

EXHIBIT C

BRISTOL GREEN CONDOMINIUM

BYLAWS

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BRISTOL GREEN CONDOMINIUM

BYLAWS

ARTICLE I. GENERAL PROVISIONS.

Section 1.1 Definitions1.1.1. Specifically Defined Terms.

(a) As used in these Bylaws, any term which is defined in Section 1 of the Declaration shall be deemed to have the meaning ascribed to it therein.

(b) As used in the Bylaws, the following terms have the meaning hereinafter ascribed to them:

(1) "Annual Assessment" has the meaning ascribed to it by the provisions of subsection 3.1.1.

(2) "Annual Membership Meeting" means an annual meeting of the Membership, held pursuant to the provisions of subsection 2.3.2.

(3) "Articles" means those Articles of Incorporation under which the Council is incorporated, as amended from time to time.

(4) "Board Meeting" means a meeting of the Board of Directors, held pursuant to the provisions of subsection 2.4.7.

(5) "Condemnation" means either a taking in condemnation or by the exercise of a power of eminent domain or a conveyance made to a governmental or quasi-governmental authority which possesses such power, in settlement of any pending or threatened exercise thereof.

(6) "Council" shall mean the Council of Unit Owners of Bristol Green Condominium, Inc., a non-stock Maryland corporation.

(7) "Council Property" means any and all real or personal property or other assets owned by the Council at any time.

(8) "the Declaration" means the instrument entitled "Declaration" which is recorded among the Land Records of Howard County immediately prior to the recordation thereamong the initial form of these Bylaws and by which the property constituting the Condominium was subjected to the Condominium Regime, as from time to time amended.

(9) "Director" means a member of the Board of Directors.

(10) "Emergency Special Assessment" has the meaning ascribed to it by the provisions of Section 3.2(c).

(11) "Emergency Special Expenditure" has the meaning ascribed to it by the provisions of Section 3.2(b).

(12) "Manager" means a person with whom the Council contracts to manage the Condominium and the Council's affairs pursuant to the provisions of subparagraph 2.4.1(b)(v).

(13) "Membership Meeting" means an Annual Membership Meeting or a Special Membership Meeting.

(14) "Notice Address" has the meaning ascribed to it by the provisions of Section 9.2.

(15) "Officers" means collectively, the President, the Vice-President, the Secretary, the Treasurer, each Assistant Secretary, each Assistant Treasurer, and the holder of each other office which the Board of Directors creates pursuant to the provisions of subparagraph 2.4.10(b)(xx).

(16) "Proxy" means the right given, pursuant to the provisions of paragraph 2.3.6, by a Unit Owner's Votes on questions voted upon at Membership Meeting.

(17) "Proxy Holder" means a person who holds a Proxy.

(18) "Special Assessment" has the meaning ascribed to it by the provisions of subsection 3.1.1.

(19) "Special Membership Meeting" means a special meeting of the Membership held pursuant to the provisions of subsection 2.3.3.

(c) Any other term to which meaning is specifically ascribed by any provision of these Bylaws shall for purposes of these Bylaws be deemed to have such meaning.

1.1.2. Construction of Terms. Any term to which meaning is specifically ascribed by any provision of the Declaration or the Bylaws, and which is used in the Act, shall, wherever possible, be construed in a manner which is consistent with any construction of such term as so used in the Act. Where such consistency of construction is not possible, the meaning so ascribed shall govern to the extent allowed by law.

Section 1.2. Applicability of Bylaws.

1.2.1. Scope of Coverage. These Bylaws shall be applicable to, and shall govern:

(a) the Council's administration of the Condominium's affairs, acting through its Officers, the Board of Directors, or the Unit Owners;

(b) the ownership, sale, lease, pledge, assignment or other transfer, by the Declarant or any Unit Owner, Contract Purchaser, Mortgagee, lessee or other person, or any legal or equitable freehold, leasehold, security or other interest in

(i) any Unit,

(ii) any undivided percentage interest in the Common Elements,

(iii) any percentage interest in the Common Expenses and Common Profits, or

(iv) any right to vote or other right of participation in the administration of the affairs of the Condominium or the Council; and

(c) the occupancy or other use of any Unit or the Common Elements by the Declarant, any Unit Owner, Contract Purchaser, Mortgagee, lessee or other person, or any agent, employee, invitee, visitor or guest thereof.

