give any such notice to any mortgagee shall not affect the priorities established by this Article, the validity of any assessment levied pursuant to the Declaration of these By-Laws, or the validity of any lien to secure the same.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days' written notice to the holder of the first mortgage on the condominium unit which is the subject matter of such suit or proceeding.

Section 8. Acceleration of Installments. Upon default in the timely payment of any one or more monthly installments of any assessment levied pursuant to the Declaration or these By-Laws, or any other installment thereof, the entire balance of said assessment may be accelerated at the option and upon resolution of the Board of Directors and be declared due and payable in full.

Section 9. Assessment Certificates. The Council of Unit Owners shall, within twenty (20) days following any written demand, furnish to any unit owner liable for any assessment levied pursuant to the Declaration or these By-Laws (or any other party legitimately interested in the same) a certificate in writing signed by an officer or agent of the Council of Unit Owners, setting

forth the status of the assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any installment of any assessment therein stated to have been paid. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Council of Unit Owners for each certificate so delivered, except that no charge shall be levied against any institutional mortgagee of any condominium unit in the condominium who requests such a certificate.

ARTICLE IX

Use Restrictions

Section 1. Residential Use. Except for such condominium units as may be designated in the Declaration or on the Condominium plat for commercial or other non-residential purposes, if any, and except for such temporary non-residential uses as may be permitted by the Board of Directors from time to time, all condominium units shall be used for private residential purposes exclusively. Nothing in this Section, or hereinelsewhere, shall be construed to prohibit the Declarant from the use of any condominium units which the Declarant owns for promotional or display purposes, as "model apartments," a sales office or the like, or from leasing any unit or units which the Declarant owns except that Declarant shall nevertheless be bound by the provisions of Section 2 of this Article.

Section 2. Leasing. No portion of any condominium unit (other than the entire unit) shall be leased for any period. Any owner of any condominium unit who shall lease such unit shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. All leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the condominium unit shall be subject and subordinate in all respects to the provisions of the Declaration and these By-Laws and to such other reasonable rules and regulations relating to the use of the common elements, or other "house rules," as the Board of Directors may from time to time promulgate and shall provide, further, that any failure by the tenant to comply with the provisions of such documents shall be a default under the lease. No condominium unit shall be rented for transient or hotel purposes. No condominium unit shall be leased for an initial term of less than six (6) months. The provisions of this subsection shall not apply to the institutional holder of any first mortgage who comes into possession of any condominium unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceedings, arrangement, assignment or deed in lieu of foreclosure.

Section 3. Prohibited Uses and Nuisances. Except for the activities of the Declarant and its agents in connection with the promotion and sale of the condominium, and except as may be reasonable and necessary in connection with the construction, maintenance, improvement, repair or reconstruction of any portion of the condominium by the Declarant or the Council of Unit Owners and except with the prior written approval of the Board of Directors of the Council of Unit Owners,

(a) no noxious or offensive trade or activity shall be carried on within the condominium or within any condominium unit, nor shall anything be done therein or thereon

which may be or become an annoyance to the neighborhood or the other unit owners. No nuisances shall be permitted within the condominium, nor shall any use or practice be permitted which is or becomes a source of annoyance to the unit owners or which interferes with the peaceful use and possession thereof by the unit owners.

(b) there shall be no obstruction of any of the common elements. Nothing shall be stored upon any of the general common elements, excepting those areas designated for storage of personal property by the owners of the condominium units.

(c) nothing shall be done or maintained in any condominium unit or upon any of the common elements which will increase the rate of insurance on the condominium, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any condominium unit or upon the common elements which would be in violation of any law. No waste shall be committed upon any of the common elements.

(d) no structural alteration, construction, addition or removal of any condominium unit or the common elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws.

(e) the maintenance, keeping, breeding, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon any of the common elements, except that this shall not prohibit the keeping of a dog, cat or caged birds as domestic pets provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the general common elements of the condominium unless accompanied by an adult and unless they are carried or leashed. Any unit owner who keeps or maintains any pet upon any portion of the condominium shall be deemed to have indemnified and agreed to hold the Council of Unit Owners, each of the unit owners and the Declarant and Management Agent free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the premises and the Board of Directors, after affording the right to a hearing to the unit owner affected, shall have the exclusive authority to declare any pet a nuisance.

