

QUEEN'S LANDING COUNCIL OF UNIT OWNERS, INC.
AMENDED BY-LAWS
(Approved March 3, 2003)

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ARTICLE 1

General Provisions

- 1.1 Applicability. These By-laws provide for the governance of the Condominium pursuant to the requirements of Section 11-104 of the Real Property Article of the Annotated Code of Maryland, as amended, "the Maryland Condominium Act (hereinafter the "Act"). The Property, located in Queen Anne's County, Maryland and more particularly described in the Declaration, has been submitted to the provisions of the Act by recordation of the Declaration, By-laws and Condominium Plats and Plans among the Land records of Queen Anne's County, Maryland.
- 1.2 Office. The office of the Condominium, the Council of Unit Owners, and the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors. The mailing address of the Council of Unit Owners is Queen's Landing, 500 Queen's Landing Drive, Chester, Maryland 21619.
- 1.3 Defined Terms. Terms not otherwise defined in these By-laws shall have the meanings set forth in the Declaration or Sections 11-101 et seq. of the Act, as amended.

ARTICLE 2

Council of Unit Owners

- 2.1 Composition, Name, Powers and Duties.

(a) A Council of Unit Owners (hereinafter "Council") shall administer the Condominium, which shall be a corporation incorporated as a non-stock corporation under the provisions of Title 5, Subtitle 2 of the Corporations and Associations Article of the Annotated Code of the Maryland. These By-laws shall be the By-laws of said corporation and Board of Directors.

(b) The name of the corporation shall be "The Queen's Landing Council of Unit Owners, Inc."

(c) For all purposes, the Council shall act as an agent for the Unit Owners as a group. The Council shall have all the powers permitted to corporations by law in order to promote the interests of the Condominium and Unit Owners, including, but not limited to those enumerated in the

Declaration, By-laws, and the Act, as amended. The enumeration in the Declaration, By-laws or the Act of any particular power shall not be to the exclusion of any other power permitted by law. Except as to those matters which the Act or the Condominium Instruments require to be performed by the vote of the Council, the Council may delegate any of its powers or responsibilities to the Board of Directors, as set forth herein, which may in turn, except as otherwise provided herein, delegate those powers or responsibilities to the Officers of the Council and/or to a manager or managing organization engaged by contract to undertake any such responsibilities.

(d) The Council shall maintain a current roster of names and addresses of each unit owner to which notice of meetings of the Board of Directors shall be sent at least annually.

(e) Each Unit Owner shall furnish the Council with his/her name and current mailing address within thirty (30) days of taking legal title to a Unit.

(f) Each Unit Owner shall furnish the Council with the name of all occupants or lessers of his Unit.

2.2 Annual Meetings. The Annual Meetings of the Council shall be held not less than seventy-five (75) days and not more than ninety (90) days before the beginning of each fiscal year. Annual meetings may not be held on a Saturday, Sunday or legal holiday. Except as otherwise set forth in Section 3.6, at each annual meeting, the Board of Directors shall be elected by ballot of the Unit Owners in accordance with Section 3.4 of these By-laws.

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

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

2.5 Notice of Meetings. The Secretary or the Managing Agent upon being directed to by the Board of Directors shall mail or deliver to each Unit Owner a notice of each annual or regularly scheduled meeting of the Council at least fifteen (15) but not

more than sixty (60) days, and of each special meeting of the Council at least fifteen (15) but not more than thirty (30) days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section 11.1 of the By-laws shall be considered service of notice.

2.6 Quorum and Adjournment of Meetings. A quorum is deemed present throughout any meeting of the Council if persons entitled to cast twenty-five percent (25%) of the total number of votes appurtenant to all units are present in person or by proxy. If at any meeting of the Council a quorum is not present, Unit Owners of a majority of votes present in person or by proxy may adjourn the meeting to a time not less than fifteen (15) days after the time the original meeting was called.

2.7 Order of Business. The order of business at all meetings of the Council shall be as follows: (a) roll call (proof of quorum); (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of Officers; (e) report of the Board of Directors; (f) reports of committees; (g) election or appointment of inspectors of election (when so required); (h) election of members of the Board of Directors (when so required); (i) unfinished business; (j) new business; and (k) Unit Owners' comments.

2.8 Conduct of Meetings.

(a) The President shall preside over all meetings of the Council and the Board of Directors and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Council or the Board of Directors. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Council and the Board of Directors when not in conflict with the Act or the Condominium Instruments. Tellers appointed by the President or other officer presiding over the meeting shall tally all votes.

(b) At all meetings of any committee of the Council or Board of Directors, the chairperson of each such committee shall preside over the meeting. A designated committee member shall keep the minutes of the meeting and all resolutions adopted and all transactions occurring at the meeting shall be recorded in a minutes book. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the committee.

(c) Except as otherwise provided in these By-laws or the Act, a designated period of time during a meeting shall be provided for Unit Owners to comment on any matter relating to the

Condominium.

(d) During a meeting at which the agenda is limited to a specific topic(s) or at a special meeting, at the discretion of the person presiding over the meeting, Unit Owners' comments may be limited to the topic(s) of the meeting.

2.9 Voting.

(a) Voting at all meetings of the Council shall be on a percentage basis and the percentage of the vote to which each Unit Owner is entitled shall be the Common Element Interest assigned to such Unit Owner's unit in the Declaration. 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 person from the meeting, the person who shall be entitled to cast the vote of such unit shall be the person owning such unit who is present. If more than one person owning such unit is present, than such vote shall be cast only in accordance with their unanimous agreement. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Wherever the approval or disapproval of a Unit Owner is required by the Act or the Condominium Instruments, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such unit at any meeting of the Council.

(b) Except where a greater number is required by the Act or the Condominium Instruments, decisions of the Council on matters otherwise not delegated pursuant to the Condominium Instruments or the Act to another governing body as defined in Section 11-101(h), as amended, shall be made on a majority of votes of the Unit Owners listed on the current roster present and voting whether in person or proxy.

(c) No Unit Owner may vote at any meeting of the Council, or be elected to, or serve on, the Board of Directors, if the assessment on the Unit is delinquent more than thirty (30) days, the amount necessary to bring the account current has not been paid at the time of such meeting or election, and a lien has been recorded in accordance with Section 11-104 (d) of the Act.

(d) A Unit Owner may not vote at any meeting of the Council or any other governing body either in person or proxy until the Unit Owner furnishes his name and address to the Council as set forth in Section 2.1(e) of these By-laws.

2.10 Proxies.

(a) Unit Owners may vote in person or by proxy. A proxy may be granted only to another Unit Owner, the Mortgagee of the Unit or the lessee of the

unit.

- (b) A proxy may be in any form acceptable under the laws of the State of Maryland and need not be notarized. A proxy, however, shall at the minimum contain the name and address of the Unit Owner(s) providing the proxy, the name and address of the person (in accordance with Section 2.10(a)) to whom the proxy is given, and the date on which the proxy was issued. Otherwise, the proxy is null and void.
- (c) A proxy who is not appointed to vote as directed by a Unit Owner may only be appointed for purposes of meeting quorums and to vote for matters of business before the Council, other than an election of Officers and Members of the Board of Directors.
- (d) Only a Unit Owner voting in person or a proxy voting for candidates designated by a Unit Owner may vote for Members of the Board of Directors.
- (e) A proxy is only effective for the meeting designated or a maximum period of 180 days following its issuance, unless:
 - (1) granted to a lessee or mortgagee in which case the proxy is effective until revoked by the Unit Owner or Unit Owners executing the proxy or the grantee of the proxy ceases being a lessee or mortgagee of the Unit, whichever occurs first;
 - (2) the grantor of the proxy ceases having legal title to the Unit in which case the proxy immediately becomes null and void; or
 - (3) the grantee of the proxy ceases meeting the definition of those entitled to hold a proxy pursuant to Section 2.10(a), in which case the proxy immediately becomes null and void.
- (f) No Unit Owner, except a mortgagee and Directors of the Board, may hold more than five (5) proxies.
- (f) Any proxy may be revoked at any time at the pleasure of the Unit Owner or Unit Owners executing the proxy.

2.11 Open Meetings. Except as provided in Section 11-109.1 of the Act, as amended, meetings of the Council or any other governing body shall be open and held at a time and location as provided in the notice or By-laws.

