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AMENDED AND RESTATED BYLAWS OF  
THE CANDLEWOOD CONDOMINIUM ASSOCIATION

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PROPOSED AMENDED AND RESTATED BYLAWS OF  
THE CANDLEWOOD CONDOMINIUM

Article I  
Plan of Ownership

Section 1. Applicability. These Bylaws provide for the governance of The Candlewood Condominium (the "Condominium") pursuant to the requirements of the Maryland Condominium Act (the "Act"). The Property, located in Baltimore County, Maryland was submitted to the provisions of the Act by recordation of the Declaration and the Bylaws among the Land Records of Baltimore County, Maryland in Liber 6081, Folio 135 et seq.

Section 2. Compliance. Pursuant to the provisions of the Act, every Unit Owner and all those entitled to occupy a Unit shall comply with these Bylaws.

Section 3. Office. The office of the Condominium and the Board of Directors ("Board") shall be located at the Condominium or at such other place as may be designated from time to time by the Board.

Section 4. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Act.

Article II  
Council of Unit Owners

Section 1. Composition. The Council of Unit Owners ("Council") is incorporated pursuant to the Corporations and Associations Article of the Annotated Code of Maryland and shall consist of all of the Unit Owners acting as a group in accordance with the Act and pursuant to the Declaration and these Bylaws. For all purposes the Council shall act merely as an agent for the Unit Owners as a group. The Council shall have the responsibility of administering the Condominium, establishing the means and the methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other functions that may be required or permitted to be performed by the Council in accordance with the Act and the Declaration. Except as to those matters which the Act or the Declaration specifically requires to be performed by the vote of the Council, the foregoing responsibilities shall be performed by the Board or Managing Agent as more particularly set forth in Article III of these Bylaws.

Section 2. Members. The Condominium shall have as its members every person, corporation, trust or other legal entity, or any combination thereof, who or which owns a Unit ("Unit Owner"); provided however, that any person, corporation, trust or other legal entity, or any combination thereof, who or which holds such

interest solely as security for the performance of an obligation shall not be a member solely on account of such interest.

Section 3. Annual Meetings. Unless otherwise directed by the Board, the annual meeting of the Council shall be held during the month of December of each year on a day and at an hour designated by the Board. At such annual meeting the Board shall be elected by ballot, or directed proxy, of the Unit Owners in accordance with the Act and the requirements of Articles II and III of these Bylaws. Any other business of the Council may be conducted at the annual meeting, and the notice of annual meeting need only indicate that the purpose is to conduct the annual meeting.

Section 4. Place of Meetings. Meetings of the Council shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board.

Section 5. Special Meetings. The President shall call a special meeting of the Council if so directed by the resolution of the Board, or upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty-five percent (25%) of the total Percentage Interest. The notice of any special meeting shall state the day or date, time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 6. Notice of Meetings.

(a) The Secretary, or the Managing Agent under the supervision of the Secretary, shall provide Unit Owners with notice of each annual or special meeting. Such notice shall be in writing and shall be either delivered or mailed to each Unit Owner at least ten (10) days, but not more than ninety (90) days prior to the meeting, at the address shown on the Condominium's roster of Unit Owners on the date of the notice. If mailed, the notice shall be deemed given when deposited in the United States mail, postage prepaid and addressed to the Unit Owner at the address on the Condominium's roster as of the date of the notice. The notice shall specify the day or date, time, place and purpose of the meeting.

(b) The notice shall also state that if the number of Unit Owners present at a meeting does not constitute a quorum, another meeting of the Unit Owners may be called for the same purpose, pursuant to the provisions of Section 5-206 of the Maryland Corporations and Associations Article, if:

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

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

Section 7. Waiver of Notice. Waiver of notice of meeting of the Council shall be deemed the equivalent of proper notice. Any Owner may file with the Board a written waiver of notice of any meeting of the Council, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the time, date and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

Section 8. Quorum. A quorum is deemed present throughout any meeting of the Council if persons entitled to cast twenty-five percent (25%) (or such lesser percentage as may be provided by the Act) of the total authorized votes are present in person or by proxy at the beginning of the meeting.

Section 9. Order of Business. As far as practical, the order of business at all meetings of the Council shall be as follows, but may be amended at the meeting at the initiative of the Chair or the Unit Owners present.

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting.
- (c) Reading or disposing of minutes of preceding meeting(s).
- (d) Election or appointment of inspectors/tellers of election (when so required).
- (e) Election of members of the Board of Directors (when so required).
- (f) Reports of Officers.
- (g) Reports of the Board of Directors.
- (h) Reports of Committees.
- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

Section 10. Title to Units. Title to a Unit may be taken in the name of one or more persons or entities, in any manner permitted by law. The Council may acquire, hold and transfer full legal title to one or more Units in the Condominium in its own name.



Section 11. Voting.

(a) Voting at all meetings of the Council shall be on a unit basis, with each unit being entitled to cast one (1) vote. Votes assigned to Units owned by the Council shall be cast as determined by a majority of the Board. Otherwise, where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all of the Owners of such Unit and filed with the Secretary or, in the absence of such named persons from such meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present at the meeting. If more than one person is present, then such vote shall be cast only in accordance with their unanimous agreement. Such certificates shall be valid until revoked by a subsequent certificate similarly executed.

Except where otherwise required or provided for in the Act, the Declaration or these Bylaws, the Owners of more than fifty percent (50%) of the units voting in person or by proxy at one time at a duly convened meeting at which a quorum is present ("Majority of the Unit Owners") is required to adopt decisions of the Council.

(b) No Unit Owner may vote at any meeting of the Council or be elected to serve on the Board if the Council has recorded a statement of condominium lien against the Owner's Unit and the amount necessary to release such lien has not been paid at the time of such meeting or election or if a Unit Owner has not furnished the Council with his or her name and current mailing address.

(c) No Lessee, lienholder, mortgagee, pledge or contract purchaser shall have any voting rights with respect to the affairs of the Condominium unless such person or entity has been granted such rights pursuant to a valid proxy.

Section 12. Proxy.

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

(b) A proxy who is not appointed to vote as directed by a Unit Owner may only be appointed for the purposes of meeting quorum requirements and to vote for matters of business before the Council other than an election of members of the Board. Only a Unit Owner voting in person, or a proxy voting for candidates designated by a Unit Owner, may vote to elect members of the Board.

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Section 13. Conduct of Meetings. The President shall preside over all meetings of the Council and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Council. The tallying of all votes for the election of the Board shall be supervised by inspectors or tellers election appointed by the President or other Officer presiding over the meeting.

Section 14. Adjournment. Any meeting of the Unit Owners at which a quorum is present may be adjourned from time to time for periods not less than forty-eight (48) hours by vote of the Unit Owners holding the majority of the eligible votes represented at such meeting. Any business which could have been transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

Section 15. Consents. Unless other rights established in these Bylaws are infringed upon by the operation of this Section 15, any action which may be taken by a vote of the Unit Owners may also be taken by written consent of those Unit Owners who hold the requisite percentage of votes necessary to decide an issue pursuant to these Bylaws.

Section 16. Roster of Unit Owners. The Council shall maintain a current roster of names and addresses of each Unit Owner to which notice of meetings of the Council shall be sent. Each Unit Owner shall, within five (5) days after acquiring title to a Unit in the Condominium, furnish the Managing Agent or the Board with his or her name and current mailing address. No Unit Owner may vote at meetings of the Council until this information is furnished.

Article III  
Board of Directors

Part A. Composition and Selection of Board of Directors.

Section 1. Composition. The affairs of the Council and the Condominium shall be governed by a Board of Directors. The Board shall be composed of three (3) persons. The Board shall be comprised of Unit Owners; provided, however, that no Owner and spouse nor multiple Owners of the same Unit may serve on the Board at the same time.

Section 2. Nominating Procedures.

(a) A Unit Owner may nominate himself or herself or any other Unit Owner to be a member of the Board. A call for nominations

shall be sent to all Unit Owners not less than forty-five (45) days before notice of an election is sent. Only nominations made at least fifteen (15) days before the notice of an election shall be listed on the election ballot. Candidates shall be listed on the ballot in alphabetical order, with no indicated candidate preference. If the Board allows and the candidate wishes, a signed personal statement can be inserted with the notice of election.

(b) Nominations may be made from the floor at the meeting at which the election to the Board is held.

(c) At or before the time votes for the Board are cast by the Unit Owners, all nominees must consent to serve.

Section 3. Elections.

(a) At the annual meeting, members of the Council who are eligible to vote shall, by ballot or directed proxy, elect a Director from among those who have been nominated and who have consented to serve. The candidate receiving the highest number of votes shall be elected even if he or she does not receive a majority of the votes cast.

(b) At each annual meeting a successor shall be elected for a term of three (3) years, to replace the Director whose term then expires, it being the intention of these Bylaws to maintain staggered terms for Directors.

Section 4. Removal or Resignation of Members of the Board of Directors.

(a) At a duly called regular or special meeting of the Council, any one or more of the Board members may be removed with or without cause by a vote in person or by proxy of Unit Owners representing at least a majority of the total votes of the Council. Any Director whose removal has been proposed by the Unit Owners shall be given fifteen (15) days notice of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Any vacancies created by removing Board members may be filled at the same meeting. Such successors may be elected by a plurality vote. A member of the Board may resign at any time.