1.2.2. Persons Bound. Any Unit Owner, Contract Purchaser, Mortgagee, lessee or other person who (a) enters into or accepts the delivery of any instrument effecting the sale, conveyance, pledge, lease, assignment or other transfer of any interest referred to in the provisions of subsection 1.2.1(b), or (b) occupies or otherwise uses any Unit or the Common Elements, or allows any of his agents, employees, invitees, visitors or guests or any other person to do so, shall conclusively be deemed thereby to have accepted and ratified the provisions of the Declaration, these Bylaws and the Rules and Regulations, as from time to time amended, and to have agreed to comply with and be bound by the same.

ARTICLE II. THE COUNCIL OF UNIT OWNERS.

Section 2.1. Function. In accordance with the provisions of Section 11-109 of the Act and Title 5, Subtitle 2 of the Corporations and Associations Article of the Annotated Code of Maryland, the affairs of the Condominium shall be governed and administered by the Council. The Council shall be incorporated as a non-stock corporation. Unless and until changed by the Board of Directors, the mailing address of the Council of Unit Owners shall be First American Management, Inc., 8307 Main Street, Ellicott City, Maryland 21043.

Section 2.2. Powers and Duties.

2.2.1. General Powers. The Council shall have all of the rights and powers which are vested:

(a) in a council of unit owners by the provisions of the Act (to and only to the extent that the vesting of such powers is consistent with the provisions of the Declaration and these Bylaws); or

(b) in the Council by the provisions of the Declaration or these Bylaws.

2.2.2. Specific Powers. Without limiting the generality of the foregoing provisions of this Section, the Council shall have all of the following powers:

(a) to have perpetual existence, subject to the right to terminate the Condominium Regime held by the Unit Owners pursuant to the provisions of the Declaration;

(b) to adopt and amend budgets for revenues, expenditures, and reserves and collect Assessments for common expenses from Unit Owners;

(c) to sue, be sued, complain and defend in any court of law or equity of Maryland or any other jurisdiction;

(d) to transact its business, carry on its operations and exercise the rights and powers vested in it, as aforesaid, in any state, territory, district or possession of the United States, foreign country or other place;

(e) to make contracts and guarantees, incur liabilities and borrow money;

(f) to sell, mortgage, lease, pledge, exchange, convey, transfer or otherwise dispose of any or all of its property and assets;

(g) to issue bonds, notes and other obligations, and secure the same by mortgage, deed of trust or other security conveyance of any or all of its property and income;

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

(i) to hire and terminate a Manager and other employees, agents and independent contractors;

(j) to invest its funds and lend money in any manner which is appropriate to enable it to carry on the operations or to fulfill the purposes which are set forth in the provisions of the Declaration or these Bylaws, and to take and hold real and personal property as security for the payment of funds so invested or loaned; and

(k) to regulate the use, maintenance, repair, replacement and modification of Common Elements;

(l) subject to the provision of the Master Declaration, and the Declaration to cause additional improvements to be made as a part of the General Common Elements;

(m) to grant easements, rights-of-ways, licenses, leases in excess of one (1) year and similar interests in the General Common Elements in accordance with Section 11-125(f) of the Act and the Declaration;

(n) to impose charges for late payments of Assessments and, to the extent and in the manner permitted by the Act, to levy fines and/or penalties for violation of the Declaration, these Bylaws and the Rules and Regulations;

(o) to impose reasonable charges for the preparation and recordation of amendments to the Declaration, Bylaws, Rules and Regulations, resale certificates or statements of unpaid assessments;

(p) to provide for the indemnification of and maintain liability and errors and omissions insurance for Officers, Directors, and any Manager or other employee charged with the operation or maintenance of the Condominium;

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

(r) to enforce the provisions of the ACT, the Declaration, these Bylaws and the Rules and Regulations against any Unit Owner or any lessee or guest of a Unit Owner;

(s) to cancel contracts entered into during the Developer Control Period as defined in §11-133 of the Act; and

(t) generally, to exercise any and all rights which are vested in it, and to do every other act not inconsistent with law which is appropriate to promote and attain the purposes set forth in the Act, the Declaration or these Bylaws.

2.2.3. General Duties. The Council shall be charged with all of the duties which are imposed:

(a) upon a council of unit owners by the provisions of the Act;

(b) upon a non-stock corporation by the provisions of the Corporations and Associations Article of the Code; and

(c) upon the Council by the provisions of the Declaration or these Bylaws.