ARTICLE 3

Board of Directors

3.1 Powers and Duties. The Board of Directors shall govern the affairs of the Council. All members of the Board of Directors shall be Unit Owners, provided that a corporation or other legal entity holding legal title to a unit or units may designate a person who is not a Unit Owner to act for it. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Council and the Condominium and may do all such acts and things as are not, by the Act or the Condominium Instruments, required to be exercised and done by the vote of the Council. Without limiting the foregoing, the powers and duties of the Board of Directors shall include:

- (a) To provide for the care, upkeep, repair, improvement or alteration and surveillance of the Condominium and services in a manner consistent with the provisions of the Condominium Instruments.
- (b) To establish and provide for the collection of assessments from the Unit Owners and for the assessment and/or enforcement of liens therefore in a manner consistent with the provisions of the Condominium Instruments and the Act.
- (c) To provide for the designation, hiring and/or dismissal of the personnel necessary for the good working order of the Condominium and for the proper care of the Common Elements and Limited Common Elements and to provide services for the project in a manner consistent with the provisions of the Condominium Instruments and the Act.
- (d) To promulgate and enforce such rules and regulations in accordance with Section 5.8(b) as may be deemed proper respecting the use, occupancy and maintenance of the Condominium, including but not limited to the Units, Common Elements and Limited Common Elements, and as are designed, to prevent unreasonable interference with the use and occupancy of the Condominium, including but not limited to the use and/or occupancy of the Units, Common Elements and Limited Common Elements by the Unit Owners or their guests, tenants, occupants, contractors or invitees, all of which shall be consistent with the provisions of the Condominium Instruments, all applicable state, county and local laws, ordinances and regulations, and the Act.

- (e) Enforce by legal means the provisions of the Declaration, By-laws, the Act and the rules and regulations, act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Unit Owners of any litigation against the Council involving a claim in excess of ten percent (10%) of the amount of the annual budget. Unless the Declaration or By-laws state otherwise, the procedures set forth in Section 11-113 of the Act, as amended, are to be followed by the Council or any other governing body before imposing a fine, suspending voting rights or infringing upon any other rights of a Unit Owner or other occupant for violations of the rules and regulations.
- (f) Notify a Mortgagee of any default hereunder by the Unit Owner of the unit subject to such mortgage, in the event such default continues for a period exceeding sixty (60) days.
- (g) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Elements, provided, however, that the consent of at least two-thirds in number and in Common Element Interest of all Unit Owners, obtained either in writing or at a meeting duly called and held for such purpose in accordance with the provisions of the Bylaws, shall be required to borrow any sum in excess of ten thousand (\$10,000.00) dollars. Such amount shall be increased annually on March 31 of each year by the product of 10,000 times a fraction the denominator of which is the Consumer Price Index for the Baltimore Metropolitan Area ("CPI") in effect as of April 1, 1983 and the numerator of which is the CPI in effect at the times of such increase. If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (g) is not repaid by the Council of Unit Owners, a Unit Owner who pays to the Creditor a percentage of the total amount due equal to his Common Element 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 Unit Owner's condominium unit, and the Council shall not be entitled to assess his unit for payment of the remaining amount due such creditor.

- (h) Acquire, hold and dispose of units or interests in an entity owning units, and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Council or any other governing body to which the Council delegates responsibility for preparing and adopting the budget.
- (i) In its sole discretion, from time to time to designate certain Common Elements as Reserved Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.
- (j) Furnish the statement required by Section 11-135 (c) of the Act within twenty (20) days after the receipt of a written request and receipt of a reasonable fee therefore from any Unit Owner.
- (k) Prepare, adopt and otherwise amend the annual budget as set forth in Section 11-109.2 of the Act, as amended.
- (l) Subject to any other provision of the Act, the Declaration or By-laws, those powers enumerated in Section 11-109(d) of the Act, as amended.

3.2 Managing Agent. The Board of Directors shall employ a professional managing agent at a rate of compensation established by the Board of Directors to perform such duties and services, as the Board of Directors shall, from time to time, authorize. Such duties and services may include without limitation the duties set forth in Section 3.1 unless the Act or the Condominium Instruments strictly prohibit the transfer of such duties or services. The Board or Council shall not undertake "self-management" or otherwise fail to employ a professional managing agent. Any management agent so employed must have and maintain fidelity bond coverage in an amount equal to or greater than one and one-half times the estimated annual operating reserves of the Council.

3.3 Number and Term of Office.

(a) Designated Members. The initial Board of Directors shall consist of no less than three (3) nor more than nine (9) persons, all of whom shall be designated by the Declarant. At the time of the termination of the Declarant Control Period, and subsequent thereto, the Board of Directors shall consist of three (3) classes of Directors. The term of office of a class consisting of at least two (2) but not more than three (3) Directors shall extend to and expire at the third annual meeting following termination of the Declarant Control Period; the term of office of a class consisting of up to three (3) additional Directors shall expire at the second annual meeting following

termination of the Declarant Control Period; and the term of office of a class consisting of any other Directors shall expire at the first annual meeting following termination of the Declarant Control Period. The term of each designee shall be fixed by the Declarant. At the expiration of the term of office of Directors designated by the Declarant or elected at the special meeting held pursuant to Subsection (b) below, all successor Directors shall be elected to serve for terms of three (3) years.

(b) Each member of the Board of Directors shall be a Unit Owner, provided that a corporation or other entity holding legal title to a unit or units may designate a person who is not a Unit Owner to act for it. Each member of the Board of Directors shall serve for a period of three (3) years and shall hold office until their successors have been elected. Upon the death, resignation, or removal of a Director, a replacement Director, elected in accordance with Section 3.6 shall serve until the next annual meeting at which time the vacated Director's position will be open for election by the Council pursuant to Section 3.4. The newly elected Director will serve the unexpired term of the replaced Director's position.

3.4 Election.

- (a) Except as provided for in Section 3.6, Unit Owners who hold legal title to a unit shall elect all Directors.
- (b) A Unit Owner may self nominate or nominate any other person described in Section 3.3(b) to be a member of the Board of Directors.
- (c) 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. Nominations must be in writing. Only nominations made at least fifteen (15) days before 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. Nominations may be made from the floor at the meeting at which the election to the Board of Directors is held.
- (d) A nominee must consent to the nomination prior to the election by providing his or her consent to the then-existing Board of Directors. Election materials prepared with funds of the Council shall list candidates in alphabetical order and may not indicate a candidate preference.
- (e) The election of Directors will take place at each annual meeting so as to replace those Directors whose term of office has expired.

3.5 Resignation/Removal.

(a) A Director may resign at any time.

(b) A Director shall be deemed to have resigned upon the transfer of legal title of the Director's unit or upon such Director's absence from any four (4) meetings of the Board of Directors and/or Council in any twelve (12) month period. Absence excused by the President of the Board of Directors or, in the case of the President, by the Vice-President, shall not be counted for purposes of determining four (4) missed meetings.

(c) Except as provided for in subsection (d), at an annual meeting of the Council or at any special meeting duly called for such purpose, any Director may be removed with or without cause by the affirmative vote of the majority of the votes of the Unit Owners present and voting, in person or by proxy, and a successor may then and there be elected by a majority of the Unit Owners present and voting, in person or by proxy, to fill the vacancy thus created. The newly elected Director will serve the remaining term of the replaced Director. Any Director whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting.

(d) The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due the Council may be terminated by resolution of the remaining Directors, and the remaining Directors shall appoint his or her successor as provided in Section 3.6. The newly elected Director will serve until the next annual meeting and is replaced by a Director elected pursuant to Section 3.4.

3.6 Vacancies. Vacancies in the Board of Directors caused by any reason other than the expiration of the term of office of a Director or the removal of a Director pursuant to Section 3.5(c) shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any vacancy, even though the Directors present at such meeting may constitute less than a quorum. The newly elected Director will serve until the next annual meeting and is replaced by a Director elected pursuant to Section 3.4

3.7 Organization Meeting. The first meeting of a newly elected Board of Directors following an annual meeting at which new Directors were elected shall be held not more than ten (10) days after said annual meeting. No notice of such meeting to the newly elected Board of Directors shall be necessary other than verbal notice in order to legally constitute such meeting; provided a majority of the entire Board of Directors is present at the meeting. A Director holding an officer's position shall maintain said position until the organization meeting is held and

new officers are elected. If a Director holding an officer's position is not re-elected at the annual meeting, his position will be deemed vacated upon the conclusion of the annual meeting.

3.8 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but such meetings shall be held at least once every four (4) months during each fiscal year. The Council shall maintain a current roster of names and addresses of each Unit Owner to which notice of the regular meetings of the Board of Directors shall be sent at least annually. Notice of regular meetings of the Board of Directors shall be given to each Director in person, by mail, posting, telephone, telegraph, e-mail and/or facsimile at least five (5) days prior to the day named for such meeting. Notice of regular meetings of the Board of Directors may also be given to each Unit Owner by mail, telephone, telegraph, e-mail, facsimile and/or posting, if so elected, at least five (5) days prior to the meeting.

3.9 Special Meetings. On the written request of at least three (3) Directors, special meetings of the Board of Directors shall be called by the President on five (5) business days notice to each Director, given personally, by mail, telegraph, telephone, e-mail, posting and/or facsimile, which notice shall state the time, place and purpose of the meeting. Notice of each special meeting of the Board of Directors, if elected to do so, may be given to Unit Owners by mail, telephone, telegraph, e-mail, posting or facsimile at least three (3) days prior to the meeting.