(b) A Director shall be automatically deemed to have resigned if not in attendance at three (3) consecutive regular meetings of the Board unless the minutes reflect the consent of the Board to such absences.

(c) A Director who becomes more than forty-five (45) days delinquent in the payment of assessments or other charges shall be automatically deemed to have resigned on the forty-sixth (46th) day.

Section 5. Vacancies. Vacancies on the Board caused by any reason other than removal of a Director by vote of the Council shall be filled by a vote of the majority of the remaining Directors at any meeting of the Board. The Director selected by the Board shall serve until a successor shall be elected at the next annual meeting of the Council. Such successor shall fill the remaining term of the vacated position.

Section 6. Compensation. Directors shall not be compensated for acting as such unless and to the extent the members of the Council authorize compensation by a vote of a majority of the total votes at any meeting duly called for that purpose. Notwithstanding the foregoing, Directors may be reimbursed for reasonable expenses incurred on behalf of the Council as shall be determined by the Board, subject to a report to be included in the Board's meeting minutes.

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

#### Part B. Meetings.

##### Section 8. Regular Meetings.

(a) Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors, but such meetings shall be held at least once every three (3) months during each fiscal year. Notice of regular meetings of the Board shall be given to each Director by mail or telephone at least five (5) days prior to the day named for such meeting. The date of the next regular meeting may be set at a meeting and such action shall constitute notice of the next meeting to all Directors present at the prior meeting.

(b) Regular meetings of the Board, except those relating to executive sessions which meet the requirements of the Act shall be open to all Unit Owners. Notice to Unit Owners of regular Board meetings shall be given at least five (5) days prior to a meeting in a manner determined by the Board.

(c) The notice requirements contained in this Section 8 may be met by the publication of a schedule setting forth in advance the day or date, time and location of regular Board meetings.

Section 9. Special Meetings. Special meetings of the Board may be called by the President on three (3) business days notice to each Director by mail, in person or by telephone. The notice shall

include the day or date, time, place and purpose of the meeting. Upon written request of at least two (2) Directors, special meetings of the Board shall be called by the President or Secretary in like manner and on like notice. Notice to Unit Owners of special meetings of the Board shall be given in a manner determined by the Board in accordance with the Act.

Section 10. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by him or her of the day or date, time, place and purpose of such meeting. If all Directors are present at any meeting of the Board, no notice shall be required (except notice to Unit Owners in accordance with the Act and these Bylaws) and all appropriate business may be transacted at such meeting.

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

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book of the Board recording therein all resolutions adopted by the Board and all relevant transactions and proceedings occurring at such meetings.

Except as provided in Section 13 of this Article III, all meetings of the Board of Directors shall be open all Unit Owners. Notwithstanding that such meetings shall be open, no person other than members of the Board of Directors shall be entitled to seek recognition, vote or otherwise participate at the meetings. The Board shall have the power to expel from any meeting any and all persons who refuse to conduct themselves appropriately while attending such meeting or who disrupt the proceedings of the Board.

Section 13. Closed Meetings.

(a) A meeting of the Board may be held in closed session for the purposes set forth in Section 11-109.1 of the Act, as the same may be amended from time to time. Such purposes include the following:

- (i) Discussion of matters pertaining to employees and

personnel; or

(ii) Protection of the privacy or reputation of individuals in matters not related to Condominium business; or

(iii) Consultation with legal counsel; or

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation; or

(v) Investigative proceedings concerning possible or actual criminal misconduct; or

(vi) Compliance with a specific constitutional, statutory or judicially imposed requirement protecting particular proceeding or matters from public disclosure; or

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Board members present, for some other reason so compelling as to override the general policy in favor of open meetings.

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

#### Part C. Powers and Duties.

Section 14. Powers and Duties. The Board shall manage the affairs of the Council and shall have all the powers and duties necessary for the administration of the Condominium and may do all such acts and things which are not by the Act, the Declaration or these Bylaws specifically directed to be done and exercised exclusively by the Unit Owners.

The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the Managing Agent, if any, which might arise between meetings of the Board. In addition to the duties imposed by these Bylaws or by any resolution of the Council that may hereafter be adopted, the Board shall have the power to, and be responsible for, the following, by way of explanation but not limitation:

(a) Preparing a proposed annual budget, which shall be submitted to the Unit Owners at least thirty (30) days prior to its adoption, and adopting at an open meeting an annual budget which shall establish the contribution by assessment to be paid by each Unit Owner to the common expenses. The Board of Directors shall have the power to make interim adjustments in the monthly assessments if the current assessments are inadequate or if for any reason the Board deems such change necessary, including, but not limited to, a change in the capital reserve budget. All such adjustments shall be made in accordance with the Act.

(b) Making assessments against the Unit Owners to defray the common expenses, establishing the means and methods of collecting such assessments from the Unit Owners, and establishing the period of the installment payments of the annual assessments.

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

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Condominium, and, when appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed to be owned as Common Elements.

(e) Collecting the assessments from the Unit Owners, depositing the proceeds thereof in a bank depository which the Board shall approve, and using the proceeds to administer the Condominium.

(f) Opening and closing bank accounts on behalf of the Council and designating the signatories required for each such account; investing the funds of the Council for the benefit of the Condominium, including determining how said funds shall be invested and causing appropriate investment accounts to be opened and closed.

(g) Determining how common profits or surplus, if any, shall be treated.

(h) Making and amending rules and regulations respecting the use of the Condominium, including the Units; provided however that all rules shall be enacted in accordance with the procedures set forth in Article VIII, Section 1 of these Bylaws and that no such Rules or Regulation so adopted shall conflict with the Act, the Declaration or these Bylaws. Furthermore, no Rule or Regulation shall be so construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit or the Common Elements if such rule or regulation is promulgated after the recordation of such mortgage or deed of trust.

(i) Enforcing by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations adopted by the Board for use of the Condominium, including utilizing monetary fines and such other sanctions as it deems appropriate to enforce the same, provided the Board complies with the procedures noted in Article VIII, Section 2 of these Bylaws prior to the imposition of any sanction. If a Unit Owner persists in a violation of the Declaration, the Bylaws or any duly enacted Rules and Regulations,

the Board of Directors may require him or her to post a bond satisfactory to it, in its sole discretion, to secure future compliance with the Declaration, the Bylaws or the Rules and Regulations.

(j) Causing the repair and restoration of the Condominium in accordance with these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(k) Notifying the Unit Owners of any eminent domain proceeding or of any litigation against the Council involving a claim in excess of ten percent (10%) of the amount of the annual budget, and bringing any proceedings which it may deem necessary to be instituted on behalf of the Unit Owners.

(l) Obtaining and carrying insurance against casualties and liabilities, as provided in these Bylaws, paying the cost thereof and settling any claims thereunder.

(m) Paying the costs of all services rendered to the Council and not chargeable to Owners of individual Units.

(n) Keeping books with detailed accounts of the receipts and expenditures affecting the Condominium and the administration of the Council, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The Condominium's books and records shall be available for examination by the Unit Owners, their duly authorized agents, accountants, or attorneys during normal business hours. All books and records shall be kept in accordance with generally accepted accounting practices and shall be audited at least once a year by an outside auditor employed by the Board who shall not be a resident of the Condominium or a Unit Owner therein. The cost of such audit shall be a Common Expense.

(o) Borrowing money on behalf of the Condominium when required in connection with, or relating to, the operation, care, upkeep, or maintenance of the Common Elements and additions, alterations or improvements to the Common Elements, provided, however, that the provisions of Section 6.5.1 of the Declaration are met. If any sum borrowed by the Board on behalf of the Condominium pursuant to the authority contained in this paragraph (o) is not repaid by the Council, a Unit Owner who pays to the creditor a percentage of the total amount due equal to his or her Percentage Interest in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Owner's Unit, and the Council shall not be entitled to assess his or her Unit for payment of the remaining amount due to such creditor.



(p) Acquiring, holding, and disposing of Units and leasing and mortgaging the same.

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

(r) Controlling the use of all Common Elements, including, but not limited to, designating parking spaces thereon for use by Unit Owners and their guests.

(s) Doing such other things and taking such other acts on behalf of the Council as are not inconsistent with the Act, the Declaration or these Bylaws.

Section 15. Managing Agent. The Board may employ a Managing Agent for the Condominium at a rate of compensation to be established by the Board.

(a) Requirements. The Managing Agent shall be a bona fide business enterprise which manages community associations. Such firm shall have a minimum of two (2) years experience in residential community management and shall employ persons possessing a high level of competence in the technical skills necessary for the proper management of the Condominium. The Managing Agent must be able to advise the Board regarding the administration and operation of the Condominium, including operating and reserve budgeting, maintenance of the property, condominium insurance, accounting, contract negotiation, labor relations and condominium regulation.