(f) except for such signs as may be posted by the Declarant or the Council of Unit Owners for promotional or marketing purposes, traffic control or the like, no signs of any character shall be erected, posted or displayed upon, in, from or about any condominium unit or the common elements without the prior consent in writing of the Board of Directors and under such conditions as they may establish. The provisions of this subsection shall not be applicable to the institutional holder of any first mortgage who comes into possession of any condominium unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or other proceeding, arrangement, assignment or deed in lieu of foreclosure.

(g) no junk vehicle or other vehicle on which current registration plates are not displayed, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon any of the general common elements, nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out on any of the common elements or within or upon any condominium unit.

(h) except as hereinelsewhere provided, no part of the common elements shall be used for commercial activities of any character. This subsection shall not apply to the use of the common elements and of condominium units by the Declarant for display, marketing, promotional or sales purposes or as "model" condominium units.

(i) no burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any condominium unit or upon any of the common elements. Trash and garbage containers shall not be permitted to remain in public view, except on days of collection. All refuse shall be deposited with care in containers designated for such purpose during such hours as may from time to time be designated by the Board of Directors.

(j) no structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any common elements at any time. Outdoor clothes dryers or clothes lines shall not be maintained upon any of the common elements at any time. No clothing, laundry or the like shall be hung from any part of any condominium unit or upon any of the common elements or from or upon any balcony or patio.

(k) except for any antenna and other devices required in connection with any "master" antenna system or CATV service installed and maintained for the benefit of the condominium, no outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any condominium unit or upon any of the common elements without the prior written consent of the Board of Directors.

(l) nothing shall be stored upon any balcony or patio, nor shall the cooking or preparation of food be permitted upon any balcony or upon any portion of the general common elements of the project, except with the consent of the Board of Directors.

(m) no unlawful use shall be made of any condominium unit or any portion of the common elements and all laws, zoning and other ordinances, regulations of governmental and other municipal bodies and the like shall be observed at all times.

(n) no unit owner shall engage or direct any employee of the Council of Unit Owners or the Management Agent on any private business of the unit owner during the hours such employee is employed by the Council of Unit Owners or the Management Agent nor shall any member direct, supervise or in any manner attempt to assert control over any such employee.

(o) there shall be no violation of any rules for the use of the common elements, or other reasonable "house rules," which may from time to time be adopted by the Board of

Directors and promulgated among the unit owners by them in writing, and the Board of Directors is hereby and elsewhere in these By-Laws authorized to adopt and promulgate such rules.

Section 4. Drapery Liners. In order to preserve the harmony of the exterior design of the condominium, the Board of Directors shall have the authority to require that all drapery liners shall be of a uniform color and material as selected, from time to time, by the Board of Directors or by the Architectural and Environmental Control Committee. Drapery liners installed in any condominium unit shall be maintained and periodically replaced at the expense of the owner of such unit and not at common expense.

Section 5. Air-Conditioning Units. No air-conditioning device or apparatus shall be maintained or operated within or about any condominium unit except with the prior written approval of the Board of Directors of the Council of Unit Owners and under such conditions and circumstances (including, without limitation, a requirement for the payment of a fee reasonably associated with its use) as the Board of Directors may require.

ARTICLE X

Architectural Control

Section 1. Architectural and Environmental Control Committee. Except for the construction of the condominium by the Declarant or its agents and any improvements to any condominium unit or to the common elements accomplished concurrently with said construction, and except for purposes of proper maintenance and repair or as otherwise in the Condominium Act or these By-Laws provided, it shall be prohibited for any unit owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any condominium unit or upon any of the common elements within the project or to combine or otherwise join two or more condominium units, or to partition the same after combination, or to remove or alter any window or exterior door of any condominium unit, or to make any other change or alteration within any condominium unit which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other unit owner, materially increase the cost of operating or insuring the condominium or impair any easement, until the complete plans and specifications, showing the location, nature, shape, height, color, type of construction and materials associated with the proposed change or alteration (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Council of Unit Owners, or by an Architectural and Environmental Control Committee designated by the Board of Directors.

Section 2. Architectural and Environmental Control Committee – Operation. The Architectural and Environmental Control Committee shall be composed of an uneven number of

three (3) or more natural persons designated from time to time by the Board of Directors of the Council of Unit Owners and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural and Environmental Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural and Environmental Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, etc. Upon approval of the Architectural and Environmental Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural and Environmental Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural and Environmental Control Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided for), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural and Environmental Control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural and Environmental Control Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviation from plans and specifications approved by the Architectural and Environmental Control Committee without the prior consent in writing of the Architectural and Environmental Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural and Environmental Control Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

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

compliance with the provisions of this Article and with such other provisions and requirements of these By-Laws as may be applicable.