3.10 Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director, in person, by telephone or other telecommunication, at any meeting of the Board of Directors shall constitute a waiver of notice by the Director of the time, place and purpose of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

3.11 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A Director who participates in a meeting by means of telephone other telecommunication shall be

deemed present at the meeting for all purposes.

3.12 Compensation/Reimbursement. No Director shall receive any compensation from the Condominium for acting as such. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors so long as the expense is approved by the majority of the Directors.

3.13 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board meeting recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceeding occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Act or the Condominium Instruments.

3.14 Action Without Meeting. Any Action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the Directors shall individually or collectively consent to such action. Any such consent shall be filed with the minutes of the proceedings of the Board of Directors.

3.15 Board of Directors as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact 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. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact 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 or the Property to: (i) adjust and settle all claims arising under insurance policies purchased by the Board of Directors, (ii) execute and deliver releases upon the payment of claims and (iii) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to Section 11-112 of the Act; as amended: provided, however, that the consent of a Mortgagee shall be required if such mortgagee notifies the Board of Directors pursuant to Section 11.1 of the By-laws within thirty (30) days after receipt of notice of the damage pursuant to Subsection 6.2(c) of the By-laws or notice of the taking in condemnation or by eminent domain pursuant to Section 8.2 of the By-laws. The powers hereby granted shall be in addition to any rights granted by Section 11-109 of the Act, as amended.

3.16 Liability and Indemnification of Officers and Directors.

(a) The Council shall indemnify every Officer, Director

and committee member against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon any Officer, Director or committee member in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors or Council) to which he or she may be made a party by reason of being or having been an Officer, Director or committee member at the time such expenses are incurred. The Officers, Directors and committee members shall not be liable to the Council or any Unit Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith, to the extent that such liability is satisfied by directors and officers liability insurance. The Officers, Directors and committee members shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Council or the Condominium (except to the extent that such officer, Directors or committee members may also be owners of Condominium units) and the Council shall indemnify and forever hold each such Officer, Director or committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be in addition to and not exclusive of any other rights to which any Officer, Director or committee member or former Officer, Director or committee member may be entitled.

(b) The liability of any Unit Owner arising out of any contract made by the Officers, Directors, committee members, or managing agent; out of the indemnification of the Officers, Directors or committee members; for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a Common Element Interest therein; or for liabilities incurred by the Council shall be limited to the total liability multiplied by his Common Element Interest. Every agreement made by the Officers, Directors, committee members, or the managing agent on behalf of the Council shall, if obtainable, provide that the Officers, Directors, committee members, or the managing agent, as the case may be, are acting only as agents for the Council and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Common Element Interest.

(c) The Council or Board of Directors shall not be liable for any failure of water supply or other services to be obtained by the Council or paid for as a common expense, or for injury or damage to person or property caused by the elements or by the Unit Owner or occupant of any Condominium unit, 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 shall not be liable for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common

Elements or Limited 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 Limited Common Elements or from any action taken by the Council to comply with any law, ordinance or with the order or directive of any governmental authority.

3.17 Common or Interested Directors. Each Director shall exercise their powers and duties in good faith and with a view to the interests of the Council and Condominium. No contract or other transaction between the Council and any of its Directors or Officers, or between the Council and any corporation, firm or association in which any of the Directors or Officers are Directors or Officers, or are pecuniarily or otherwise interested, is either void or voidable because any such Director or Officer is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in the following subsections or as enumerated in Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, or its successor statute exist:

(a) The fact of the common directorate, office or interest is disclosed or known to the Board of Directors and noted in the minutes, and the Board of Directors or Committee authorizes, approves, or ratifies such contract or transaction in good faith by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors or Committee constitute less than a quorum; or

(b) The fact of the common directorate, office or interest is disclosed or known to at least a majority of the Unit Owners entitled to vote, and the Unit Owners who are entitled to vote authorize, approve or ratify the contract or transaction in good faith by a majority of the votes cast by the eligible Unit Owners other than the votes by the interested Directors, corporations, firms or other entities; or

(c) The contract or transaction is fair and reasonable to the Council at the time it is authorized, ratified, approved, or executed.

Any common or interested Director(s) may be counted in determining the presence of a quorum of any meeting of the Board, of Directors or committee thereof or Council at which meeting the contract or transaction is authorized, approved, or ratified and may vote at the meeting to authorize any contract or transaction with like force and effect as if such Director of the Council were not an Officer or Director of such other corporation, firm or

association or not so interested.

3.18 Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of three (3) to five (5) members appointed by the Board of Directors, each to serve for a term of two (2) years, in order to assure that the Condominium shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the aesthetic or property values of the Condominium; (3) furthering the comfort of the Unit Owners, their guests, and tenants; and (4) promoting the general welfare and safety of the Condominium community.

(b) Powers.

(1) The Covenants Committee shall regulate the external design, appearance, use, and maintenance of the Common Elements.

(2) The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses, or consultations required in connection with improvements or changes proposed by a Unit Owner.

(3) The Covenants Committee shall have the power to impose reasonable fines (pursuant to Subsection 9.1(g) hereof) upon, and issue a cease and desist request to, a Unit Owner, his guests, invitees, tenants, contractors, employees, servants, or lessees whose actions are inconsistent with the provisions of the Act, the Condominium Instruments, the Rules and Regulations or resolutions of the Board of Directors.

(4) The Covenants Committee shall from time to time, as required provide interpretations of the Condominium Instruments, Rules and Regulations and resolutions pursuant to the intent, provisions and qualifications thereof when requested to do so by a Unit Owner or the Board of Directors.

(5) Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board of Directors to have standing as an aggrieved party and the Board of Directors may affirm, modify or reverse any such action, ruling or decision.

(c) Authority. The Covenants Committee shall have such

additional duties, powers, and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers, and authority either generally or on a case-by-case basis. The Covenants 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 of Directors.

3.19 Open Meetings. Except as provided in Section 11-109.1 of the Act, a meeting of the Board of Directors shall be open and held at a time and location as provided in the notice.

ARTICLE 4

Officers

4.1 Designation/Appointments.

(a) The principal Officers of the Council shall be the President, Vice-President, Secretary, and Treasurer, all of whom shall be elected by the Board of Directors from among its members. The Board of Directors may appoint one or more assistant treasurer[s] and/or assistant secretar[ies] whose specific duties shall be designated in the appointment.

(b) The President of the Board of Directors shall designate Directors to serve as a liaison to tenants residing in the community, and on the buildings and grounds committee, the Covenants Committee, the finance committee and such other committees as shall be created by the Board of Directors.

4.2 Election of Officers. The Officers of the Council shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors. Officers of the Board of Directors shall maintain their position until replaced by new officers elected at the organization meeting. If a Director holding an officer's position is not re-elected at the annual meeting, his position will be deemed vacated upon the conclusion of the annual meeting.

4.3 Resignation/Removal of Officers.

(a) An officer may resign at any time. Resignation of an officer's position does not resign the officer's position as a member of the Board of Directors unless so indicated by the resigning officer.

(b) An officer shall be deemed to have resigned upon the transfer of legal title of the officer's unit or upon such officer's absence from any four (4) meetings of the Board of Directors and/or Council in any twelve (12) month period. Absence excused by the President of the Board of Directors, or in the case

of the President, by the Vice-President, shall not be counted for purposes of determining four (4) missed meetings.

(c) Upon the affirmative vote of a majority of all members of the Board of Directors, any officer may be removed as an officer, either with or without cause. A removed officer shall retain his position as a member of the Board of Directors unless removed pursuant to Section 3.5(c).

4.4 President. The President shall be the chief executive officer of the Council of Unit Owners; preside at all meetings of the Council and of the Board of Directors; have general and active management of the business of the Council subject to the control of the Board of Directors; see that all orders and resolutions of the Board of Directors are carried into effect; and from time to time and in his/her discretion appoint committees from among the Unit Owners to assist in the conduct of the affairs of the Council.

4.5 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 of Directors shall appoint from among its members a Director to act on an interim basis in the place of the President. The Vice President shall also perform such duties as shall from time to time be imposed by the Board of Directors or by the President.

4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Council and of the Board of Directors; maintain a roster of the names of Directors present at Board of Directors meetings and, as to absent Directors, identify if the absence is excused; have charge of such books and papers as the Board of Directors may direct; give or cause to be given all notices required to be given by the Council, maintain a register setting forth the place to which all notices to Unit Owners and mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of Secretary.

The Secretary shall further see that all corporate documents, Condominium Instruments, plats, records of committees, legal documents and such other books, documents and papers as the Board of Directors may direct are maintained at the principal office as set forth in Section 1.2 or at another location as agreed to by a majority of the Board of Directors.

4.7 Treasurer. The Treasurer (together with the managing agent), shall be responsible for the funds and securities of the Council; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of and/or to the credit of the Board of Directors or the Council in such depositories as may from time to

time be designated by the Board of Directors; and, in general, perform all the duties incident to the office of Treasurer.