Whenever the management agent has the responsibility for handling or administering funds of the Council, the management agent shall be required to maintain fidelity bond coverage for all of its principals, officers, employees and agents who have access to or who handle or who are responsible for or who administer funds of the Council. Such fidelity bonds shall name the Council as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Council or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to 3 months' aggregate assessments on all units plus reserve funds. This amount shall be determined by the auditor's balance sheet. Such fidelity bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Council. The Managing Agent shall also provide the Association with certificates evidencing workers compensation, liability and

property damage insurance as well as any errors and omissions insurance (or a statement that the managing agent has no errors and omissions insurance coverage) in amounts determined by the Board of Directors.

(b) Duties. The Managing Agent shall perform such duties and services as the Board shall authorize, including but not limited to the duties listed in paragraphs (a), (c), (d), (e), (l), (m), (n) and (s) of Section 14 of Part C of this Article III. The Board may delegate to the Managing Agent all of the powers granted to the Board by these Bylaws other than the powers set forth in paragraphs (b), (f), (g), (h), (i), (j), (k), (o), (p) (q) and (r) of Section 14 of Part C of this Article III. The Managing Agent shall perform the obligations, duties and services relating to management of the property, the right of mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Board shall impose appropriate standards of performance upon the Managing Agent including, but not limited to, the items listed in this subsection, unless the Managing Agent is instructed otherwise by the Board:

(1) either the accrual or the cash flow methods of accounting shall be employed as determined from time to time by the Board, and expenses required by these Bylaws to be charged to more than one, but less than all Unit Owners shall be accounted for and reported separately;

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

(3) cash accounts of the Condominium shall not be commingled with any other accounts;

(4) the Managing Agent shall not have signature authority over the Condominium's reserve accounts;

(5) no remuneration or gifts of any kind or nature, whether in the form of commissions, finder's fees, service fees, or otherwise, shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Condominium without the written consent of the Board; any discounts received shall inure to the benefit of the Condominium;

(6) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Condominium shall be disclosed promptly to the Board;

(7) pay the Condominium's obligations in a timely manner. If any obligation is not paid in a timely manner and late fees, penalties or interest or other such charges are incurred, the Agent shall be responsible for the payment of such charges, unless

the late payment of the obligation is the result of insufficient funds in the Condominium's account of which the Management Agent had informed the Board prior to the date upon which the payment in question became past due;

(8) a monthly financial report shall be prepared for the Condominium containing:

(A) a Statement of Operations reflecting all income and expense activity for the preceding month;

(B) a General Ledger reflecting all receipt and disbursement activity for the preceding month;

(C) a Disbursement Journal reflecting all disbursements from the preceding month;

(D) an Account Status Report reflecting the status of all accounts in the "actual" versus "projected or budgeted" format;

(E) a Balance Sheet reflecting the financial condition of the Condominium on an unaudited basis;

(F) a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(G) a Delinquency Report listing all Unit Owners who are delinquent in paying condominium assessments and describing the status of any actions to collect such assessments.

(d) Limitations. The Condominium may undertake self management only in compliance with Section 6.6.2 of the Declaration. Any contract with the Managing Agent must provide that it may be terminated without cause on no more than sixty (60) days written notice, and with cause on no more than thirty (30) days written notice, and the term of any such contract shall not exceed one (1) year.

Section 16. Board of Directors as Agent. The Board of Directors shall also have the power to act as agent for the Unit Owners of all of the Units and for each of them, to manage, control and deal with the interests of such Unit Owners in the Common Elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties, except to the extent that the Board's power is otherwise limited by these Bylaws. The Board of Directors shall have the power to act as agent for each Unit Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other

interest in the Condominium to:

(a) adjust and settle all claims arising under insurance policies purchased by the Board of Directors;

(b) execute and deliver releases upon the payment of claims;

(c) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to Section 11-112 of the Act;

(d) accept and grant easements and licenses in accordance with Section 11-125 of the Act.

Section 17. Liability of the Board of Directors, Officers, Unit Owners, and Council of Unit Owners.

(a) The Officers, Board members and Committee members shall not be liable to the Council of Unit Owners or any Unit Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Council of Unit Owners shall indemnify and hold harmless each of the Officers and Directors from and against all contractual liability to others arising out of contracts made by the Board on behalf of the Council of Unit Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Act, the Declaration or these Bylaws, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and members of the Board shall have no personal liability with respect to any contract approved by the Board on behalf of the Council of Unit Owners. The liability of any Unit Owner arising out of any contract made by the Officers or the Board of Directors or out of the indemnification of the Officers or the Board or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his or her ownership of a Percentage Interest therein or for liabilities incurred by the Council of Unit Owners, shall be limited to the total liability multiplied by his or her Percentage Interest. The Council of Unit Owners shall indemnify and hold harmless each of the members of any committee from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Act, the Declaration or these Bylaws.

(b) The Council of Unit Owners shall not be liable for the failure of any services to be obtained by the Council of Unit Owners or paid for as a Common Expense, or for injury or damage to persons or property caused by the elements, or Acts of God, or by any Unit Owner, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Council of Unit Owners shall not be liable to any Unit Owner for loss or damage by theft or otherwise, or

articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Council of Unit Owners to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 18. Common or Interested Directors. Each member of the Board shall exercise his or her powers and duties in good faith and with a view to the interest of the Condominium. No 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 association in which any of the Directors of the Council of Unit Owners are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such Director is present at the meeting of the Board, of any committee thereof, which authorizes or approves the contract or transaction, or because his or her vote is counted for such purpose, if any of the following conditions exist:

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

(b) The fact of the common directorate or interest is disclosed or known to Unit Owners representing at least a majority of the total Percentage Interest of the Council of Unit Owners and the Council of Unit Owners approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Council of Unit Owners at the time it is authorized, ratified, approved or executed.

Section 19. Fidelity Bonds. The Board of Directors shall require adequate blanket fidelity bond insurance to protect against dishonest acts on the part of officers, directors, managers, trustees, employees and volunteers of the Council and all other persons handling or responsible for or administering funds of the Council. The premium on all bonds required herein, except those maintained by the management agent, shall be paid by the Council as a common expense. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Council.

Part D. Committees.

Section 20. Committees. There shall be such ad hoc or

standing committees as the Board shall determine from time to time with the powers and the duties that the Board shall authorize. Committee chairpersons shall be appointed by the President with the advice and consent of the Board.

(a) Ad hoc and standing committee chairpersons shall be appointed by the President from among Unit Owners and shall serve at the pleasure of the Board. Committee members shall be appointed by the committee chairpersons.

(b) Committee activities will be in consonance with a resolution of the Board wherein the purpose and objective of the committee shall be defined. A committee shall be prohibited from making any commitment which shall be binding on the Board or the Council of Unit Owners.

Section 21. Covenants Committee.

(a) Purpose. The Board may establish a Covenants Committee (the "Committee") consisting of three (3) members appointed by the Board, each to serve for a term of one year. If the Board of Directors fails to appoint a Covenants Committee, the Board of Directors shall be deemed the Covenants Committee.

(b) Powers. The Committee shall regulate the external design, appearance, use and maintenance of the Common Elements and the Units in accordance with standards and guidelines adopted by the Board. The Committee shall have the power to issue a cease and desist order to a Unit Owner, his or her tenants, guests, or invitees whose actions are inconsistent with the provisions of the Act, the Declaration, these Bylaws, the rules and regulations, or the resolutions of the Board. The Committee shall act either upon a petition of any Unit Owner or upon its own motion. The Committee shall from time to time, as required, provide interpretations of the Declaration, these Bylaws (including adjudications regarding compliance with Article VIII of the Declaration and Article IX of these Bylaws), rules and regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a Unit Owners or the Board. Any action, ruling or decision of the Committee may be appealed to the Board by any party deemed by the Board to have standing as an aggrieved party and a vote of a majority of the Board may modify, affirm, or reverse any such action, ruling or decision.

(c) Authority. The Committee shall have such additional duties, powers and authority as the Board may from time to time provide by resolution. The Board may relieve the Committee of any duties, powers and authority either generally, or on a case by case basis, by a vote of a majority thereof. The Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the rules and regulations or by resolution of the Board.

Article IV  
Officers

Section 1. Designation. The principal officers of the Council of Unit Owners shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President must be Unit Owners and members of the Board of Directors. Any other Officers may, but need not, be Unit Owners or members of the Board. Any two offices may be held by the same person, except those of President and Vice President; however, no officer shall execute, acknowledge or verify any instrument in more than one capacity. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent inconsistent with the Condominium Act, the Declaration or these Bylaws, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the Board of Directors may appoint another qualified person to act in such Officer's stead on an interim basis.

Section 2. Election of Officers. The Officers of the Council of Unit Owners shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose. Any Officer whose removal has been proposed by the members of the Board shall be given an opportunity to be heard at the board meeting or the special meeting of the Board called for such purpose. Any Director who is removed from his or her position as such and is then an Officer shall also be thereby removed from such office.

Section 4. President. The President shall: be the chief executive officer of the Council; preside at all meetings of the Council and of the Board; have general and active direction of the business of the Council of Unit Owners subject to the control of the Board; see that all orders and resolutions of the Board of Directors are carried into effect; have all the general powers and duties which are incident to the office of president of a non-stock corporation organized under the laws of the State of Maryland, including without limitation, the power to appoint committees with advice and consent of the Board, from among the Unit Owners from time to time as the President, in his or her discretion, decides is

appropriate to assist him or her in the conduct of the affairs of the Council of Unit Owners.