Section 6. Rules and Regulations, etc. The Architectural and Environmental Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines, and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of the Declaration or these By-Laws. The Architectural and Environmental Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural and Environmental Control Committee shall be final except that any unit owner who is aggrieved by any action or forbearance from action by the Architectural and Environmental Control Committee may appeal the decision of the Architectural and Environmental Control Committee to the Board of Directors of the Council of Unit Owners and, upon the request of such unit owner, shall be entitled to a hearing before the Board of Directors.

Section 7. Additions, Alterations or Improvements by Board of Directors. Except in cases of bona fide emergencies involving manifest danger to life, safety or property, or the interruption of essential services to the condominium, whenever in the judgment of the Board of Directors the common elements of the condominium shall require additions, alterations or improvements requiring the expenditure of funds of the Council of Unit Owners in excess of Twenty-five Thousand and * * * No/100 Dollars (\$25,000.00) during any particular fiscal year of the Council of Unit Owners, such additions, alterations or improvements shall not be made until the same shall have been approved by (a) unit owners representing a majority of the total votes of the unit owners at a meeting of the unit owners duly called for such purpose; and (b) the institutional holder of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more than \$250,000.00, which approval shall be in writing. The limitations provided for in this Section 7 do not apply to the costs associated with the maintenance of the common elements of the condominium, whether ordinary or extraordinary, nor to the periodic replacement thereof.

ARTICLE XI

Insurance

Section 1. Insurance. The Council of Unit Owners shall obtain and maintain, to the extent reasonably available, at least the following:

(a) casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of “replacement cost” exclusive of land, foundation and excavation) of the condominium (including all building service equipment and like) with an “Agreed Amount Endorsement” or its equivalent, a “Demolition Endorsement” or its equivalent, an “Increased Cost of Construction Endorsement” or its equivalent, a “Condominium Replacement Cost

Endorsement” or its equivalent, and a “Contingent Liability from Operation of Building Laws Endorsement” or its equivalent, without deduction or allowance for depreciation, as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage, such coverage to afford protection against at least:

- (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and
 - (ii) such other risks as shall customarily be covered by the standard “all-risk” endorsement and such other risks as shall customarily be covered with respect to project similar in construction, location and use, including as appropriate, but not limited to, sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, boiler and machinery explosion or damage, and such other insurance as the Board of Directors may from time to time determine; and
- (b) comprehensive public liability insurance (including medical payments insurance) with a “Severability of Interest Endorsement” or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors, but not less than One Million and * * * No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and property damage arising out of a single occurrence, including, but not limited to, legal liability, hired automobile liability, non-owned automobile liability, liability for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the condominium or any portion thereof.
- (c) workmen’s compensation insurance to the extent necessary to comply with any applicable law; and
- (d) a “Legal Expense Indemnity Endorsement,” or its equivalent, affording protection for the officers and Directors of the Council of Unit Owners for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and
- (e) such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 2. Fidelity Bonds. The Council of Unit Owners shall maintain adequate fidelity bonds or equivalent insurance to protect against dishonest acts on the part of officers and Directors of the Council of Unit Owners, trustees for the Council of Unit Owners and such employees and agents of the Council of Unit Owners who handle or are responsible for the handling of funds of or administered by the Council of Unit Owners. Such fidelity coverage shall meet the following requirements:

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

Section 3. Limitations: Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

- (a) all policies shall be written with a company or companies licensed to do business in the State of Maryland and holding a current general policy holder's rating of Class B or better and a current financial rating of Class VI or better in Best's Insurance Reports.
- (b) exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Council of Unit Owners, as a trustee for the owners of the condominium units, or its authorized representative, including any trustee with which the Council of Unit Owners may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be hereinelsewhere referred to as the "Insurance Trustee."
- (c) in no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the condominium units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Council of Unit Owners pursuant to the requirements of this Article shall exclude such policies from consideration.
- (d) such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of any condominium unit, or their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of negligence on the part of any of them.
- (e) all policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days

prior written notice to any and all insureds named thereon, including any and all mortgagees of the condominium units.