The Board of Directors may from time to time delegate any or all of the Treasurer's duties to the managing agent or Banking institution in which case the Treasurer shall be responsible to oversee that all of the transferred duties are timely and fully executed. The Treasurer shall, in consultation with the Board of Directors, determine the form and frequency of reports to be received from the managing agent.

4.8 Execution of Documents/Expenditures.

(a) All agreements, contracts, deeds, leases, notes evidencing debt, loans, mortgages, releases and other instruments of the Council or on behalf of the Council shall be executed by the President or Vice President of the Board of Directors and attested to by the Secretary or Treasurer. The managing agent, upon first receiving approval from the Board of Directors (which approval shall be made part of the minutes) may enter into and execute an agreement or contract on behalf of the Council or Board of Directors.

(b) All expenditures and payments as part of any agreement, contract, lease, note, loan, mortgage, release or other instrument which has been executed and approved pursuant to Section 4.8(a) shall be timely made by the Treasurer or managing agent without the approval of the Board of Directors. All other expenditures or payments which are necessary for day to day operations of the Condominium shall be made by the Treasurer or, if first approved by the Treasurer, the managing agent.

4.9 Compensation of Officers. No officer shall receive compensation from the Council for acting as such officer.

4.10 Vacancies. Vacancies of an officer's position caused by death, resignation or removal shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of such vacancy, even though the Directors present at such meeting may constitute less than a quorum. The Vice President, however, shall become President upon the death, removal or resignation of the President. The newly elected officer shall hold office at the pleasure of the Board of Directors until the next organization meeting.

ARTICLE 5

Operation of the Property

5.1 Determination of Common Expenses and Assessments Against Unit Owners.

(a)(1) Common Expenses. Whenever used herein, the term "Common Expenses" shall mean those expenses declared as such in the Act or by resolution of the Board of Directors and shall include without limitation:

(i) The cost of providing water, sewer, garbage and trash collection, electrical, gas and other necessary utility services for the Common Elements, including any recreational facilities and, to the extent that the same are not separately metered or billed, for the units; provided, however that if any of aforementioned are provided or paid for the benefit of a particular unit or units, the costs thereof may be specially assessed to the owner or owners thereof.

(ii) The cost of insurance for the Condominium.

(iii) The cost of the service of a person or firm to manage the Condominium and the service of such other personnel as the Board of Directors shall consider necessary.

(iv) The cost of providing such legal and accounting services as may be considered necessary to the operation of the Condominium.

(v) The cost of painting, maintaining, replacing, repairing, landscaping and snow removal of the Common Elements and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper.

(vi) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Council is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper.

(vii) The cost of the maintenance or repair of any unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common Elements or to preserve the appearance or value of the Condominium or is otherwise in the interest of the general

welfare of all Unit Owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Unit Owner owning the unit proposed to be maintained, and provided further, that the cost thereof shall be specially assessed against the Unit Owner owning such unit.

(a)(2) Limited Common Expenses - Whenever used herein, the term "limited common expenses" means expenses separately assessed against one or more but less than all of the Condominium units generally in accordance with the use of the services.

(b) Preparation and Approval of Budget.

(1) The Board, with the assistance and counsel of the managing agent shall prepare and adopt a budget for each annual fiscal year. The fiscal year of the Council shall be January 1 through December 31 unless otherwise determined by the Board of Directors. At the annual meeting, the Board of Directors shall adopt a budget for the Council containing an estimate of the total amount considered necessary to pay the cost of 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, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Condominium Instruments or a resolution of the Board of Directors and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. The budget shall reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts, as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements, and shall reflect any anticipated or actual income of the Council. At least thirty (30) days before the annual meeting at which the proposed budget shall be adopted, the Board of Directors shall send to each Unit Owner a copy of the proposed budget in a reasonably itemized form which sets forth the amount of the Common Expenses, Limited Common Expenses and any special assessment payable by each Unit Owner. The budget shall provide at least the following items: income, administration, maintenance, utilities, general expenses, reserves and capital items. The budget shall be adopted in accordance with the provisions of Section 11-109.2 of the Act, as amended. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Condominium.

(3) Any expenditure made other than those made

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

(c) Assessment and Payment of Common Expenses.

(1) Subject to the provisions of subsection 9.1(a) hereof, the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to his respective Common Element Interest, except for

(i) Limited Common Expenses which shall be assessed against each Unit Owner benefited in proportion to the relative Common Element Interest of such units inter se, and

(ii) any special assessments made against a unit as provided in subsection (a) hereof which shall be assessed against that unit only in accordance with Article 9 hereof.

(2) All assessments as provided above shall be a lien against the affected Unit Owner's unit as provided in Section 9.2 of these By-laws.

(3) On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the managing agent (as determined by the Board of Directors), one-twelfth of such assessment.

(4) Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners, and to each Mortgagee requesting same, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors be placed in reserve accounts, 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 Common Element Interest to the next monthly installments due from Unit Owners under the current fiscal

year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Common Element Interests and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in monthly installments, as the Board of Directors may determine.

(d) Reserves.

(1) The Board of Directors shall build upon and maintain reasonable reserves for working capital, operations, contingencies, and replacements. In its discretion, however, the Board of Directors may refrain from collecting reserves for the replacement of any item until such time as the construction of such item has been completed. Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year, shall be charged first against such reserves.

(2) If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessments, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Common Element Interests. The Special Assessment may be payable in a lump sum or in installments as the Board of Directors may determine provided, however that in the event the reserves for repair, maintenance and replacement of the roof are found to be inadequate, any such further assessment shall be collected as a Limited Common Expense.

(3) 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 therefore, 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 delivery of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in Section 5.1(c).

(d) Initial Capital Payment. [deleted section]

(e) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the

previous fiscal year until notified of the monthly payment which is due more than ten (10) days after such new annual or adjusted budget is adopted.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund or held for each Unit Owner in accordance with his Common Element Interest.

5.2 Payment of Common Expenses.

(a) Each Unit Owner shall pay the Common Expenses, including Limited Common Expenses and Special Assessments assessed by the Board of Directors pursuant to the provisions of Section 5.1 hereof.

(b) No Unit Owner may be exempted from liability for the assessment for Common Expenses, Limited Common Expenses and Special Assessments by reason of waiver of the use or enjoyment of any of the Common Elements, Limited Common Elements or by abandonment of the unit.

(c) No Unit Owner shall be liable for the payment of any part of the Common Expenses, Limited Common Expenses or Special Assessments assessed against the unit subsequent to the date of recordation of a conveyance by such Unit Owner in fee of such unit. Prior to or at the time of such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged.

(d) The purchaser of a unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for the proportionate share of the Common Expenses, Limited Common Expenses and Special Assessments up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within twenty (20) business days following a written request therefore to the Board of Directors or the managing agent and such purchaser shall not be liable for, nor shall the unit conveyed be subject to a lien for any unpaid assessments in excess of the amount therein set forth; and provided further, that each Mortgagee who comes into possession of a Condominium unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Condominium unit free of any claims for unpaid assessments or charges against such unit which accrue prior to the time such Mortgagee comes into possession thereof, except for claims for a pro rate share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all

Condominium units including the mortgaged Condominium unit.

5.3 Collection of Assessments. The Board of Directors, or the managing agent at the request of the Board of Directors, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

5.4 Statement of Common Expenses. The Board of Directors, or the managing agent shall promptly provide any Unit Owner, contract purchaser, or Mortgagee who requests in writing a written statement of all unpaid assessments for Common Expenses, Limited Common Expenses, Special Assessments and/or fines and charges due from such Unit Owner. A reasonable charge may be imposed for the preparation of such statement to cover the cost of preparation.

5.5 Maintenance, Repair, Replacement and Other Common Expenses.

(a) Chart of Maintenance Responsibilities. Notwithstanding the general provisions for maintenance set forth in subsections (c) and (d), specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth therein, be determined pursuant to the Chart of Maintenance Responsibilities attached hereto as Exhibit "B" and incorporated herein by reference. To the extent there is a conflict over maintenance responsibilities, the chart governs unless contrary to the Act.

(b) Manner of Repair and Replacement. 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, all subject to approval of the Covenants Committee or Board of Directors.

(c) By the Council of Unit Owners. The Council shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the majority of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner or his occupant, tenant, guest, contractor or invitee) of all of the Common Elements (including the Limited Common Elements) as defined herein or in the Declaration, whether located inside or outside of the units, the cost of which shall be charged to all Unit Owners as a Common Expense except for such costs as are specifically designated as Limited Common Expenses; provided, however, that each Unit Owner shall perform normal maintenance on the Limited Common Elements appurtenant to such Unit Owner's unit and any portion of the remaining Common Elements which the Board of Directors, pursuant to the Rules and Regulations, permits such Unit Owner to utilize.

(d) By the Unit Owner.

(1) Each Unit Owner shall keep the unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the unit. In addition, each Unit Owner shall be responsible for all damage to any other unit(s) or the Common Elements and Limited Common Elements resulting from such Unit Owner's failure or negligence to make any of the repairs required by this section, including but not limited to those enumerated in exhibit "B". 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 is responsible.