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

Section 6. Secretary. The Secretary, with the assistance of the Managing Agent, shall: cause the keeping of the minutes of all meetings of the Council of Unit Owners and of the Board; have charge of such books and papers as the Board may direct; maintain the roster of Unit Owners and mortgagees setting forth the place to which all notices to Unit Owners and mortgages hereunder shall be delivered; record and count all votes taken at meetings of the Council of Owners; in general, perform all the duties incident to the office of secretary of a non-stock corporation organized under the laws of the State of Maryland.

Section 7. Treasurer. The Treasurer, with the assistance of the Managing Agent, shall: have the responsibility for the funds and securities of the Council of Unit Owners; be responsible for causing the keeping of full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data; be responsible for the deposit of all monies and other valuable effects in the name of the Board or the Council of Unit Owners in such depositories as may from time to time be designated by the Board; in general, perform all the duties incident to the office of treasurer of a non-stock corporation organized under the laws of the State of Maryland.

Section 8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Council of Unit Owners for expenditures or obligations in excess of ten percent (10%) of the total annual assessment for common expenses for that fiscal year, and all checks drawn upon reserve accounts, shall be executed by two (2) members of the Board. All such instruments for expenditures or obligations of ten percent (10%) or less of the total annual assessment for common expenses for that fiscal year, except from reserve accounts, may be executed by one (1) member of the Board of Directors or the Managing Agent.

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



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Owners as shall be determined by the Board, subject to a report to be included in the minutes of the Board.

Article V  
Operation of the Property

Part A. Budget.

Section 1. Fiscal Year. The fiscal year of the Council of Unit Owners shall be January 1 through December 31 unless otherwise determined by the Board.

Section 2. Preparation and Approval of Budget.

(a) It shall be the duty of the Board to adopt a budget for the Council of Unit Owners containing an estimate of the total amount considered necessary to pay the cost of, by way of example and not limitation, the maintenance, management, operation, repair and replacement of the Common Elements, and those parts of the Units as to which it is the responsibility of the Council to maintain, repair and replace, and the cost of wages and other personnel costs, materials, insurance premiums, services, supplies, commonly metered utilities, charges accruing pursuant to any cross-easement, reciprocal homeowners' or similar agreement affecting the Condominium, and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or by a resolution of the Council of Unit Owners.

(b) Each Unit Owner shall pay to the Council of Unit Owners the annual assessment, which is payable, unless otherwise directed by the Board, in regular monthly installments equal to each Owner's proportionate share, based upon each Owner's Percentage Interest as set forth in the Declaration and the amendments thereto, of the sum required by the Council of Unit Owners, as estimated by the Board, to meet the Council of Unit Owners' annual expenses.

(c) The budget shall also include such reasonable amounts as the Board considers necessary to provide working capital, a general operations reserve, as well as reserves for contingencies and replacements.

(d) At least thirty (30) days before the budget is adopted, the Board shall cause to be prepared and submitted to the Unit Owners an annual proposed budget. After the thirty (30) day period has expired, the annual budget shall be adopted at an open meeting of the Board.

Section 3. Limitations upon Assessments.

(a) Without approval by the Unit Owners. The Council may not levy against any Unit an annual assessment in an amount which exceeds one hundred five percent (105%) of the maximum amount permitted to be levied against each Unit as an annual assessment for the immediately preceding assessment year.

(b) With approval by the Unit Owners. The Council may, if it obtains approval by a majority of those Unit Owners present in person or by proxy at a duly called annual or special meeting, levy against each Unit an annual assessment which exceeds the maximum amount permitted in Article V, Section 3(a).

Section 4. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board to prepare or adopt a budget for any fiscal year 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 Owner's allocable share of the annual assessment, or any installment thereof, for that or any subsequent assessment period. In the absence of any annual budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due under the new budget is forwarded to each Unit Owner. A copy of the new budget and each Owner's annual assessment will be mailed or delivered to each Owner at least ten (10) days prior to the due date for the first installment or as soon thereafter as is possible.

Section 5. Accounting and Disposition of Common Profits. Within ninety (90) days after the end of each fiscal year, the Board shall supply to all Unit Owners, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board for such fiscal year and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board, either be placed in a special account to be expended solely for the general welfare of the Unit Owners, or be credited according to each Unit Owner's Percentage Interest to the next monthly installment due from Unit Owners under the current fiscal year's budget, or be disbursed to the Unit Owners in proportion to their Percentage Interest, or be used for any other purpose as the Board decides, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Percentage Interests and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six (6) equal monthly installments, as the Board of Directors may determine.

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Section 6. Special Assessments. In addition to regular assessments authorized by this Article, the Board, on behalf of the Council of Unit Owners, may levy in any fiscal 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 the Condominium property, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate, provided, however, that any special assessment exceeding thirty percent (30%) of that fiscal year's budget shall have the assent of a majority of the total votes of Unit Owners in attendance at a regular meeting of the Unit Owners or at a special meeting of the Unit Owners called for the purpose of approving or disapproving the special assessment. The Board of Directors shall serve written notice of any such special assessment on all Unit Owners by first class mail to the address noted on the Condominium's roster. Said notice shall state the amount and the reason for the special assessment and the due date.

Notwithstanding the above, the Board may impose a special assessment without membership approval in an amount sufficient to bring the Condominium into compliance with any law, rule, order or regulation of any governmental or quasi-governmental agency.

Section 7. Additions, Alterations or Improvements by the Board of Directors. The Board shall cause all necessary additions, alterations or improvements to be made to the Common Elements. If, in the opinion of a majority of the Directors, such additions, alterations, or improvements are exclusively for the benefit of the Unit Owner or Owners requesting the same, the requesting Unit Owner or Owners shall be assessed therefor in such proportion as may be determined by the Board of Directors.

Section 8. Reserves. The Council of Unit Owners shall establish and maintain a reserve fund by the monthly allocation and payment of an amount to be designated from time to time by the Board. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in a special account with an institution insured by an agency of any state or an agency of the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the Common Elements and the equipment of the Condominium, for start up costs and operating contingencies of a non-recurring nature, and for such improvements as the Board, in its discretion, deems appropriate and necessary. The proportionate interest of any Unit Owner in any reserve for replacements and any other reserves established by the Council of Unit Owners shall be considered an appurtenance of an Owner's Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it appertains and shall be deemed to be transferred with such Unit.

If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners in accordance to their respective Percentage Interests, and which may be payable in a lump sum or in installments, as the Board may determine. The Board of Directors shall serve notice of any such further assessment on Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery of such notice of further assessment. All Unit Owners so notified shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment.

Section 9. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner so requesting the same in writing, a written statement of all unpaid assessments for Common Expenses due from such Owner. The Board of Directors may impose a reasonable charge for such statement to cover the cost of preparation.

Part B. Assessments.

Section 9. Purpose of Assessments. The assessments for Common Expenses provided for herein shall be used for the general purposes described in the Act, the Declaration and these Bylaws and for promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of Units in the Condominium as may be more specifically authorized from time to time by the Board.

Section 10. Assessment Obligation. Each Owner, by acceptance of a deed for a Unit in the Condominium, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Council of Unit Owners: (a) annual assessments or charges, (b) special assessments to be established pursuant to the terms of these Bylaws and (c) any fines, charges or other specific assessments levied against an Owner's Unit pursuant to and as provided by the Act, the Declaration or these Bylaws. Liability for assessments may not be avoided by waiver of the use or enjoyment of any Common Element or by abandonment of the Unit for which the assessments are made.

Section 11. Late Fees and Interest. Any assessment levied pursuant to these Bylaws, or any installment thereof, which is not paid within fifteen (15) days after it is due shall bear interest, from the due date until paid, at the rate of eighteen percent (18%) per annum, (or such greater amount provided for by the Act). Any delinquency which has continued for at least fifteen (15) days shall also be charged a late fee of fifteen dollars (\$15.00) or one tenth (1/10) of the total amount of any delinquent assessment or

installment, whichever is greater (or such greater amounts as may be provided for by the Act). A late fee shall only be imposed once for the same delinquent payment.

Section 12. Acceleration of Installments. Upon default in the payment of one or more assessment installments, the entire balance of the annual assessment may be accelerated and declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Board or the Managing Agent in accordance with the Act.

Section 13. Legal Fees and Costs of Collection. The Council of Unit Owners shall be entitled to all legal fees and costs of collection, including charges made by the Managing Agent, incurred by the Council of Unit Owners to collect assessments, or any installment thereof, which are more than fifteen (15) days delinquent.