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

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

(h) all policies of casualty insurance shall contain the standard mortgagee clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in Article XII of these By-Laws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

Section 4. Notice to Unit Owners. In the event the Council of Unit Owners does not obtain and maintain insurance in conformity with the requirements of this Article and the requirements of the Condominium Act, then the Council of Unit Owners shall give prompt written notice of that fact to each unit owner at his address as it appears on the roster of unit owners maintained by the Council of Unit Owners, or if no such address appears, at his last known place of address or at his condominium unit.

Section 5. Individual Policies – Recommendation of Declarant – Notice to Board of Directors. The owners of any condominium unit (including the holder of any mortgage thereon) may obtain additional insurance (including a “Condominium Unit-Owner’s Endorsement” or its equivalent, for improvements and betterments to the condominium unit made or acquired at the expense of the owner) at his own expense. Such insurance shall be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 3(g) of this Article. The Declarant recommends that each owner of a condominium unit in the condominium obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a plate glass damage policy and a “Tenant’s Homeowners Policy” or its equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the condominium unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such later policy should include a “Condominium Unit-Owner’s Endorsement” or its equivalent, to cover losses to improvements and betterments to the condominium unit made or acquired at the expense of the unit owner. Copies of all such policies shall be filed with the Secretary.

The owner of any condominium unit shall notify the Board of Directors in writing of any and all improvements and betterments made to the condominium unit at the expense of such unit

owner, the aggregate value of which is in excess of Two Thousand and * * * No/100 Dollars (\$2,000.00).

Section 6. Endorsements, etc. The Council of Unit Owners, at the request of any owner of any condominium unit in the condominium or at the request of the mortgagee of any such condominium unit, shall promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such unit owner or mortgagee as it may appear; and (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

ARTICLE XII

Casualty Damage – Reconstruction or Repair

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

- (a) the condominium is terminated; or
- (b) repair or reconstruction would be illegal under any State of Maryland or local health safety statute or ordinance; or
- (c) unit owners representing at least eighty percent (80%) of the total votes of the unit owners, including every owner of a condominium unit which is proposed not to be repaired or reconstructed, vote not to make such repairs or reconstruction at any special meeting of the unit owners duly called for such purpose.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished promptly by the Council of Unit Owners at common expense, pursuant and subject to such conditions and subject to such controls as the mortgagee, as defined in Section 4 of this Article, may require. The ratable share of the expense of such repairs or reconstruction may be assessed as common expenses by resolution of the Board of Directors and, in the event any Statement of Condominium Lien is recorded with respect to any such assessments, then the lien shall have all the priorities provided for in Article VIII of these By-Laws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the unit owners of the condominium units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

Section 3. No Restoration – Distribution. In the event the condominium is damaged or destroyed by fire or other casualty and the unit owners do not promptly resolve to proceed with repair or reconstruction, then and in that event the condominium shall be deemed to be owned in common by the owners of all of the condominium units in the same proportion as that established in the Declaration for ownership of appurtenant undivided interests in the common elements and the condominium shall be subject to an action for partition at the suit of the owner of any condominium unit, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Council of Unit Owners or to the unit owners in common, shall be considered as one fund and shall be divided among the owners of all of the condominium units in the same proportion as that established in the Declaration for ownership of appurtenant undivided interests in the common elements, after first paying out of the share of the owner of any condominium unit, to the extent such payment is required by any lienor and to the extent such share is sufficient for the purpose, all liens upon said condominium unit in accordance with the priority of interests in each unit.

Section 4. Insurance Trustee. In the event the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to five percent (5%) of the full replacement value of the condominium, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1(a) of Article XI of these By-Laws for the period during which such loss was sustained, and the institutional holder or holders of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more than \$250,000.00 (hereinafter in this Section 4 collectively called the “mortgagee”) shall so require, all proceeds of insurance shall be paid over to a trust company or bank (the “Insurance Trustee”) having trust powers and authorized to engage in trust business in the jurisdiction wherein the condominium is located, selected by the Board of Directors with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which shall contain, inter alia, the following provisions:

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

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

(c) unless otherwise required by the mortgagee, each request for an advance of the proceeds of insurance shall be made to the mortgagee at least ten (10) days prior to delivery to the insurance Trustee and shall be accompanied by a certificate from the architect to the effect that (i) all work then completed has been performed in accordance with the plans and specifications and all applicable building codes or similar governmental requirements; and (ii) the amount requested to be advanced is required to reimburse the Council of Unit Owners for payments previously made by the Council of Unit Owners or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or

to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request; and (iv) funds remaining available to the Insurance Trustee for the purpose are sufficient to complete the reconstruction or repair.