(2) Any Unit Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

5.6 Additions, Alterations or Improvements by the Board of Directors. [deleted]

5.7 Additions, Alterations or Improvements by the Unit Owners.

(a) No Unit Owner shall make any structural addition, alteration or improvement in or to the unit without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. No Unit Owners shall paint or alter the exterior of the unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any building, without the prior consent of the Board of Directors or the Covenants Committee as appropriate. The Board of Directors or Covenants Committee shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's unit within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors or the Covenants Committee to the proposed structural addition, alteration or improvement. 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, and provided consent has been given by the Board of Directors or the Covenants Committee, then the application shall be executed on behalf of the Council by an authorized officer only, without however incurring any liability on the part of the Board of Directors, the Council 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.

(b) Units may be subdivided, consolidated or otherwise altered only in accordance with Section 11-107 of the Act, as amended, and only upon prior approval of the Board of Directors or the Covenants Committee. Prior to the subdivision, consolidation or alteration of a unit(s), all expenses, including reasonable attorney's fees, associated with amending the Condominium Instruments, including recordation shall be paid to the Council by the Unit Owner(s) proposing the subdivision, consolidation or alteration. The Secretary shall be responsible to see to the recordation of amendments to the Declaration and Plats as may be necessary.

5.8 Restrictions on Use of Units and Common Elements; Rules and Regulations.

(a) Restrictions. The Condominium, including but not limited to each unit, Common Element and Limited Common Element shall be governed by the following restrictions and shall be occupied and used as follows:

(1) Except for the area of the Condominium designated for recreational use and except as provided in the Declaration, no unit shall be used for other than housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary non-residential uses from time to time.

(i) A unit or any other part of the Condominium shall not be used as a family day care home or no-impact home-based business as defined in Section 11-111.1 of the Act, as amended.

(ii) The prohibition set forth in subsection (i) may be eliminated upon the approval of a majority of the total eligible voters of the condominium.

(2) Nothing shall be done or kept in any unit or in the Common Elements or Limited Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for residential or commercial uses without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in the unit or in the Common Elements or Limited Common Elements which will result in the cancellation of insurance on the property or any part thereof which would be in violation of any law, regulation or administrative ruling or otherwise, as determined by the Board of

Directors, annoy, harass, humiliate, or interfere with a Unit Owner's enjoyment of the Property, including his Unit or Common Elements or Limited Common Elements. No waste will be committed on the Common Elements or Limited Common Elements.

(3) No immoral, improper, offensive, annoying, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Council, whichever shall have the obligation to maintain or repair such portion of the property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(4) No Unit Owner, tenant, occupant, invitee, contractor or guest shall obstruct any of the Common elements or Limited Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements or Limited Common Elements (except those areas designated for such storage by the Condominium Instruments or the Board of Directors) without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Elements or Limited Common Elements except with prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The Common Elements and Limited 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.

(6) Leasing of Unit.

(i) No unit shall be rented for transient or hotel purposes or in any event for an initial period of less than three (3) months without prior consent of the Board of Directors.

(ii) Except for the Boat Slip Unit, no portion of any unit (other than the entire unit) shall be leased for any period.

(iii) No Unit Owner shall lease a unit other than on a written form of lease: (i) requiring the lessee to comply with the Condominium Instruments and Rules and Regulations; (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceeding to evict the tenant in the name of the lessor thereunder after forty-

five (45) days prior written notice to the Unit Owner in the event of a default by the lessee in the performance of the lease. To the extent that any such lease agreement does not expressly provide the aforementioned, it shall be deemed to do so.

(iv) The Board of Directors may suggest or require a standard form lease for use by Unit Owners. Each Unit Owner of a unit shall, promptly following the execution of any lease of a unit, forward a conformed copy thereof to the Board of Directors.

(v) The rental, occupancy or use of a unit or the use of any part of the Condominium by any person shall constitute such person's agreement to be subject to and bound by the provisions of the Condominium Instruments and the Rules and Regulations and such provisions shall be deemed to be enforceable equitable servitudes and covenants running with the land and shall bind any person having any interest or estate in such unit as though such provisions were recited and stipulated in full in each and every deed or lease thereof.

(vi) Failure to comply with any of such provisions shall be grounds for legal and equitable relief maintainable by the Board of Directors on behalf of the Council or by an aggrieved Unit Owner. In any such action in which the Board of Directors or aggrieved Unit Owner is successful, the Board of Directors or such Unit Owners shall be entitled to recover all reasonable costs and expenses of any such action, including reasonable attorney's fees.

(7) Trailers, campers, recreational vehicles, boats, jet skis, commercial vehicles and other large vehicles may be parked on the Condominium only if expressly permitted by the Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed or have expired shall be kept upon any of the Common Elements or Limited Common Elements. Vehicle repairs other than ordinary light maintenance are not permitted in the Condominium.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any unit or upon Common Elements or Limited Common Elements, except that the keeping of orderly domestic pets not to exceed one (1) per unit without the approval of the Board of Directors is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided further than any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from

the property upon ten (10) days written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements or Limited Common Elements unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Condominium shall be deemed to have indemnified and agreed to hold the Council and each Unit Owner free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Council resulting from the presence of such pets.

(9) Except as provided for in the Act, no signs of any character, including without limitation, "for sale" signs, shall be erected, posted or displayed upon, in, from or about any unit or Common Element or Limited Common Element without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(10) Sufficient carpeting or rugs shall be maintained on a minimum of eighty (80%) percent of the floor surfaces (except kitchens, closets and bathrooms) in units located over other units to adequately reduce transmission of sound between units.

(b) Rules and Regulations. Each unit and the Common Elements and Limited Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed or amended by the Board of Directors from time to time. The Board shall furnish copies of the Rules and Regulations to each Unit Owner. Changes or amendments to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request. The methods and procedures adopted by the Board of Directors to promulgate and change or amend the Rules and Regulations shall comply with the provisions of Section 11-111 of the Act, as amended.

(c) Nothing contained in this section shall be deemed to limit the right of the Board of Directors to promulgate Rules and Regulations not inconsistent with the restrictions set forth in the Condominium Instruments including, but not limited to those enumerated in subsection (a), the Act or which are otherwise consistent with applicable state, county and local laws, ordinances and regulations.

(d) Nothing contained in this section shall be deemed to limit, restrict or impair the use of the Boat Slip Unit.

5.9 Right of Access. By acceptance of the deed of conveyance, each Unit Owner thereby grants right of access and easement to the unit, as provided by Section 11-125(e) of the Act, as amended, and subsection 4.2(a) of the Declaration, to the Board of Directors or the managing agent for the purpose of enabling the exercise and discharge of their respective powers and responsibilities including without limitation making inspections, correcting any condition originating in the unit or in a Common Element or Limited Common Element to which access is obtained through the unit and threatening another unit or the Common Elements or Limited Common Elements, performing installations, alterations or repairs to the mechanical or electrical systems or the Common Elements or Limited Common Elements in the unit or elsewhere in the Property or to correct any condition which violates any Mortgage; provided, however, that a reasonable effort to give notice for entry is made to the Unit Owner and, to the extent possible, that any such entry is at a time reasonably convenient to the Unit Owner. In case of emergency, such right of entry shall be immediate and irrespective of whether the Unit Owner is present. If damage is inflicted on the Common Elements, Limited Common Elements or any unit through which access is taken, the Council shall promptly repair same. An entry pursuant to this section shall not be considered a trespass.

5.10 Utility Charges. The cost of utilities serving the Condominium not individually metered to a unit shall be a common expenses allocated pursuant to section 5.1 hereof.

ARTICLE 6

Insurance

6.1 Insurance. The Board of Directors shall obtain and maintain to the extent reasonably available, at least the following:

(a) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e. 100% of "replacement cost" exclusive of land, land preparation, footings, slabs and under-slab utilities) of the Condominium (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, a "Loss of Maintenance Fee Endorsement" or its equivalent, without deduction or allowance for depreciation, as determined annually by the Board of Directors (with the assistance of the insurance company affording such coverage) such coverage to be the standard condominium all-risk

coverage plus insurance against damage caused by sprinkler leakage; and

(b) Public liability insurance with a "Severability of Interest Endorsement" or its equivalent, in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, hired automobile liability, non-owned automobile liability and medical payments, and such other risks as shall customarily be covered with respect to condominiums similar in construction, location and use, including any and all other liability incident to the ownership, maintenance and use of the Condominium or any portion thereof.

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

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

(e) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as are or shall hereafter be considered appropriate by the Board of Directors. The Board of Directors shall maintain adequate fidelity coverage to protect against dishonest acts on the part of Officers and Directors, trustees for the Council and such employees and agents of the Council who handle or are responsible for the handling of funds of the Council. Such fidelity coverage shall meet the following requirements:

1. All such fidelity bonds and policies of insurance shall name the Council as obligee or named insured, as the circumstances may require; and

2. All such fidelity bonds and policies of insurance shall be written in an amount equal to at least fifteen percent (15%) of the estimated annual operating budget of the condominium, including reserves; and

3. All such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of

"employee" or similar expression;

4. All such fidelity bonds and insurance shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all obliges and insureds named thereon and to any mortgagee of any such condominium unit who requests such notice in writing.