2.2.4. Specific Duties; Limitations.

(a) Without limiting the generality of the provisions of subsection 2.2.3, the Council through the Board of Directors shall (a) govern and administer the affairs of the Condominium; (b) establish the methods of and the procedures for collecting from the Unit Owners their respective Assessments and for paying to the Unit Owners their respective shares of the Common Profits; (c) manage or arrange for the management of the Condominium and of all Council Property; and (d) have such other duties as are specifically imposed upon the Board of Directors or any Officer by these Bylaws.

(b) Notwithstanding any other provision of the Declaration or these Bylaws, the Council may not file any lawsuit or claim on behalf of the Condominium or the Council of Unit Owners without first (i) obtaining from a lawyer or other legal consultant a detailed cost-benefit analysis relating to such lawsuit or claim (which cost-benefit analysis must include at least (A) the nature and extent of the lawsuit or claim and the prospects of winning or losing the lawsuit or claim, (B) the prospects of settling the dispute early, (C) the cost of prosecuting the lawsuit, and (D) the effect of pending litigation on resales and on home refinancings in the Condominium), (ii) after distributing such cost-benefit analysis to all Unit Owners, unless expiration of any applicable statute of limitations is imminent, obtaining approval to file such lawsuit or claim of a majority of Unit Owners present and voting at a regularly scheduled or special Membership Meeting at which a quorum exists, (iii) attempting to meet with a potential defendant in order to investigate the possibility of an early settlement of the lawsuit or claim, and (iv) giving the potential defendant notice of the claim or the potential litigation and a reasonable opportunity to cure the problem before the lawsuit or claim is filed.

Section 2.3. The Membership.

2.3.1. Composition. The membership of the Council shall consist of and be limited to all of the Unit Owners.

2.3.2. Annual Membership Meetings.

(a) First Annual Membership Meeting. The first Annual Membership Meeting shall be held on a date within sixty (60) days next after the date on which units representing fifty percent (50%) of the votes in the Condominium, provided that no expansion of the Condominium occurs within such sixty (60) day period which reduces the percentage interests of initial purchasers of Units to less than fifty percent (50%), (but not on a Sunday or a legal holiday) at a time to be determined by the Board of Directors, and at a place in Howard County, Maryland, all as chosen by the Board of Directors. At the first Annual Membership Meeting, the Council shall elect Directors in accordance with the provisions of Section 2.4 and may transact any other business which properly comes before it. Following the first Annual Membership Meeting, the Council of Unit Owners shall register with the Maryland State Department of Assessments and Taxation (the "Department") and shall provide the Department with the names and mailing addresses of the Condominium's Officers and Directors, if any. The Council of Unit Owners shall provide the Department with any updated list of the current Officers, Directors, resident agent and Manager on the April 15 following the first Annual Membership Meeting and on each April 15 thereafter.

2.3.3. Subsequent Annual Membership Meetings. Subsequent Annual Membership Meetings shall be held each year at a time between 7:00 p.m. and 8:30 p.m., on the first Tuesday of the month during which the first Annual Membership Meeting was held or at such other time and date as may be determined by the Board of Directors, and at a place in Howard County, Maryland. At each such subsequent Annual Membership Meeting, the Council shall elect the successors to each person whose term as a Director expires as of such Annual Membership Meeting and may transact any other business which properly comes before it.

(a) Notice of Annual Membership Meetings. By not later than ten (10), but not earlier than ninety (90), days before the date on which any Annual Membership Meeting is to be held, the Secretary shall give to each Unit Owner and each Proxy Holder a written notice to that effect, setting forth the purpose, date, time and place thereof.

2.3.4. Special Membership Meetings.

(a) Circumstances. A Special Membership Meeting may be held at any time for any purpose consistent with applicable law, the Declaration and these Bylaws, upon a call by the President or the Board of Directors. Each Special Membership Meeting shall be held on a date which is not a Sunday or a legal holiday, and at a place in Howard County, Maryland; provided, that a Special Membership Meeting may be had at any other date, time or place chosen by the President or the Board of Directors in any emergency situation, if a failure to do so could unreasonably jeopardize any of the Condominium or any Council Property, or the health, safety, comfort or welfare of the occupants of any Unit, or could impose an unreasonable burden upon the Council.

(b) When a Special Membership Meeting Shall be Called.