(d) each request for an advance of the proceeds of insurance shall, if required by the mortgagee, be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the condominium any mechanic's or other lien, or notice of intention to file the same, which has not been dismissed or satisfied of record.

(e) the fees and expenses of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Council of Unit Owners as a common expense, and such fees and expenses may be deducted from any insurance proceeds in the hands of the Insurance Trustee, pro rata as the reconstruction or repair progresses.

(f) such other provisions not inconsistent with law or the provisions hereof as the Board of Directors, the Insurance Trustee or the mortgagee may reasonably require.

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Council of Unit Owners and shall be considered as one fund and shall be divided among the owners of all of the condominium units in the same proportion as that established in the Declaration for ownership of appurtenant undivided interests in the common elements, after first paying out of the share of the owner of any condominium unit, to the extent such payment is required by any lienor and to the extent the same is sufficient for the purpose, all liens upon said condominium unit in accordance with the priority of interest in each unit.

ARTICLE XIII

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Council of Unit Owners shall begin on the first day of January every year, except for the first fiscal year of the Council of Unit Owners which shall begin at the date of recordation of the Declaration among the Land Records for the jurisdiction where the condominium is located. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Council of Unit Owners subsequently dictate.

Section 2. Principal Office – Change of Same. The principal office of the Council of Unit Owners shall be as set forth in Article I of these By-Laws. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Council of Unit Owners from time to time; provided, however, that no such change shall

become effective until a certificate evidencing such change shall have been made by the Secretary or any Assistant Secretary of the Council of Unit Owners and recorded, in the name of the Council of Unit Owners, among the Land Records for the jurisdiction where the Declaration is originally recorded.

Section 3. Books and Accounts. Books and accounts of the Council of Unit Owners shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and or the expenditures and other transactions of the Council of Unit Owners and shall specify the maintenance and repair expenses of the condominium, services provided with respect to the same and any other expenses incurred by the Council of Unit Owners. The amount of any assessment required for payment of any capital expenditures or reserves of the Council of Unit Owners may be credited upon the books of the Council of Unit Owners to the "Paid-in-Surplus" account as a capital contribution by the members. The receipts and expenditures of the Council of Unit Owners shall be credited and charged to other accounts under at least the following classifications:

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

(b) "Reserves" which shall involve the control of such reserves as are provided for in these By-Laws and any other reserve funds which may from time to time be approved by the Board of Directors; and

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

Every record kept by the Council of Unit Owners shall be maintained in the State of Maryland or within fifty (50) miles of its borders.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Council of Unit Owners shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Council of Unit Owners shall furnish the unit owners and any mortgagee requesting the same by notice in writing to the Council of Unit Owners with an annual financial statement, including the income and disbursements of the Council of Unit Owners for that annual period, within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Council of Unit Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Council of Unit Owners shall be available for examination by the unit owners and by their duly authorized agents or attorneys, and by the institutional holder of any first mortgage on any condominium unit and its duly authorized agents or attorneys, at some place designated by the

Board of Directors, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

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

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

ARTICLE XIV

Physical Management

Section 1. Management and Common Expenses. The Council of Unit Owners, acting by and through its Board of Directors, shall manage, operate and maintain the condominium and, for the common benefit of the unit owners, shall enforce the provisions hereof and shall pay out of the common expense fund hereinelsewhere provided for the cost of managing, operating and maintaining the condominium, including, without limitation, the following:

(a) the cost of providing water, sewer, garbage and trash collection and electrical, gas and other necessary utility and similar services for the common elements and, to the extent that the same are not separately metered or billed to each condominium unit, for the condominium units; and

(b) the cost of fire and extended liability insurance on the condominium and the cost of such other insurance as the Council of Unit Owners may effect; and

(c) the cost of the services of a person or firm to manage the condominium to the extent deemed advisable by the Council of Unit Owners consistent with the provisions of these By-Laws, together with the services of such other personnel as the Board of Directors of the Council of Unit Owners shall consider necessary for the operation of the condominium; and

(d) the cost of providing such legal and accounting services as may be considered necessary by the Board of Directors for the operation of the condominium; and