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

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of between "A" and "AAAA" or better in the current edition of *Best's Insurance Guide*.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors, as a trustee for the owners of the units, or its authorized representative, including any trustee with which the Board of Directors may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be herein elsewhere referred to as the "Insurance Trustee."

(c) In no event shall insurance coverage obtained and maintained pursuant to the requirements of this Article or the Act be brought into contribution with insurance purchased by the owners of the units or their mortgages, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this Article shall exclude such policies from consideration.

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

(e) All policies shall provide that such policies may not be canceled or substantially modified including cancellation for non-payment of premium without at least thirty (30) days prior written notice to any and all insureds named therein, including the Council, each Unit Owner and any and all Mortgagees of the units.

(f) All policies shall contain a waiver of subrogation

by the insurer as to any and all claims against the Council, the Board of Directors, and the owner of any condominium unit and their respective agents, employee or tenants, and of any defenses based upon co-insurance or invalidity arising from the non-malicious act of the insured.

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

6.3 Individual Policies. The owner of any unit (including the holder of any mortgage thereon) may obtain additional insurance (including a "Condominium Unit Owner's Endorsement" or its equivalent, for improvements and betterment to the condominium unit made or acquired at the expense of the owner) at his own expense. Such insurance may be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 6.2(f) of this Article. It is recommended that each owner obtain in addition to the insurance herein above provided to be obtained by the Board, a plate glass damage policy and a "Tenant's Homeowners Policy" or its equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such later policy should include a "Condominium Unit Owner's Endorsement" or its equivalent, covering losses to improvements and betterment to the unit made or acquired at the expense of the Unit Owner.

6.4 Copies of Policies. The Board of Directors, at the written request of an owner or mortgagee of any unit(s), shall promptly obtain and forward to such owner or mortgagee: (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such unit owner or mortgagee as it may appear; (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

6.5 Insurance Trustee. In the event of fire or other casualty, subsequent to which the Condominium is to be reconstructed as provided in the Declaration and By-laws, and if the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to two and one-half percent (2 1/2 %) of the full replacement value of the Condominium, as established by the Board of Directors, and the institutional holder or holders of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more than \$150,000.00 (hereinafter in this Section 6.5 called the "mortgagee") shall so require, all

proceeds of insurance shall be paid over to a trust company or bank (the "Insurance Trustee") having trust powers and authorized to engage in trust business in the jurisdiction wherein the condominium is located, selected by the Board of Directors with the approval of the Mortgagee(s), and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the Mortgagee(s) and which shall contain, inter alia, the following provisions:

(a) The reconstruction or repair shall be in the charge of an architect or engineer, who may be an employee of the Council; satisfactory to the mortgagee, and hereinafter in this section 6.5 called the "architect."

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

(c) Unless otherwise required by the Mortgagee, each request for an advance of the proceeds of insurance shall be made to the Mortgagee at least five (5) days prior to delivery to the Insurance Trustee and shall be accompanied by a certificate from a competent inspector satisfactory to the Insurance Trustee to the effect that:

(1) all work then completed has been performed in accordance with the plans and specifications and all building codes or similar governmental requirements;

(2) the amount requested to be advanced is required to reimburse the Council for payments previously made by the Council or is due to the contractor responsible for the restoration or repair, or the subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and

(3) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request.

(d) Each request for an advance of the proceeds of insurance shall, if required by the Mortgagee, be accompanied by satisfactory waivers of liens covering that portion of the repair

or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there had not been filed with respect to the Condominium any mechanic's lien or other lien, or notice of intention to file the same, which has not been dismissed, satisfied or released.

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

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

6.6 Damage Caused by Owner, etc. If any Unit Owner, his tenant, guest, occupant, employee, agent, servant, contractor or invitee causes damage to that owner's unit, the Common Elements or Limited Common Elements, the unit(s) of any other owner(s) or any part of the Condominium, then the Unit Owner who caused damage (whether such damage was actually caused by him or his tenant, guest, occupant, employee, agent, servant, contractor or invitee) shall be liable for the cost of repairing such damage, including reimbursement of the insurance deductible under the policy of any other owner so damaged or the deductible under the Master Policy of the Council but as to the latter only not to exceed the amount set forth in Section 11-114 of the Act, as amended as recoverable by an unit owner. These damages shall be assessed in accordance with these By-laws and, if unpaid within thirty (30) days after written demand for payment is made, shall become a lien against the unit and may be collected as provided for in Article 9.

6.7 If the cause of any damage to or destruction of any portion of the condominium originates from a unit, the owner of the unit shall be responsible for the Council of Unit Owners' property insurance deductible in an amount not to exceed the greater of \$1,000 or such other amount as may be permitted by the Maryland Condominium Act.

6.8 Annual Review of All Insurance. The Board of Directors, at least annually, shall review all insurance policies and the needs of the Council and shall, if necessary, and after consulting with the Managing Agent and insurance professionals, purchase additional or supplementary insurance or shall terminate unnecessary insurance. Insurance required by these By-Laws or the Act shall not be terminated.

6.9 Flood Insurance. The Council shall pay the flood insurance premiums for those buildings deemed to be in flood zone.

ARTICLE 7

Repair and Reconstruction After Fire or Other Casualty.

7.1 When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4 in the event of damage to or destruction of all or any part of any building as a result of fire or other casualty, the Board of Directors or Insurance Trustee if appointed pursuant to Section 6.5 shall arrange for and supervise the prompt repair and restoration of the damaged Common and Limited Common Elements and units except as covered under a policy of insurance procured by or on behalf of the Council. The Council and/or Board of Directors shall not be liable for any furniture, furnishings, fixtures, equipment or personal property of the Unit Owners or their tenants, guests, servants, employees, occupants or contractors. Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the repair and restoration of the unit.

7.2 Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the building, the Board of Directors or Insurance Trustee if appointment pursuant to Section 6.5 shall obtain reliable and detailed estimates of the cost of repairing and restoring the damaged Common Elements, Limited Common Elements and units to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray 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/or shall be deemed a Common Expense and a Special Assessment therefor shall be levied.

(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 using contemporary building materials and technology to the extent feasible; provided, however, that other action may be taken if approved by at least fifty-one (51%) percent, of the Mortgagees affected by such reconstruction.

7.3 Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The proceeds of insurance collected on account of casualty, and the sums received by the Council or an insurance trustee, if so designated, from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) Any insurance proceeds shall be held in trust for Unit Owners and lien holders as their interests may appear;

(2) Insurance proceeds shall be disbursed for the repair and restoration of the damaged Common Elements, Limited Common Elements and Units; and

(3) Unit Owners and lien holders are not entitled to receive payment of any portion of the insurance proceeds unless there is a surplus of proceeds after the Common Elements and Limited Common Elements and units have been completely repaired or restored or the Condominium is terminated.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all Unit Owners in proportion to their Common Element Interests and shall be distributed in accordance with the priority of interests at law or in equity in each unit.

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

7.4 When Reconstruction Is Not Required. If the Board of Directors elects not to repair insubstantial damage to the Common Elements or Limited 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 among all Unit Owners in proportion to their respective Common Element Interests. If the Condominium shall be terminated pursuant to Section 11-123 of the Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided among all Unit Owners in proportion to their respective Common Element 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 unit in the order of priority of such liens.

ARTICLE 8

Mortgages

8.1 Notice to Board of Directors. A Unit Owner who mortgages the unit shall notify the Board of Directors of the name(s) and address(es) of the Mortgagee(s) and shall provide a copy of the note(s) and mortgage(s) to the Board of Directors. A Unit Owner is to timely notify the Board of Directors of any addition(s) or deletion(s) of a Mortgage on his unit.

8.2 Notice of Default, Casualty or Condemnation.

(a) The Board of Directors, when giving notice to any Unit Owner of a default in paying an assessment for Common Expenses (which remains uncured for sixty (60) days,) or any other default, may simultaneously send a copy of such notice to the Mortgagee of such unit.

(b) The Board of Directors shall promptly notify a Mortgagee who has provided the Council with written notice of its name and address and so requested, notice of any casualty as may be required in Article 6; of all actions taken under Article 7; and of any taking in condemnation or by eminent domain pursuant to Section 11-112 of the Act, as amended, and actions of the Council with respect thereto. The Board of Directors shall not be required to provide the aforementioned notice or any other notice concerning the Condominium to a Mortgagee unless specifically requested to do so by the Mortgagee.

8.3 Notice of Amendment of Condominium Instruments. The Board of Directors shall give notice to all Mortgagees at least sixty (60) days prior to the date on which the Unit Owners, in accordance with the provisions of these By-laws, materially amend the Condominium Instruments.