(i) The President or the Board of Directors may at any time call a Special Membership Meeting upon his or its own initiative, and shall in such event determine the date, time and place thereof.

(ii) The President shall call a Special Membership Meeting upon the Council's receipt, at any time after the first Annual Membership Meeting, of a petition requesting that such Special Membership Meeting be called, stating each intended purpose thereof, and signed by Unit Owners or Proxy Holders having at least twenty-five percent (25%) of the total number of Votes then outstanding. Whenever any such Special Membership Meeting is requested by any such petition, the President shall set a date therefor which is not later than ninety (90) days after the Council's receipt of such petition.

(c) Notice of Special Membership Meetings. By not later than ten (10), but not more than ninety (90), days before the date on which a Special Membership Meeting is to be held, the Secretary shall give to each Unit Owner and each Proxy Holder a written notice to that effect, setting forth the intended purpose, the date, the time and the place thereof; provided, that where a Special Membership Meeting is to be held in any emergency situation pursuant to the provisions of subsection 2.3.4(b), and compliance with the foregoing provisions of this paragraph is not for that reason reasonably possible, the Secretary shall give to each Unit Owner and each Proxy Holder such notice thereof as is reasonably possible under the circumstances.

2.3.5. Quorum.

(a) The presence, on the date and at the time and place for which a Membership Meeting is called of Unit Owners and Proxy Holders whose respective Votes constitute, in the aggregate, twenty-five percent (25%) of the total number of Votes which are then outstanding shall be required for and shall constitute a quorum for such Membership Meeting.

(b) Once the secretary of a Membership Meeting determines that a quorum exists therefor, the existence of such quorum shall not be affected by the subsequent withdrawal from the Membership Meeting of any Unit Owner or Proxy Holder.

2.3.6. Conduct of Membership Meetings.

(a) The President, if present, shall act as the chairman of and shall preside over each Membership Meeting. In the absence of the President at a Membership Meeting, it shall be chaired by the Vice-President, if present, or if not, by any other person who is present and elected chairman thereof by a plurality of the Votes. The chairman of each Membership Meeting shall preside over its conduct.

(b) The Secretary, if present, shall act as the secretary of each Membership Meeting. In the absence of the Secretary at a Membership Meeting, any Assistant Secretary shall, if present, act as the secretary thereof, and in the absence of any Assistant Secretary, any other person who is present and appointed secretary thereof by the chairman shall act as such. The secretary of each Membership Meeting shall take the minutes thereof (and, if such person is not the Secretary, promptly after such Membership Meeting shall deliver the minutes to the Secretary); shall record the questions voted upon at such Membership Meeting and the results of such voting; shall be the judge of the eligibility under the provisions of subsection 2.3.6 of any person to cast any Votes thereat; shall make the official count of the Votes cast on each such question; and shall perform any other duty which under these Bylaws are to be performed by the secretary of such Membership Meeting as part of its order of business.

2.3.7. Voting at Membership Meetings.

(a) At any Membership Meeting, the persons entitled to vote shall consist of and only of the following persons:

(i) As to each Unit Owner for whom no Proxy is then in effect, such Unit Owner shall be entitled to cast the Votes appurtenant to his Unit, provided that if such Unit Owner consists of more than one person, any such person who is present shall be entitled to cast such Votes, but if more than one such person is present, and such persons are not able to agree upon how to cast such Votes, then the secretary of the Membership Meeting shall allocate such Votes evenly among them.

(ii) As to each Unit Owner for whom a Proxy is then in effect, the Proxy Holder shall be entitled to cast such Votes.

(b) The Secretary need not recognize any person as a Unit Owner or Proxy Holder at a Membership Meeting unless prior thereto the Unit Owner or Proxy Holder has furnished to the Secretary the information which is referred to in the provisions of Section 9.1.

(c) Except as may otherwise be set forth in any provision of the Declaration, these Bylaws or applicable law, each question voted upon at any Membership Meeting shall be decided by a majority of the Votes cast thereon, and whenever these Bylaws condition the effectiveness of any action upon the approval or authorization thereof by the Council or the Unit Owners, such condition shall be satisfied by the affirmative vote of a majority of the Votes cast thereon.