(e) the cost of repairs, maintenance, services and replacement of the common elements of the condominium, including, without limitation, the cost of painting, maintaining, replacing, repairing and landscaping the common elements and such furnishings and equipment for the common elements as the Board of Directors shall determine are necessary and proper; provided, however, that nothing herein contained shall require the Council of Unit Owners to

repair, replace, or otherwise maintain the interior of any condominium unit or any fixtures, appliances, equipment or the like located therein; and

(f) the cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Council of Unit Owners is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the condominium; provided, however, that if any of the aforementioned are provided or paid for the specific benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof in the manner provided in this Article; and

(g) the cost of the maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the condominium, or is otherwise in the interest of the general welfare of all of the unit owners; provided, however, that except in cases involving emergencies or manifest danger to safety or person or property, no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the condominium unit proposed to be maintained and, provide further, that the cost thereof shall be assessed against the condominium unit for which such maintenance or repair is performed and, when promptly to the then owner of said condominium unit at which time the assessment shall become due and payable and a continuing obligation of said unit owner in all respects as provided in Article VIII of these By-Laws; and

(h) any amounts necessary to discharge any lien or encumbrance levied against the condominium, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against any of the common elements rather than the interest of the owner of any individual condominium unit.

Section 2. Council of Unit Owners as Attorney-in-Fact. The Council of Unit Owners is hereby irrevocably appointed as attorney-in-fact for the owners of all of the condominium units in the condominium, and for each of them, to manage, control and deal with the interests of such unit owners in the common elements of the condominium so as to permit the Council of Unit Owners to fulfill all of its powers, functions and duties under the provisions of the Condominium Act, the Declaration and the By-Laws, and to exercise all of its rights thereunder and to deal with the condominium upon its destruction and the proceeds of any insurance indemnity, as hereinelsewhere provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any condominium unit shall constitute an irrevocable appointment of the Council of Unit Owners as attorney-in-fact as aforesaid.

Section 3. Management Agent. To the extent permitted by law, the Council of Unit Owners may by contract in writing delegate any of its ministerial duties, power or functions to the Management Agent. The Council of Unit Owners and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 4. Limitation of Liability. The Council of Unit Owners shall not be liable for any failure of water supply or other services to be obtained by the Council of Unit Owners or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common elements or from any wire, pipe, drain, conduit, appliance or equipment. The Council of Unit Owners shall not be liable to the owner of any condominium unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of common expense assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements, or to any condominium unit, or from any action taken by the Council of Unit Owners to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE XV

Parking

Section 1. General Requirements. All parking areas within the condominium shall be considered part of the general common elements. Each unit owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these By-Laws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the condominium and the Board of Directors is hereby, and elsewhere in these By-Laws authorized to adopt such rules and regulations.

ARTICLE XVI

Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of unit owners representing sixty-seven percent (67%) of the total votes of the unit owners at any annual meeting of the unit owners or at any special meeting of the unit owners duly called for such purpose, in accordance with the provisions and requirements of these By-Laws and Title 11, Real Property Article, of the Annotated Code of Maryland (1981 Repl. Vol.), and as amended. Any amendment to these By-Laws shall be effective only upon the recordation of such amendment among the Land Records for the jurisdiction where the Declaration was originally recorded, together with a certificate in writing of the President of the Council of Unit Owners stating that the amendment was approved as aforesaid.

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

ARTICLE XVII

Mortgages – Notice – Other Rights of Mortgagees

Section 1. Notice to Board of Directors. Any owner of any condominium unit in the condominium who mortgages such unit shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Casualty Losses. In the event of damage or destruction of any condominium unit or any part of the common elements of the condominium the Board of Directors of the Council of Unit Owners shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the condominium units. No provision of the Declaration or these By-Laws shall entitle any unit owner to any priority over the holder of any first mortgage of record on his condominium unit with respect to the distribution to such unit owners of any insurance proceeds.

Section 3. Condemnation or Eminent Domain. In the event any condominium unit or any part of the common elements of the condominium is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Council of Unit Owners shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the condominium units. No provision of the Declaration or these By-Laws shall entitle any unit owner to any priority over the holder of any first mortgage of record on his condominium unit with respect to the distribution to such unit owner of the proceeds of any condemnation award or settlement.

ARTICLE XVIII

Compliance – Interpretation – Miscellaneous

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.), and as amended.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.), and as amended. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid statute. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the aforesaid Declaration and Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.), as amended, the provisions of the statute shall control.

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

Section 4. 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 5. 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 6. Captions. The captions contained in these By-Laws are for convenience only and are not a 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 7. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.