Section 14. Creation of a Lien and Foreclosure. Any assessment levied pursuant to the Act, the Declaration or these Bylaws, or any installment thereof, which is not paid on the due date shall be delinquent. All assessments together with management charges, costs, interest, late charges, and reasonable attorney's fees actually incurred, which shall in no event be less than twenty-five percent (25%) of the unpaid balance, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment is made. A lien may be imposed on any Unit in accordance with the requirements of the Act and the Maryland Contract Lien Act. The Board, on behalf of the Council, of Unit Owners may foreclose on the lien in the same manner and subject to the same requirements now or hereafter provided for the foreclosure of mortgages or deeds of trust in the State of Maryland containing a power of sale or a consent to a decree. Suit for any deficiency following the foreclosure may be maintained in the same proceeding. In the event that a proceeding is brought by the Board on behalf of the Council of Unit Owners to foreclose on a lien, the Owner of such Unit may be required, upon resolution of the Board, to pay a reasonable rental for the Unit.

Section 15. Lawsuit. Any assessment levied pursuant to the Act, the Declaration or these Bylaws, or any installment thereof, which is not paid on the date when due shall be delinquent. All such assessments together with management charges, costs, interest, late charges, and reasonable attorney's fees actually incurred, which shall in no event be less than twenty-five percent (25%) of the unpaid balance, shall be the personal obligation of the Unit Owner. The Board, on behalf of the Council of Unit Owners, may bring an action at law against a Unit Owner legally obligated to pay the assessments in order to obtain a money judgment against the Owner for the amount of the unpaid assessments as well as the attendant management charges, late fees, interest, legal fees and costs of collection.

Section 16. Lawsuit and Lien are Not Mutually Exclusive Remedies. Upon the placement of a lien on a Unit, the lien shall bind the Unit described in the Statement of Lien. The personal obligation of the Unit Owner to pay the assessment, however, remains the Owner's obligation and a lawsuit to recover a money judgment for non-payment of any assessments levied pursuant to the Act, the Declaration or these Bylaws, or any installment thereof, may be maintained without foreclosing on the lien or waiving the lien established to secure payment of the assessments. Likewise, a lien may be established and enforced under the Maryland Contract Lien Act without the Council of Unit Owners waiving the right to maintain a lawsuit to recover a money judgment.

Section 17. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, any assessment lien levied pursuant to these Bylaws upon any Unit (and any penalties, interest, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the Unit at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided in this Article V.

Section 18. Payments Credited. Payments received from an owner will be credited to the oldest outstanding balance in the following order:

- a. Court costs, attorney's fees and other costs of collection.
- b. Accrued interest, as applicable.
- c. Special assessments.
- d. Annual assessments.

Once an account becomes delinquent, payment from the delinquent owner will not be accepted unless it is made by certified or cashier's check or by money order.

Section 19. Partial Payments. In the event an owner attempts to make a payment of less than all monies due and owing the Condominium after collection proceedings have commenced, the Condominium's attorney or designated collection agent will send a letter by first class mail to the owner advising the owner that his or her account remains delinquent as to all remaining monies owed to the Condominium. The Condominium's retention of the partial payment does not constitute a waiver of the Board's authority to foreclose on the owner's property or take action against the owner to collect the outstanding balance.

Article VI  
Maintenance, Repair, Replacement and Other Common Expenses

Section 1. By the Council of Unit Owners. As more specifically noted in the Declaration, the Council of Unit Owners shall be responsible for the maintenance, repair and replacement of the General Common Elements, including the structural maintenance repair and replacement of the General Common Elements, the cost of which shall be charged to all Unit Owners as a Common Expense. The Council of Unit Owners shall also be responsible for all structural maintenance, repair and replacement of the Limited Common Elements, the cost of which shall be charged to all Unit Owners as a Common Expense. Provided however, the Board of Directors may elect to charge to the Unit Owner the needed maintenance, repair or replacement to a Common Element if in the opinion of a majority of the Board such expense was necessitated by the negligence, misuse or neglect of said Unit Owner, his or her tenants, guests and invitees. All costs, including legal fees, incurred by the Condominium as a result of an owner's failure to comply with the Act, the Declaration, these Bylaws and the Rules and Regulations may be assessed against the Unit and collected in the same manner as an assessment.

Section 2. By the Unit Owner. Each Unit Owner shall keep his or her Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all the redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the Owner's Unit and such appurtenances. Each Unit Owner shall perform normal maintenance on the Limited Common Elements appurtenant to such Unit Owner's Unit, including keeping the Limited Common Elements free from ice and snow. Each Unit Owner shall perform this responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Council of Owners is responsible.

All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment.

If, in the opinion of the Board Directors, a Unit Owner has not maintained the Unit or appurtenant Limited Common Elements to the standards set forth in these Bylaws, the Board may choose to perform such maintenance or repairs as it deems necessary. Except in emergency situations, in which case the Board may immediately proceed without notice, no such maintenance or repair shall be undertaken without the approval of a majority of the Board of

directors and not without reasonable written notice to the Unit Owner, which notice shall state the Board's intent to provide such necessary maintenance, repair, or replacement, at the Owner's sole cost and expense, and setting forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Unit Owner shall have fifteen (15) days within which to authorize Management to make the repairs at the Unit Owners expense or to complete said maintenance, repair, or replacement, or if such maintenance, repair, or replacement is not capable of completion within said fifteen (15) day period to commence said maintenance, repair, or replacement. If any Unit Owner does not comply with the provisions hereof, the Board, by majority vote, may provide any such maintenance, repair, or replacement at the Unit Owner's sole cost and expense, and the cost thereof shall be assessed against the Unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered to the then owner of said Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects.

The owner of any unit shall, at his or her own expense, clean and maintain both the interior and exterior surface of all windows of such unit (except for the exterior surface of skylights which shall be cleaned as deemed appropriate by the Board of Directors as a common expense) and shall, at his or her own expense, clean and maintain both the interior and exterior surfaces of all entry doors of the unit, including the balcony, deck, terrace, fenced area, courtyard, patio or the like appurtenant to such unit and designated herein or in the Declaration or the Condominium Plat as a limited common element reserved for the exclusive use of the owner of that particular unit. Every unit owner shall be expressly responsible for any damages and injuries suffered by other unit owners or the Council resulting from or caused by said owner's failure to maintain or repair as herein provided.

Section 3. Right of Access. The Board, on behalf of the Council of Unit Owners, or its authorized designee, shall have an irrevocable right and an easement to enter Units to inspect Units or to make repairs when such inspection or repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium in compliance with Section 6.7 of the Declaration. An entry by the Board or its designee, on behalf of the Council of Unit Owners, for the purposes specified in this Section shall not be considered a trespass. Any cost of effecting access to an Owner's Unit shall be assessed against the Owner's Unit and shall become a continuing lien against the Unit and the personal obligation of the Unit Owner as provided by Article V of these Bylaws.

Section 4. Utility Charges. The cost of utilities serving the Condominium which are not individually metered to a Unit shall be a Common Expense.



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

Section 6. Easements for Purposes Other Than Utilities.

(a) The Board, on behalf of the Council of Unit Owners, may grant easements, licenses, rights-of-way and other similar interests, in excess of one (1) year for purposes other than the provision of utility services or communication systems, provided the Board complies with Article XVII of the Declaration and the Act.

(b) The Board, on behalf of the Council of Unit Owners, may, by majority vote, grant easements, rights-of-way, licenses, leases and other similar interests for one (1) year or less for purposes other than the provision of utility services or communication systems.

#### Article VII Parking

Section 1. Common Element Parking Spaces. All parking spaces shall be used by the Unit Owners for self service parking purposes on a "first come, first served" basis, except that the Board of Directors may, in its sole discretion, designate one (1) parking space for the specific use of each Unit in the Condominium, in which case each such designated space shall be reserved for the use of the Unit to which it is assigned by the Board of Directors. The cost of maintenance and repair of all parking spaces shall be a Common Expense.

Section 2. Obstruction of Parking Spaces is Prohibited. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris. A vehicle belonging to any resident, guest or invitee of the Condominium shall not park in a manner which unreasonably interferes with or impedes vehicular access.

Section 3. Derelict or Junk Vehicles are Prohibited. A vehicle which is inoperable, or which is not properly registered and licensed shall not be permitted to park on any of the parking spaces. After a reasonable attempt at notifying the owner of such

a vehicle (in accordance with the provisions of the Baltimore County Code) to remove his or her vehicle from the Condominium property, the vehicle shall be towed at the expense of the vehicle's owner.

Section 4. Parking Rules and Regulations. Each resident shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these Bylaws, which the Board may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium. The Board is hereby, and elsewhere in these Bylaws, authorized to adopt such rules and regulations.

Article VIII  
Use Restrictions and Rule Making

Section 1. Authority and Enforcement. The Condominium shall be used only for those uses and purposes set out in the Declaration and these Bylaws. The Board shall have the authority to make and to enforce reasonable rules and regulations governing the conduct, use, and enjoyment of the Units and the Common Elements, provided it complies with the following provisions:

a. Proper notice of the proposed new or amended rules must be given to the Unit Owners, including:

- 1) a copy of the proposed new or revised rules;
- 2) the date that the Board proposes that the new or revised rules take effect;
- 3) notice to the Unit Owners that they may submit written comments to the Board concerning the proposed new or revised rules; and
- 4) fifteen (15) days notice of the date of an open Board meeting to be held for the purpose of discussing the new or revised rules.

b. Prior to the rules taking effect, an open Board meeting must be held to give the Unit Owners an opportunity to discuss the new or revised rules. The meeting is valid only if:

- 1) Unit Owners are given notice of the open Board meeting at least 15 days prior to the meeting;
- 2) a quorum of the Board of Directors is present at the meeting.

c. After the above requirements have been fulfilled, the Board can elect to adopt any or all of the proposed rules either at the end of the open Board meeting or, at a regular or a special

Board meeting held to adopt the proposed rules.