(d) A Unit Owner may give to any person a Proxy entitling such person to cast such Unit Owner's Votes on questions voted upon at any one or more Membership Meetings, but such Proxy shall only be effective until revoked and unless such person is a lessee or Mortgagee of the Unit to which such Votes are attendant, such Proxy shall not be effective for more than one hundred eighty (180) days after its having been given. Any such Proxy shall only entitle the Proxy Holder to cast the Unit Owner's Votes at an election of Directors if such Proxy specifies the candidates for whom such Votes are to be cast. No person, other than the Developer, may hold more than one Proxy at any time.

(e) Any Unit Owner, against whose Unit the Council has recorded an Assessment Lien, may not vote at any meeting of the Council or be elected to an office or to the Board of Directors unless the amount necessary to release the lien has been paid at or prior to the time of such meeting.

Section 2.4. The Board of Directors.

2.4.1. Composition; Qualifications of Directors.

(a) The Board of Directors shall consist of five (5) Directors.

(b) Each Director shall be (i) a natural person, and (ii) at least twenty-one (21) years old. A Director need not be a Unit Owner.

2.4.2. Terms of Directorships.

(a) The initial members of the Board of Directors shall be those persons named in the Articles and shall serve as Directors until the first Annual Membership Meeting, at which time their terms as Directors shall expire.

(b) (i) At the first Annual Membership Meeting, a successor shall be elected to each Director. Two (2) such successors shall be elected to serve for a term of three (3) years, two (2) such successors shall be elected to serve for two (2) years, and one such successor shall be elected to serve for one (1) year.

(ii) At each subsequent Annual Membership Meeting, a successor shall be elected to the Director or Directors whose terms then expire, to serve for a term of three (3) years.

(c) Anything contained in the provisions of this subsection to the contrary notwithstanding, each Director shall serve as such until his successor has been elected and qualified.

2.4.3. Nomination of Directors.

(a) At least sixty (60) days before each Annual Membership Meeting, the President shall appoint a nominating committee of three Unit Owners, at least one of whom shall be a Director. Such nominating committee, after considering the qualifications of prospective nominees, shall select one or more nominees for each directorship to be filled at such Annual Membership Meeting, and shall present its nominations to the Secretary by not later than thirty (30) days before such Annual Membership Meeting.

(b) Any Unit Owner may nominate a candidate for each directorship to be filled at any Annual Membership Meeting by presenting such nomination to the Secretary in a writing signed by such Unit Owner by not later than fifteen (15) days before the written list of such nominees is furnished to the Unit Owners pursuant to subparagraph (c) hereof.

(c) By not later than ten (10) days before the date of such Annual Membership Meeting, each Unit Owner shall be furnished a written list of all nominees for directorships submitted pursuant to subparagraphs (a) or (b) and shall be furnished with a ballot for the directorial election, on which the names of each candidate shall be either typed or printed and on which no preference shall be indicated for any candidate. Where there is more than one (1) candidate, their names shall be arranged in alphabetical order.

2.4.4. Election of Directors.

(a) At each Annual Membership Meeting, there shall be held a separate election to fill the directorship of each Director whose term of office expires as of such Annual Membership Meeting, and any other directorship which is then vacant.

(b) The person who receives the greatest number of Votes cast in such election, shall be declared elected. Where more than one (1) directorship is being filled, a separate election shall be held for each directorship.

(c) Subject to the limitations of paragraph 2.3.6(a)(ii), each Unit Owner may cast his Votes in such election

either while in attendance at such Membership Meeting or prior thereto by depositing his completed ballot with the Secretary, who shall open it at such Membership Meeting.

2.4.5. Filling Vacancies in Directorships. If any directorship becomes vacant by reason of a Director's death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a Board Meeting duly called for such purpose, shall elect his successor, who shall serve for the remainder of his term; provided, that if such position remains unfilled at the next Annual Membership Meeting, such successor shall be elected thereat by the Council, for the remainder of such term.

2.4.6. Removal of Directors. Any Director may be removed from his position as such, with or without cause, by the affirmative vote of Unit Owners having a majority of the outstanding Votes, at any Annual Membership Meeting, or at any Special Membership Meeting duly called for such purpose. Any Director who misses three (3) consecutive meetings of the Board of Directors shall be automatically removed from his position as a Director.

2.4.7. Board Meetings.

(a) A Board Meeting shall be held immediately upon adjournment of each Annual Membership Meeting and at the same place where such Annual Membership Meeting was held, provided that a quorum of Directors is present. If such quorum is not present, a Board Meeting shall be held as soon thereafter as is practicable, provided that notice thereof is given to each Director by not later than five (5) days prior thereto.