8.4 Notice of Change in Managing Agent. The Board shall give notice to all Mortgagees requesting such notice at least thirty (30) days prior to changing the managing agent.

8.5 Mortgagees' Approvals.

- 1) Two-Thirds Vote. Unless at least sixty-seven percent (67%) of the Mortgagees and at least sixty-seven percent (67%) of the Unit Owners have given their prior approval, the Council shall not: (i) (except following destruction or condemnation, and except in connection with subdivision of a unit as provided in Section 5.7(b) of these By-laws or the addition of Additional Land) change any unit's Common Element Interest except as provided in Section 11-112 of the

Act; (ii) (except following destruction or condemnation) partition, subdivide, abandon, encumber, sell or transfer the Common Elements of the Condominium (except for the granting of utility easements, etc. pursuant to Sections 11-109 and 11-125, as amended, of the Act;); (iii) (except following destruction or condemnation) by act or omission withdraw the submission of the property to the Act, except as provided by Section 11-123, as amended, of the Act; (iv) modify the method of determining and collecting assessment or allocating distributions of casualty insurance proceeds or condemnation awards; or (v) use hazard insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in section 7.4 hereof.

(b) Majority Vote. Unless at least fifty-one percent (51%) of the Mortgagees and at least sixty-seven percent (67%) of the Unit Owners have given their prior approval, the Council shall not add or amend any material provisions of the Condominium Instruments which establish, provide for, govern or regulate any of the following:

- (1) voting;
- (2) assessments, assessment liens or subordination of such liens;
- (3) reserves for maintenance, repair and replacement of the Common Elements (or units if applicable;);
- (4) insurance or fidelity bonds;
- (5) rights to use of the Common Elements;
- (6) maintenance responsibility;
- (7) boundaries of any unit, except in connection with the subdivision of a unit as provided in Section 5.7(b) of these By-laws;
- (8) the interests in the Common Elements or Limited Common Elements except in connection with the subdivision of a unit as provided in Section 5.7(b) of these By-laws or the addition of Additional Land;
- (9) leasing of units;

- (10) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey the unit; or
- (11) any provisions which are for the express benefit of Mortgagees.

(c) Non-Material Amendments; Presumptive Approval. Any addition or amendment to the Condominium Instruments shall not be considered material if it is for the purpose of subdivision of units in accordance with Section 5.7(b) of the By-laws, correcting technical errors, or for clarification only. A Mortgagee who is notified of additions or amendments and who does not deliver or post to the requesting party a negative response within sixty (60) days shall be deemed to have approved such request.

(d) Whenever in this Section, Mortgagee consent is required, said consent shall only be required to the extent not prohibited by the Act or these By-laws.

8.6 Other Rights of Mortgagees. All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Council. All such Mortgagees shall have the right to examine the Condominium Instruments, Rules and Regulations and books and records of the Condominium, to receive the annual report filed by the Board of Directors pursuant to 5.1(c) and to require the submission of annual financial reports and other budgetary information.

ARTICLE 9

Compliance and Default

9.1 Enforcement

(a) Compliance and Relief. Each Unit Owner shall be governed by, and shall comply with, all terms of the Condominium Instruments and the Act as any of the same may be amended from time to time. In enforcing the terms of the Condominium Instruments and the Act, the Council shall follow the procedures set forth in Section 11-113 of the Act to the extent applicable. In addition to the remedies and procedures provided in the Act, a default in any payment due from a Unit Owner or violation of the terms of the Condominium Instruments or Rules and Regulations promulgated pursuant thereto shall subject the Unit Owner(s) to all remedies and procedures set forth in the Condominium Instruments, the Act or otherwise afforded by state, county or local law, ordinance or regulation.

(b) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by (1) a Unit Owner's act, neglect or carelessness, (2) the act, neglect or carelessness of any member of a Unit Owner's family (3) the act, neglect or carelessness of a Unit Owner's contractor, tenant, lessee, employee, agent, guest licensee or occupant or (4) the act, neglect or carelessness of a tenant or lessees' guest, employee, agent, licensee, occupant or contractor. Such liability shall include any increase in casualty insurance rates occasioned by the use, misuse, occupancy or abandonment of any unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(c) Costs and Attorney's Fees. In any proceedings including but not limited to judicial, administrative or arbitration arising out of any alleged default by a unit owner to comply with the Act, Condominium Instruments, Rules and Regulations or any state, federal or local government ordinance or regulation or in any other proceeding by and between a Unit Owner(s) and the Council, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the presiding official (i.e., judge, administrative law judge, arbitrator).

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

(e) Abating and Enjoining Violations. The violation of any of the Rules and Regulations adopted by the Board of Directors or a breach of any provision of the Condominium Instruments or the Act, which violation/breach, in the sole opinion of the Board of Directors, involves the health or safety of a Unit Owner(s), guest invitee, tenant, or occupant, property of the Council or Unit Owner(s), or the Condominium shall give the Board of Directors on its own behalf or through its designated agent, servant, employee or contractor, the right to enter the Unit(s) or Limited Common Elements appurtenant thereto in which such violation/breach exists and summarily to abate and/or remove any structure, thing or condition that may exist therein contrary

to the intent and meaning hereof. All other violations not affecting the health or safety of a Unit Owner, guest, tenant, invitee, occupant or the property of the Council, Unit Owner or the Condominium shall be removed or abated pursuant to Section 11-113 of the Act or any other right or remedy afforded by law. Any action taken by the Board of Directors on its own behalf or its designated agent, servant, employee or contractor pursuant to this subsection shall not be deemed a trespass. The cost of all proceedings or action, including attorney's fees to abate or alleviate the violation or breach shall be a Limited Common Expense and shall be assessed and collected against the Unit Owner(s) as set forth in these By-laws.

(f) Legal Proceedings. - Failure to comply with any of the terms of the Condominium Instruments, the Act, and/or the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, fines and charges, any other relief provided for the Condominium Instruments or the Act or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Council, the Board of Directors, the managing agent, the Council's attorney or, if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

(g) Fines. Pursuant to Sections 11-109 and 11-113 of the Act, the Board of Directors and the Covenants Committee may levy reasonable fines against Unit Owners for violations of the Rules and Regulations, the Condominium Instruments or the Act. No fine may be levied for more than twenty-five dollars (\$25.00) or one percent (1%) of the annual assessment attributable to the Unit Owner for any one (1) violation whichever is greater, but each day a violation continues, after written notice is given to the Unit Owner pursuant to Section 11-113 of the Act is a separate violation for which a fine may be levied. Prior to the imposition of a fine, the Board of Directors or Covenants Committee shall comply with Section 11-113 of the Act. Fines assessed are considered special assessments and are collectible as set forth in these By-laws.

9.2 Lien for Assessments.

(a) Lien. The total annual assessments of each Unit Owner for Common Expenses or any Special Assessment, or any other sum duly levied (including without limitation fines, interest, late charges, attorney's fees, returned check charges, insufficient fund charges, etc.) pursuant to these By-laws, is hereby declared to be a lien levied against the unit of such Unit Owner as provided in Section 11-110 of the Act, as amended. The Board of Directors or the Council's designated legal counsel,

shall file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

(b) Acceleration. Upon default in payment of any installment of an assessment payable in installments, the Council may demand payment of all remaining annual installments coming due within that fiscal year in accordance with Section 11-110(e)(3) of the Act, as amended.

(c) Late Charge. Any assessment, or installment thereof, not paid after fifteen (15) days from when due shall accrue a late charge in the amount of fifteen dollars (\$15.00) or one-tenth of the total amount of the delinquent assessment or installment, whichever is greater, in accordance with Section 11-110(e)(2) of the Act, as amended.

(d) Interest. In the event of a default by any Unit Owner in paying any sum assessed against the unit, the principal amount unpaid shall, at the discretion of the Board of Directors, bear interest at the maximum permissible interest rate provided for under the Act or eighteen percent (18%) per annum, whichever is greater.

(e) Enforcement. The lien for assessments may be enforced and foreclosed in any manner permitted by the laws of the State of Maryland by power of sale (pursuant to Section 11-110 of the Act, as amended) or action in the name of the Board of Directors, acting on behalf of the Council. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available, under the laws of the State of Maryland.

(f) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without filing a lien, instituting foreclosure proceedings, or waiving of a lien, if filed, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

(g) Fees/Expenses. Upon a default in any payment due by a Unit Owner, the defaulting Unit Owner is liable for all costs and fees incurred by the Council in collecting the outstanding monies, including but not limited to, attorney's fees, court costs, insufficient fund fees, returned check fees, private processor fees, etc.

9.3 Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to the By-laws upon any unit (and any penalties, fines, interest on assessments, 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 so long as the rights of the holder of a mortgage are duly recorded prior to the recording of the lien; 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 herein.

ARTICLE 10

Amendments to By-laws

10.1 Amendments. These By-laws may not be modified or amended except as provided in sections 11-103.1 and 11-104(e) of the Act, as amended. All amendments to the By-laws shall be prepared and recorded by the Secretary. The provisions of Section 5.8(d) of the By-laws may not be amended without the written consent of the owner of the Boat Slip Unit.