Copies of all enacted rules and regulations shall be furnished to the Unit Owners. The Board shall have the power to impose reasonable fines which shall constitute a lien upon the property and shall be collected in the same manner as any other assessment levied against a Unit Owner pursuant to these Bylaws, and to suspend a Unit Owner's right to use the Common Elements and to vote. Each day of a continuing violation may be considered a separate violation. Nothing herein contained shall be construed to limit the Council of Unit Owner's right to any other additional remedies available to it at law or in equity to enforce the Declaration, these Bylaws, or the rules and regulations of the Council of Unit Owners. The remedies contained herein shall be construed as cumulative of the Council of Unit Owner's other rights of enforcement at law or in equity or any other remedies available to the Council.

→ Section 2. Dispute Resolution Procedure. The Board or its designated committee shall not impose a fine, suspend voting rights (unless the suspension is related to the Unit Owner's failure to provide a current address or a statement of lien has been filed against the Unit and the lien has not been satisfied), or infringe upon any other rights of a member or other occupant for violation of the Declaration, these Bylaws or rules and regulations unless and until the provisions of Section 11-113 of the Act, as it is amended from time to time, are followed:

(a) **Demand.** Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (1) the alleged violation; (2) the action required to abate the violation; and (3) a time period, not less than ten (10) days, during which the violation may be abated without further sanction if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not a continuing one.

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

(c) **Hearing.** At the hearing, the alleged violator has the right to present evidence and present and cross-examine witnesses. The hearing shall be held in executive session and shall afford the

alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the hearing. This proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the person who delivered such notice. The notice requirements shall be deemed satisfied if the alleged violator appears at the hearing. The minutes of the hearing shall contain a written statement of the results of the hearing and the sanction, if any, imposed. A decision pursuant to these procedures shall be appealable to the Courts of Maryland.

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

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

**Section 3. Restriction on Use of Units and Common Elements; Rules and Regulations.** In addition to the restrictions on use contained in Article VIII of the Declaration, each Unit and the Common Elements shall be occupied and used as indicated in the Rules and Regulations promulgated by the Board, and as follows:

(a) Nuisances shall not be permitted on Condominium property or within any Unit, nor shall any use or practice be permitted which is or becomes a source of annoyance to the Unit Owners.

(b) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in the Owner's Unit or on the Common Elements which will result in the cancellation of insurance on the Property, or any part thereof, or which would be in violation of any law, regulation or administrative ruling. No waste shall be committed on the Common Elements.

(c) No immoral, improper, offensive or unlawful use shall be made of the Condominium Property, or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction over any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or

the Council of Unit Owners whichever shall have the obligation to maintain or repair such portion of the Condominium, and if the latter, then the cost of such compliance shall be a Common Expense.

(d) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements (except parking spaces) without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Board or a designated committee, as appropriate.

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

(f) Nothing shall be done in any Unit or in, on, or to the Common Elements which will impair the structural integrity of the Condominium's Property or which would structurally change any buildings or improvements thereon.

(g) No Unit Owner shall lease a Unit other than on a written lease. The Board may, in its discretion, prepare, approve and require a uniform lease form or uniform lease addendum for use by Unit Owners, which required form(s) can be supplemented by provisions desired by the Owner which are not in contradiction with the Declaration, these Bylaws, the rules and regulations or law or public policy. The lease form or lease addendum form may include the following provisions:

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

(2) that the Unit Owner shall provide the tenant with copies of the Declaration, these Bylaws and the rules and regulations;

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

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

(5) that the Unit Owner's failure to pay the annual

assessment, or any special or other assessment, or any installment thereof, levied against his or her Unit may result in the Council of Unit Owners collecting the assessment directly from the tenant and the tenant deducting the assessment from the rental payment owed to the Unit Owner pursuant to the lease terms.

A copy of the lease and the lease addendum shall be forwarded to the Board not more than ten (10) days after the lease and addendum are executed. The foregoing provisions of this Section shall not apply to a mortgagee in possession of a Unit as a result of a foreclosure or other judicial sale or as a result of a proceeding in lieu of foreclosure.

(h) No trailers, campers, recreational vehicles, boat trailers, boats or other large vehicles may be parked within the Condominium.

(i) The maintenance, keeping, boarding or raising of pets shall be subject to the Declaration and to the rules and regulations enacted by the Board. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited within any Unit or upon the Common Elements. Pets are not to be kept or maintained for commercial purposes or for breeding. Any pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property pursuant to, and in accordance with, the dispute resolution procedures set out herein and in the Act. Pets shall not be permitted upon the Common Elements except in areas designated by the Board of Directors. All pets shall be accompanied by an adult and are to be carried or leashed. A Unit Owner or his or her tenant who keeps or maintains any pet upon any portion of the property shall be deemed to have indemnified and agreed to hold the Condominium 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 property. All pets shall be properly registered with Baltimore County and any other appropriate agency. The Board of Directors may establish reasonable fees for registration of pets.

(j) No signs of any character shall be erected, posted or displayed upon, in, from, or about any Unit or the Common Elements.

(k) Each Unit and the Common Elements shall be occupied and used in compliance with the rules and regulations, which may be promulgated and amended by the Board in accordance with the provisions of Section 11-111 of the Act. All rules and regulations shall be consistent with the Act, the Declaration and these Bylaws.

(l) No electrical or telephone wire, television or communication antenna, air conditioning unit, or other machine, device or permanent improvement shall be installed upon the exterior of any Unit or Common Elements except in accordance with

the Declaration.

(m) Patios and decks must be kept in an orderly condition so as not to detract from the neat appearance of the community. No motorcycles may be parked on patios. If an Owner fails to keep his or her patio or deck in an orderly condition, as determined by the Board of Directors in its sole discretion, in accordance with the procedures outlined in these Bylaws, the Board of Directors shall have the right to enter upon the patio or deck and remove the objectionable items so as to restore its orderly appearance. This right of access shall not limit the Council of Owner's right to fine or to proceed with legal action against the violating Owner. All costs incurred in enforcing this provision shall be the Unit Owner's responsibility and shall constitute a continuing lien upon the Unit.

Section 4. Family Day Care.

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

(b) In accordance with the Act, the approval of a simple majority of the total Percentage Interest of the Council of Unit Owners voting by person or by proxy at any annual or special meeting of the Owners shall be required to enact a provision allowing Family Day Care Homes within the Condominium, and said provision shall constitute an amendment to the Declaration and these Bylaws. If enacted, the provision may be eliminated and Family Day Care Homes may once again be disapproved by a simple majority vote of the total Percentage Interest of the Council of Owners voting in person or by proxy at any annual or special meeting of the Owners.

Article IX  
Architectural Control

Section 1. Architectural Changes Must be Approved. After such time as the Developer shall cease to own any Units in the Condominium or shall voluntarily relinquish the authority over architectural control granted in the Declaration, the Board of Directors of the Condominium or its designated committee shall exercise all authority granted in the Declaration or these Bylaws over architectural control. Except for purposes of proper maintenance and repair, or as otherwise provided by these Bylaws, a Unit Owner shall not install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, screens, awnings, decorations, fences, walls, aerials, antennas or other signal receiving devices, slabs, sidewalks, curbs, gutters, patios, porches, balconies, sheds, or other accessory structures, driveways, or walls, or to make any change or otherwise alter, including an alteration in color, in any manner whatsoever the

exterior of any Unit or the Common Elements, or to remove or alter any window or exterior doors of any Unit, or to make any change or alteration within any Unit which will affect the property, interest or welfare of any other Owner, materially increase the cost of operating or insuring the Condominium or impair any easement, until the complete plans and specifications, showing the location, nature, shape, change, including, without limitation, any other information specified by the Board of Directors or its designated committee, has been submitted to and approved in writing by the Board of Directors or by its designated committee.

Section 2. Approval of Architectural Alterations. Upon the Committee's approval of an Owner's architectural construction or alteration request, the approved plans and specifications submitted with the request shall become part of the Committee's permanent records and a copy of the plans and specifications bearing the Committee's written approval shall be returned to the Unit Owner. In the event the Committee fails to approve or disapprove any architectural construction or alteration request within sixty (60) days, the request is automatically disapproved. However, if so desired by the requesting Unit Owner, the architectural construction or alteration request shall be deemed to be resubmitted to the Committee on the 61st day after the original request. The 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 Committee shall be final except that any Unit Owner who is aggrieved by any action or forbearance from action by the Committee may appeal the Committee's decision to the Board and, upon the written request of such Unit Owner, shall be entitled to a hearing before the Board.