(b) Thereafter, a Board Meeting shall be held at such time and place as may be fixed from time to time by resolution of the Board of Directors.

(c) Once the date, time and place of the regular Board Meetings are selected, such regular Board Meetings may thereafter be held without notice to the Director of such date, time and place (which may not be changed unless notice of such change is given to the Directors in the same manner as for a special Board Meeting).

(d) A special Board Meeting may be called by the President on not less than two (2) days' notice given in writing, in person or by telephone or wire to each Director, and must be called on the demand of two or more Directors.

(e) Notice of a regular or special Board Meeting need not be given to any Director who submits a waiver of such

notice either before or after such Board Meeting. A Director's attendance at a Board Meeting shall be deemed to be a waiver by him of his right to be given notice thereof.

2.4.8. Quorum. At each Board Meeting, the presence in person of a majority of the Directors shall constitute a quorum for the transaction of business, except as is otherwise expressly provided in these Bylaws or by applicable law. Each Director shall be entitled to cast one (1) vote upon each question which comes before the Board of Directors, and the decision of a majority of the Directors present at a Board Meeting at which a quorum is present shall be the decision of the Board of Directors. If at any Board Meeting a quorum is not present, a majority of the Directors who are present may adjourn the Board Meeting from time to time and, at any such adjourned Board Meeting at which a quorum is present, any business that might have been transacted at the Board Meeting as originally called may be transacted without further notice to any Director.

2.4.9. Unit Owners' Attendance at Board Meetings.

(a) Unless, pursuant to the provisions of Section 11-109.1 of the Act the Board of Directors is entitled to close a Board Meeting and affirmatively votes to do so in the manner required under Section 11-109.1, each Unit Owner shall be entitled to attend any Board Meeting, but no Unit Owner, other than a Unit Owner who is a Director, shall have any right to vote upon or (except with respect to that Board Meeting at which the Council's budget is to be approved and adopted pursuant to subsection 3.1.4) participate in the deliberations with respect to any question coming before such Board Meeting. Each Unit Owner shall be given notice of all Board Meetings, which notice may be given in a single annual notice setting forth the date, time and location of all Board Meetings for such year.

(b) Each Unit Owner and Proxy Holder shall have the right to be heard on the question of the approval and adoption of the Council's budget at the Board Meeting at which such actions are to be taken. By not later than thirty (30) days before the date on which such Board Meeting is to be held, the Secretary shall give to each Unit Owner and each Proxy Holder a written notice to such effect, setting forth the intended purposes thereof, the date, time and place thereof, and a copy of the budget proposed to be adopted by the Board of Directors at such Board Meeting.

2.4.10. Powers and Duties of the Board of Directors.

(a) All of the Council's business and affairs shall be managed, and all of its rights, powers and duties shall be exercised and performed on its behalf, by the Board of Directors and the Officers in accordance with the provisions of Section 2.4;

provided, that nothing in the foregoing provisions of this paragraph shall be deemed in any way to alter or impair the operation and effect of any provision of the Act, the Corporations and Associations Article of the Code, other applicable law, the Declaration or these Bylaws pursuant to which the Council's right to take any action is conditioned upon such action's having been authorized or approved by the Unit Owners.

(b) Without limiting the generality of the foregoing provisions of this subsection, the Board of Directors shall have the right and power to cause the Council to take each of the following actions:

(i) Management of the Common Elements. to operate, manage, maintain, renew, replace, repair and protect the Common Elements and all Council Property;

(ii) Preparation of Budget. to prepare and adopt a budget of the estimated Common Expenses, Common Profits and Assessments for the Council's next succeeding fiscal year, in accordance with the provisions of Article III hereof;

(iii) Assessments. to levy Assessments in accordance with the provisions of Article III hereof and to enter into agreements pursuant to which the Developer, in satisfaction of its obligation to pay Assessments on Units owned by the Developer, agrees to guarantee the Assessments paid by other Unit Owners;

(iv) Expenditures. to authorize the use and expenditure of any or all funds of the Council for the operation, management, maintenance, renewal, replacement, repair and protection of the Common Elements and Council Property, provided that the Council may make no expenditure which would result in an increase of more than fifteen percent (15%) in the Assessments for the current fiscal year unless (a) such expenditure is made to correct 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, or (b) such increase shall have been adopted at a Special Membership Meeting convened in accordance with the provisions of subsection 2.3.4 and subsection 2.4.9(b) as an amendment to the previously adopted budget;