ARTICLE 11

Miscellaneous

11.1 Notices. All notices, demands, bills, statements or other communications under these By-laws shall be in writing and shall be deemed to have been duly given if delivered personally, sent by United States mail, postage prepaid, posted on the grounds of the Condominium, sent by telegraph, e-mail or facsimile, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the unit of such Unit Owner, or (ii) if to the Council, the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this section. If more than one person owns a unit, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

11.2 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 By-laws or the intent of any provision thereof.

11.3 Gender. The use of the masculine gender in these By-laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

11.4 Construction. These Condominium Instruments are intended to comply with all of the applicable provisions of the Act and shall be so interpreted and applied.

11.5 Severability. - The invalidity or unenforceability of any provision of these Condominium Instruments shall not impair or otherwise affect the enforceability or validity of any other provision hereof.

IN WITNESS WHEREOF, the Board of Directors of the Queen's Landing Council of Unit Owners, Inc. has caused these Amended By-Laws to be executed and sealed on its behalf by its duly authorized officers on this _____ day of _____, 20__.

WITNESS: QUEEN'S LANDING COUNCIL OF UNIT OWNERS, INC.

President (SEAL)

Secretary (SEAL)

STATE OF MARYLAND, COUNTY OF QUEEN ANNE'S, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 20__, before me, the subscriber, a Notary Public for the state aforesaid, personally appeared _____ President, and _____, Secretary of The Queen Anne's Landing Council of Unit Owners, Inc., and they acknowledged the foregoing Amended By-Laws to be the act of said Association and they further acknowledged and certified that _____ is the person specified in the By-Laws to tally votes at meetings of the Condominium Association and that the foregoing Amended By-Laws was approved by the percentage of votes required by law and the Declaration and By-Laws of the Condominium Association.

AS WITNESS my hand and Notarial Seal.

Notary Public

My Commission expires:

EXHIBIT B TO THE BYLAWS

CHART OF MAINTENANCE RESPONSIBILITIES

EXHIBIT B
 QUEEN'S LANDING CONDOMINIUM
 Chart of Maintenance Responsibilities

I	II	III	IV	V
Items	Common Elements Under Association Responsibility	Limited Common Elements Under Association Responsibility	Unit Components Under Association Responsibility	Certain Other Components Under Unit Owner's Responsibility Without Respect To Ownership Of The Component
Plumbing & related systems & components thereof. (See Note 8 for special provisions of Club House.)	All maintenance, repair and replacement of portions of plumbing serving more than one unit. Water damage to common elements or units other than the one which is the primary source of the problem through negligence of the occupants of such unit.	If any, same as in Column II, except that plumbing stoppages occurring on the unit side of the waste stack shall be cleared by the Association at the unit owners expense.	Only to that extent that a malfunction originates outside the unit in which the malfunction occurs or may occur.	All portions within a unit including fixtures & appliances attached thereto. Water damage to a unit, when the primary source of such is through the negligence of the occupants of that unit, except to the extent insurance proceeds are issued against a claim by the Association's carrier.
Electrical & related systems & components thereof excluding appliances, fixtures & lights serving only one unit. (See Note 8 for special provisions of Club House.)	All, in all regards.	All components on the common element side of the unit service panel in all regards, except as provided in Column V.	None.	All components on the unit side of the panel (including the individual circuit breakers and receptacles), in all regards, for items serving only one unit, except as provided in Column III.

QUEEN'S LANDING CONDOMINIUM
Chart of Maintenance Responsibilities

I Items	II Common Elements Under Association Responsibility	III Limited Common Elements Under Association Responsibility	IV Unit Components Under Association Responsibility	V Certain Other Components Under Unit Owner's Responsibility Without Respect To Ownership Of The Component
Heating & cooling systems & components thereof.	All, in all regards, when serving more than one unit.	Same as in Column V.	None.	All, in all regards at unit owner's expense.
Chimneys	N/A	N/A	Flue cleaning & repairs at owners expense	All maintenance except as provided for in Column IV.
Parking spaces.	All, in all regards, serving more than one unit.	If any, same as in Column II.	N/A	N/A
Grounds	All, in all regards.	All, in all regards except routine housekeeping.	N/A	Routine housekeeping in patio areas.
Windows, including storm windows.	All which do not serve a unit, in all regards.	All, in all regards except cleaning and glass replacement.	All, in all regards except routine cleaning and glass replacement when breakage caused through negligence of occupants.	Routine cleaning and glass replacement when breakage caused by negligence of occupants.

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QUEEN'S LANDING CONDOMINIUM
 Chart of Maintenance Responsibilities

I Items	II Common Elements Under Association Responsibility	III Limited Common Elements Under Association Responsibility	IV Unit Components Under Association Responsibility	V Certain Other Components Under Unit Owner's Responsibility Without Respect To Ownership Of The Component
Doors, main entry to units	N/A	N/A	All surfaces exposed to corridor including door panel, buck, trim & sill.	Interior of door panel interior trim. Hardware set including lock and deadbolt assembly and hinges/closure.
Balcony & terrace doors	N/A	In all regards except routine cleaning, operating mechanism, weather stripping and glass replacement.	In all regards except cleaning, operating mechanism, weather stripping and glass replacement when caused by negligence of occupants.	Routine cleaning, operating mechanism, weather stripping and glass replacement when caused by negligence of occupants.
Building exterior, components not referenced elsewhere in this chart	All, in all regards.	All, in all regards.	N/A	N/A

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QUEEN'S LANDING CONDOMINIUM
 Chart of Maintenance Responsibilities

I Items	II Common Elements Under Association Responsibility	III Limited Common Elements Under Association Responsibility	IV Unit Components Under Association Responsibility	V Certain Other Components Under Unit Owner's Responsibility Without Respect To Ownership Of The Component
Balconies, terraces & railings	N/A	In all regards except routine cleaning.	N/A	Routine cleaning.
Screens	—	N/A	N/A.	All which serve the unit in all respects. Replacement to be of same color, grade & style.
Roofs	N/A	In all regards, but at the expense of those owners of units to which roof L.C.E. are appurtenant.	N/A	N/A
Slip Unit	See Note 9.	—	—	—

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Exhibit B to the Bylaws

NOTES

CHART OF MAINTENANCE RESPONSIBILITIES:

1. This chart and the titles and headings used herein are not intended to describe or encompass all maintenance functions nor to delineate all respective responsibilities between the unit owners, severally, and the Association. The placement of responsibilities under any specific column does not always accurately reflect the precise character and nature of ownership. The appropriate sections of the Declaration determine ownership. In many cases, maintenance responsibility is allocated to the Unit Owners Association to ensure central maintenance responsibility, uniformity and quality of repair, and the protect community health and safety. Where such maintenance is required due to the negligent or wrongful act or omission of a unit owner (or his family, tenants, employees, agents, visitors, guests, or pets), the Association will perform the necessary maintenance at the sole expense of the unit owner.
2. Insurance. In the event replacement of an item for which a unit owner is responsible is covered by insurance, the Association is responsible for any deductible except when the unit owner, through negligence caused the casualty to occur. In that event, such unit owner shall be liable to the full extent for the deductible.
3. COLUMN I: Items. Items appearing in this column are illustrative and not exhaustive.
4. COLUMN II: Common Elements Under Association Responsibility. Responsibility for determining and providing for the maintenance, repair and replacement requirements of the common elements and determining the costs thereof shall be primarily the responsibility of the Board of Directors and such designees to which it may delegate certain such responsibilities.
5. COLUMN III: Limited Common Elements Under Association Responsibility. Responsibility for determining the maintenance, repair and replacement requirements of the limited common elements shall be a shared responsibility between the Board of Directors and the unit owner of a unit to which a specific limited common element is exclusively appurtenant; provided, however, that the Board shall have the final responsibility for determining the need for and accomplishing such maintenance, repair and replacement activities.
6. COLUMN IV: Unit Components Under Association Responsibility. The items in this column are legally and by definition a part of a unit but are attached or directly connected to, or associated with the common elements and common expense items in such a way that a clear distinction between unit owner and Association responsibility cannot be made. Moreover, such items frequently involve matters of concern relative to the general health, safety and welfare of all the occupants of the building. Thus, certain costs which appear to benefit a single unit owner but which affect other unit owners are declared a common expense, especially when the correct functioning of an activity or element is integral to or supportive of the legally defined common elements and common expenses.

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7. COLUMN V: Certain Other Components Under Units Owner's Responsibility Without Respect to Ownership of the Component. The items in this column are not intended to be exclusive and all-encompassing and do not effect responsibilities expressly provided for otherwise.
8. Club House and Related Recreation Facilities. Maintenance responsibilities shall be primarily those of the Association, however, the Board may delegate these to a contract operator of such facilities.
9. Slip Unit. The owner of the slip unit shall be fully responsible for maintenance of limited common elements appurtenant to that unit as well as all elements on or within such unit.

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