Section 3. Limitations. Construction or alterations in accordance with plans and specifications approved by the 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 Committee and shall be substantially completed within twelve (12) months following the date of commencement or within such longer period as the 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 Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from the plans and specifications approved by the Committee without its prior written consent. The Committee's approval of plans and specifications does not constitute a certification of structural soundness or constitute compliance with governmental building codes or other regulations. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Council of Unit Owners and provided consent has been given by the Board of



Directors, then the application shall be executed on behalf of the Council of Unit Owners by an authorized Officer only, without however incurring any liability on the part of the Board of Directors, the Council of Unit Owners or any of them to any contractor, subcontractor, or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. The requesting Unit Owner shall, at the Committee's request, furnish the Committee with appropriate building permits or other governmental approvals. The Unit Owner shall also be required, at the Committee's request, to submit a certificate of structural soundness from an architect or engineer. The cost of such certificate shall be borne solely by the requesting Unit Owner. Approval of any particular plans and specifications or design by the Committee shall not be construed as a waiver of the right of the Committee to disapprove identical or similar plans, specifications or designs, or elements or features thereof, in the event such plans, specifications or designs are subsequently submitted for use in any other instance.

Section 4. Certificate of Compliance. Upon the completion of any construction or alteration in accordance with plans and specifications approved by the Committee and with the provisions of this Article, the Committee shall, at the request of the Unit Owner, issue a certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved by the Committee and was constructed or installed in full compliance with the provisions of the Committee's written approval and with the provisions of this Article, and any rules and regulations enacted pursuant hereto, and such other provisions of these Bylaws as may be applicable.

Section 5. Rules and Regulations. Upon the request of the Board, the Committee shall, from time to time, propose rules and regulations regarding the form and content of plans and specifications to be submitted for approval to the Committee by Unit Owners requesting construction or alterations to their Units. The Committee may also be requested by the Board to propose statements of architectural policy, standards, guidelines, design and style as it deems necessary and proper. The promulgation of such rules, regulations and related provisions shall be in accordance with Section 11-111 of the Act. No such rules and regulations, guidelines, statements or the like shall be construed as a waiver of the provisions of this Article or any other provisions or requirements of these Bylaws.

Article X  
Insurance

Section 1. Authority to Purchase.

(a) Except as otherwise provided in Section 5 of this

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

(b) Each policy obtained by the Board shall provide that:

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

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

(3) Such policy may not be canceled, invalidated or suspended due to the conduct of any Unit Owner (including an Owner's invitees, agents and employees) or of any member, officer or employee of the Board or the Managing Agent, without a prior demand in writing that the Board of the Managing Agent cure the defect;

(4) Such policy may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the Board and the Managing Agent and all Mortgagees;

(5) That until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any Unit, the mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents, employees or household members, nor canceled for non-payment of premiums;

(6) Such policy shall contain a standard mortgagee clause in favor of each mortgagee of a Unit to the extent of the portion of the coverage of the policy allocated to such Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee and the Owner as their interests may appear, subject, however to the loss payment and adjustment provisions in favor of the Board of Directors contained in Section 6 of this Article.

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

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

Section 2. Physical Damage Insurance.

(a) The Board shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements, insuring the entire Property (but not including furniture, wall coverings, furnishings or other personal property supplied or installed by Unit Owners), together with all air conditioning equipment and other service machinery contained therein and covering the interests of the Council of Unit Owners, the Board and all Unit Owners and their mortgagees, as their interests may appear, in an amount equal to one hundred percent (100%) of the then current replacement cost of the property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for such depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all real and personal property owned by the Council of Unit Owners.

(b) Such policy shall also provide:

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

(2) The following endorsements (or equivalent) shall, to the extent possible, be included in such policy: (A) "no-control"; (B) "contingent liability from operation of building laws or codes"; (C) "increased cost of construction" or "condominium replacement cost"; (D) an "agreed amount" or "elimination of co-insurance" clause; and (E) "cost of demolition";

(3) That any "no other insurance" clause expressly excludes individual Unit Owners' policies from its operation so that the physical damage policy purchased by the Board shall be deemed primary coverage and any individual Unit Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board hereunder provide for or be brought into contribution with insurance purchased by individual Unit Owners or their mortgagees, unless otherwise required by law.

(c) A duplicated original of the policy of physical damage insurance, all renewals thereof, and any sub-policies or certificates and endorsements issued thereunder, together with

proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same in writing. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain a statement from an insurance company, or such other source as the Board may determine, of the then current replacement cost of the Condominium (exclusive of the land, excavations, foundations and other items normally excluded from coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this section.

Section 3. Liability Insurance. The Board shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasions of privacy coverage) and property damage insurance in such limits as the Board may from time to time determine, insuring each member of the Board, the Managing Agent each Unit Owner and the employees of the Council of Unit Owners against any liability to the public or to Unit Owners (and their invitees, agents and employees) arising out of, or incident to, the ownership and/or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain:

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

(b) hired and non-owned vehicle coverage;

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

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

(e) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Council of Unit Owners or of another Unit Owner. The Board shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than Three Million Dollars (\$3,000,000.00).

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

(a) adequate fidelity bond coverage as required in Article III, Part C, Section 19 of these Bylaws.

(b) directors and officers liability insurance which affords protection for the Officers and Directors of the Council of Unit Owners of 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 service as such in an amount not less than One Million Dollars (\$1,000,000.00);

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

(d) workmen's compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);

(e) if applicable, pressure, mechanical and electrical equipment including air conditioning equipment coverage on a comprehensive form in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) per accident per location; and

(f) such other insurance as the Board may determine from time to time to be desirable or necessary.

Section 5. Separate Insurance. Each Unit Owner shall have the right, at the Owner's expense, to obtain insurance for the Owner's Unit and for the Owner's benefit and to obtain insurance coverage upon the Owner's personal property and for the Owner's personal liability as well as upon any improvements made by the Owner to the Owner's Unit under coverage usually referred to as "tenants' improvements and betterment coverage"; provided, however, that no Unit Owner shall be entitled to exercise his or her right to acquire or maintain such insurance coverage so as to decrease the amount which the Board, on behalf of all Unit Owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a Unit Owner. All such policies shall contain waivers of subrogation. No Unit Owner shall obtain separate insurance policies on the Condominium except as provided in this Section.

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

Section 7. Insurance Deductible. If repair is required as a

result of an insured loss, the amount of the deductible shall be treated as if it were a maintenance expense and shall be paid by the person or persons who would be responsible for such repair in the absence of insurance as set forth in Article VI, unless the damage is caused by the negligence or the wilful misconduct of a Unit Owner, his or her tenant, guest, or invitee, as determined by the Board in its sole discretion, in which case the cost of the deductible shall be paid by the Unit Owner and shall constitute a lien upon the Unit and collected in the same manner as an assessment. In the absence of negligence, if the maintenance responsibility cannot be determined by the Board and if the loss affects more than one Unit or a Unit and a common element, the cost of the deductible may be apportioned equitably by the Board among the parties suffering the loss in accordance with the total cost of repair.

#### Article XI

#### Casualty Damage -- Repair or Reconstruction

Section 1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 4 of this Article, in the event of damage to or destruction of all or any portion of the Condominium as a result of fire or other casualty, the Board shall arrange for and supervise the prompt repair and restoration of the Building, including any damaged Units, and floor coverings, fixtures and appliances installed therein at the time of conveyance by the developer, and replacements thereof installed by the Unit Owners up to the value of those initially installed by the developer, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners in the Units unless covered by the insurance obtained by the Council of Unit Owners. Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the redecorating of his or her Unit.

#### Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to all or any portion of the Condominium, the Board shall obtain reliable and detailed estimates of the cost of repairing and restoring the Condominium to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board deems necessary.

(b) Assessments. If the proceeds of insurance are insufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and, to the extent that the reserve funds are insufficient to cover the

costs, the shortage shall be deemed a Common Expense and a special assessment for the amount of the insufficiency shall be levied against the Unit Owners in proportion to their Percentage Interest.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the property, subject to any modifications required by changes in applicable governmental regulations and building code requirements, and using contemporary building materials and technology to the extent feasible.

Section 3. Disbursements of Construction Funds.

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

(1) If the estimated cost of reconstruction and repair is less than fifty percent (50%) of the total annual assessment for common expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

(2) If the estimated cost of reconstruction or repair is fifty percent (50%) or more of the total annual assessment for common expenses for that fiscal year or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Maryland and employed by the Board to supervise such work. Payment shall be made from time to time, as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (1) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (2) there is no other outstanding indebtedness known to the architect for the services and materials described; and (3) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall either be divided among all Unit Owners in proportion

to their Percentage Interest and shall be distributed in accordance with the priority of interests at law or in equity in each Unit, or, if the Board deems appropriate, shall be placed in the Council's reserve account.

(c) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclose and service the Units, then to the cost of repairing the other Common Elements and thereafter to the cost of repairing the Units.