(v) Selection of the Manager. Subject to Section 6.7 of the Declaration, to employ or contract with a Manager to manage the Condominium and/or the affairs of the Council; to fix the Manager's compensation (which shall be paid by the Council as part of the Common Expenses); and to determine the nature and extent of the Manager's powers and duties, subject to any limitation thereon which is set forth in the provisions of the Act, the Declaration or these Bylaws;

(vi) Fidelity bonds. to require the Manager and all Officers and employees of the Council who handle, or are responsible for, funds of the Council or funds in its possession or under its control to furnish to the Council fidelity bonds, in form and amount, and with a corporate surety, which are satisfactory to the Board of Directors (the premiums on which shall be paid by the Council as part of the Common Expenses);

(vii) Taxes; Liens; Water and Sewer Rents. to pay all taxes and assessments levied or liens imposed against any of the Condominium or any Council Property; provided that

(1) any such tax or assessment which is levied separately against a particular Unit or is otherwise chargeable under applicable law directly and separately to a particular Unit Owner shall be paid by such Unit Owner;

(2) any tax or assessment which is levied against the Condominium as a whole before a separate tax or assessment is levied against each Unit in accordance with the provisions of Section 11-110 of the Act may be paid by the Council as part of the Common Expenses;

(3) any charge for water, gas, sewer service, electricity or any other utility service which is provided to the Common Elements shall be paid by the Council as part of the Common Expenses;

(4) any charge for gas, electricity, cable television or other utility service (other than water and sewer service) provided to a Unit shall be paid by the Unit Owner of such Unit; and

(5) any charges for water and sewer service provided to the Units shall be paid by the Council as part of the Common Expenses;

(viii) Employees, Services and Materials. to employ and dismiss such workmen, janitors, watchmen and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Directors are from time to time necessary for the proper operation and maintenance of the Common Elements and any Council Property;

(ix) Collection of Delinquent Assessments. to collect any unpaid and delinquent Assessment or fine, any interest accrued thereon and any costs and expenses which the Council incurs in connection therewith (including, by way of example rather than of limitation, any filing fees, court costs or attorneys' fees), whether by suit or otherwise;

(x) Professional Assistance. to employ or retain legal counsel, engineers and accountants and to determine the amount and terms of their compensation, whenever the professional assistance of such persons is deemed necessary by the Board of Directors for any purposes related to the Council's exercise of its rights and powers, or performance of its duties;

(xi) Operating Accounts. to cause such operating, escrow and other accounts to be established and maintained as the Board of Directors deems appropriate from time to time and as are consistent with good accounting practices;

(xii) Audits and Books of Account.

to (1) cause to be prepared by an independent certified public accountant at the end of each fiscal year of the Council, and furnish to each Unit Owner, an annual audited financial statement for the Council; and

(2) keep detailed books of account, in chronological order, of the receipts of the Council and the Common Expenses, specifying therein the amount of the Common Expenses and the Common Profits and the portions thereof which are attributable to each Unit;

(xiii) Rules and Regulations.

to (1) make, promulgate and amend from time to time reasonable Rules and Regulations, all as the Board of Directors deems appropriate, in accordance with the provisions of Section 11-111 of the Act and as more particularly described in Article VIII hereof; and

(2) enforce compliance by each Unit Owner and his family members, guests, invitees, contractors and tenants with the Rules and Regulations by injunction or such other legal action or means, including the levying of fines against a Unit Owner for any violation of the Rules and Regulations by the Unit Owner or his family members, guests, invitees, contractors and tenants, all as the Board of Directors deems appropriate and in accordance with the provisions of Section 11-113 of the Act;

(xiv) Insurance.

to (1) procure and maintain insurance in accordance with the provisions of Section 4.3 hereof; and

(2) collect the proceeds of all such insurance, and apply them towards the cost of repair, restoration or replacement of any or all of the Condominium in accordance with the provisions of the Act, the Declaration and these Bylaws;

(xv) Condemnation Proceedings. to exercise and perform, on behalf of the Council, its rights and duties as to the prosecution and defense of Condemnation proceedings pursuant to the provisions of Article V;