Section 4. When Reconstruction is Not Required. Except in the case of insubstantial damage to the general common elements, if any portion of the Condominium is damaged or destroyed it shall be repaired or replaced promptly by the Council of Unit Owners unless:

(a) the Condominium is terminated; or

(b) fifty percent (50%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Elements which will not be repaired or replaced, vote not to repair or replace such areas. If the Board of Directors elects not to repair insubstantial damage to the general common elements, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed or credited, as the Board of Directors may decide, to all Unit Owners in proportion to their respective Percentage Interests. If the Condominium shall be terminated pursuant to Section 11-123 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the Board of Directors among all Unit Owners in proportion to their respective Percentage Interests, after first paying out of the share of each Unit Owner, to the extent sufficient therefor, the amount of any unpaid liens on the units in the order of priority of such liens.

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

## Article XII Notices

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

(a) copies of the Condominium's Declaration, these Bylaws and



the rules and regulations;

(b) a resale certificate from either the Board or the Managing Agent;

(c) a statement by the Unit Owner as to whether the Unit Owner has knowledge:

(1) that any alteration to the Unit violates any provisions of the Declaration, these Bylaws or the rules and regulations; and

(2) of any violating of the health or building codes with respect to the Unit.

(d) such other disclosures as may be required by the Act.

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

Section 3. Notice of Default. The Board of Directors when giving notice to any Unit Owner of a default, in the payment of assessment for common expenses, which remains uncured for thirty (30) days or other default, upon request of the Mortgagee of such Unit in writing, shall also send notice to the Mortgagee.

#### Article XIII Fiscal Management

Section 1. Maintenance and Inspection of the Books and Records. (a) The 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 books shall be kept with detailed accounts, in chronological order, of the receipts, expenditures, and other transactions of the Council of Unit Owners. The books and records shall specify the maintenance, repair and service expenses of the Common Elements incurred by the Council of Unit Owners.

(b) All members of the Council of Unit Owners and any institutional holder of a first mortgage shall, upon written request, be entitled to inspect, in accordance with the Act, all books and records of the Council of Unit Owners during normal business hours at the office of the Council of Unit Owners or other place designated reasonably by the Board as the depository of such

books and records. Books and records of the Council of Unit Owners are to be kept in a location as may be prescribed by the Act.

Section 2. Auditing. At the close of each fiscal year, the books and records of the Council of Unit Owners shall be audited by an independent accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Council of Unit Owners shall furnish its members, and any Mortgagees who have so requested in writing, with an annual financial statement including the income and disbursements of the Council of Unit Owners.

Article XIV  
Amendments

Section 1. Amending the Bylaws. These Bylaws may be modified or amended either (i) by a vote by the Unit Owners representing at least seventy-five percent (75%) of the total Percentage Interest of the Council of Unit Owners (or such lesser percentage as may be provided in the Act), present in person or by proxy, at any regular or special meeting of the Council of Unit Owners, or (ii) pursuant to a written instrument duly executed by the Unit Owners having at least seventy-five percent (75%) of the total Percentage Interest of the Council of Unit Owners. An amendment shall not become effective until it is recorded among the Land Records of Baltimore County, Maryland.

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

Section 3. Mortgagees' Approval. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of the mortgagees of Units. Such provisions of these Bylaws are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, the Council of Unit Owners shall not, without the prior consent of seventy-five (75%) of first mortgagees (based upon one vote for each mortgage owned), take any of the following actions:

- (a) abandon or terminate the Condominium regime; or,
- (b) modify or amend any material provisions of these Bylaws or the Declaration; or,
- (c) change the pro-rata interest or obligations of any unit

for:

(i) purposes of levying assessments or common expenses of for allocation distributions of hazard insurance proceeds or condemnation awards; and

(ii) determining the pro-rata share of ownership of each Unit in appurtenant Common Elements; or,

(d) partition or subdivide any Unit; or

(e) except as provided in the Act in the case of substantial loss to the Units and/ or the Common Elements, resolve to use the proceeds of casualty insurance for any purpose other than the repair or restoration of the Property; or,

(f) abandon, partition, subdivide, encumber, sell or transfer the Common Elements.

In accordance with the Act, if a mortgagee who receives a written copy of a proposed amendment to these Bylaws fails to object, in writing, to the proposed amendment within sixty (60) days from the date of actual receipt of the proposed amendment, that mortgagee shall be deemed to have consented to the adoption of the amendment, unless the proposed amendment:

(1) Alters the priority of the lien of the mortgage or the deed of trust;

(2) Materially impairs or affects the unit as collateral; or

(3) Materially impairs or affects the right of the mortgagee to exercise any rights under the mortgage, deed of trust, or applicable law.

Article XV  
Miscellaneous

Section 1. Notices. Unless otherwise provided in these Bylaws all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if deposited in the U.S. Mail with sufficient first class, prepaid postage:

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

(b) If to the Council, the Board, or the Managing Agent, at the principal office of the Council or the Managing Agent, if any, or at such other address as shall be designated by written notice to the Unit Owners in accordance with this Section.

(c) If to a Mortgagee, said notice shall be sent by registered or certified mail to the respective addresses as designated by them from time to time in writing, to the Board of Directors.

Section 2. Registration with SDAT. In accordance with Section 11-119(d) of the Act, the Council shall register with the State Department of Assessments and Taxation (SDAT) by the 15th day of April each year and provide SDAT with the names and mailing addresses of the Condominium's Officers and Directors as well as the names and mailing addresses of the Condominium's Managing Agent and resident agent, if any.

Section 3. Legal Proceedings. Failure to comply with the terms of the Declaration, these Bylaws and the duly enacted Rules and Regulations shall be grounds for relief, including without limitation an action to recover sums for money damages, injunctive relief, foreclosure of the lien for non-payment of assessments and any other relief afforded by a Court of competent jurisdiction, all of which relief may be sought by the Council of Unit Owners.

Section 4. Costs and Attorney's Fees. In any proceeding arising out of an alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorney's fees actually incurred, as may be awarded by the Court.

Section 5. Severability. In the event that any part or provision of these Bylaws shall be adjudged unlawful or unenforceable under Maryland law, the remainder of these Bylaws shall nonetheless survive and remain in full force and effect.

Section 6. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

Section 7. Conflicts. These Bylaws are subordinate and subject to all provisions of the Act and the Declaration. All of the terms used in these Bylaws, except where clearly repugnant to the context, shall have the same meaning as the Act and the Declaration. In the event of a conflict between the Declaration and the Bylaws, the Declaration shall control. In the event of a conflict between the Declaration and the Act, the Act shall control.

Section 8. Gender and Grammar. Whenever the context of these

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Bylaws requires, the singular shall include the plural and the plural shall include the singular. The use of any gender shall be deemed to include all genders.

Section 9. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure by the Board or the Unit Owners to enforce them.

IN WITNESS WHEREOF, on this 29<sup>th</sup> day of April, 1995, the Board of Directors on behalf of Council of Unit Owners of The Candlewood Condominium executed the foregoing Amended and Restated Bylaws of The Candlewood Condominium.

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COUNCIL OF UNIT OWNERS  
THE CANDLEWOOD CONDOMINIUM

By: Linda Shiptisky  
Linda Shiptisky, President  
(410) 597-8426

Attest: Veronica Francisco  
Veronica Francisco, Secretary  
(410) 265-5043

STATE OF MARYLAND

COUNTY OF BALTIMORE

I, Laurene Nickle, a Notary Public in and for the State of Maryland, do hereby certify that Linda Shiptisky, known to me (or satisfactory proven) to be the person named as the President of the Council of Unit Owners of The Candlewood Condominium, personally appeared before me in the above-referenced jurisdiction, and as President, and by virtue of the authority vested in her, acknowledged the Amended and Restated Bylaws to be the Act and Deed of the Council of Unit Owners.

GIVEN under my hand and seal this 29 day of April, A.D., 1996.

Laurene Nickle  
Notary Public

LAURENE A. NICKLE  
NOTARY PUBLIC STATE OF MARYLAND  
My Commission Expires May 18, 1999

My Commission Expires: \_\_\_\_\_

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CERTIFICATE OF THE SECRETARY OF  
THE CANDLEWOOD CONDOMINIUM

In accordance with Section 11-104 of the Maryland Condominium Act (Annotated Code of Maryland, Real Property Title 11), the Secretary, as the person authorized to count votes of the owners, hereby certifies that the Amended and Restated Bylaws to which this Certificate is attached was approved by Unit Owners having at least seventy-five percent (75%) of the total Percentage Interest of the Council. This Certificate is recorded for the purpose of conforming to Section 11-104 of the aforementioned Act and hereby accompanies the Amended and Restated Bylaws of the Council of Unit Owners of The Candlewood Condominium.

By: Veronica Francisco  
Veronica Francisco, Secretary  
(410) 265-5043

Attest: Linda Shiptisky  
Linda Shiptisky, President  
(410) 597-8426

STATE OF MARYLAND

COUNTY OF BALTIMORE

TO WIT:

On this 29 day of April, 1996, before me, a Notary Public in the above-referenced jurisdiction, appeared Veronica Francisco, the Secretary of The Candlewood Condominium, known to me (or satisfactory proven) to be the person whose name is subscribed to the Certificate set forth above for the purposes therein contained.

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

Laurene Nickle  
NOTARY PUBLIC

LAURENE A. NICKLE  
NOTARY PUBLIC STATE OF MARYLAND  
My Commission Expires May 18, 1999

My Commission Expires: \_\_\_\_\_