(xvi) Lease or License of Common Elements. to lease or license the use of any of the Common Elements in a manner which is consistent with the rights of the Unit Owners under the Act, the Declaration or these Bylaws;

(xvii) Designation of Title Holder.

to (1) designate a nominee for the purpose of acquiring title to any Unit purchased by the Council;

(2) designate, and enter into a trust agreement with, two or more Directors to act as trustees for the Council in holding title to such Unit; and/or

(3) authorize the President or any other person to execute, attest, enseat and acknowledge, on behalf of the Council, any and all mortgages, leases or other instruments, where necessary to accomplish any such purpose;

(xviii) Personal Property. to cause the Council to acquire by purchase or otherwise, and to own, use, improve, mortgage, sell, dispose of and otherwise deal with, any Council Property, wherever located;

(xix) Additions and Improvements. Subject to the operation and effect of the provisions of the Declaration, to make such alterations, additions and improvements to the Common Elements and any Council Property as it deems appropriate, provided, that the Board of Directors shall obtain the approval by the Council of any alteration, addition or improvement which the Board of Directors estimates would cost more than \$10,000.00; and further provided, that when in the opinion of the Board of Directors any such alteration, addition or improvement is being made exclusively or substantially for the benefit of one or more, but less than all, Unit Owners, the cost thereof shall be charged to such Unit Owner or Unit Owners in such proportion as the Board of Directors determines to be fair and equitable, provided that such Unit Owners have requested in writing that the same be made, and that prior to taking such action each such Unit Owner has consented expressly and in writing to be so assessed; and further provided, that in every other case the cost of any such alteration, addition or improvement shall be paid by the Council as part of the Common Expenses; and

(xx) Offices. to create one or more offices of Assistant Secretary, Assistant Treasurer or otherwise, in addition

to the offices of the President, the Vice-President, the Secretary and the Treasurer.

(c) For purposes of the provisions of Section 11-107(d) and Section 11-115 of the Act, the Board of Directors (i) shall constitute, and is hereby designated to be, "the person or entity designated in the Bylaws to be in charge of the administration" of the Condominium, and (ii) shall be empowered to execute any amendment of the Declaration, to authorize any Unit Owner to remove all or part of any walls separating the Units or portions of them, and to grant any other consent or take any other action of a type referred to in the provisions of Section 11-107 or Section 11-115 of the Act, upon the terms and subject to the conditions set forth herein, and without the necessity of obtaining any consent thereto or joinder therein by the Unit Owners.

2.4.12. Compensation of Directors. Each Director shall serve as such without compensation, except to the extent that such compensation is expressly authorized by the Unit Owners.

2.4.13. Right of Inspection of Directors.

(a) Every Director of the Council and every Director of Russett Community Association, Inc., a Maryland nonprofit non-stock corporation, will have the absolute right at any reasonable time to inspect all books, records and documents of the Council and the physical properties owned or controlled by the Council. The foregoing right of inspection includes a right to make extracts and copies of documents, and, when such right is exercised by a Director of Russett Community Association, all extracts and copies of documents requested by such Director shall be at his or her expense.

(b) Anything contained in these Bylaws to the contrary notwithstanding, the rights of each Director of Russett Community Association set forth in 2.4.13(a) above of these Bylaws may not be amended, modified nor rescinded at any time without the prior written consent of the Board of Directors of Russett Community Association.

Section 2.5. Officers.

2.5.1. Designation; Qualifications of Officers.

(a) The Officers shall consist of the President, the Vice-President, the Secretary, the Treasurer and (if the Board of Directors creates any office of Assistant Secretary or Assistant Treasurer, or any other office), each such Assistant Secretary, Assistant Treasurer or other Officer.

(b) Each Officer shall be (i) a natural person; (ii) at least twenty-one (21) years old; and (iii) either (1) alone or in combination with one or more other persons a Unit Owner, or (2) an officer, director, partner, employee or agent of a corporation, partnership, trust or other legal entity which, either alone or in combination with or as a partner of one or more other persons, is a Unit Owner.

(c) The President and the Secretary shall be selected from among the Directors. Any other Officer may, but need not, be a Director.

(d) One person may simultaneously be both the Secretary and the Treasurer, but no person may simultaneously hold any other two or more offices.

2.5.2. Election of Officers. The Officer shall be elected annually by the Board of Directors, and shall hold office until their successors are elected and qualify.

2.5.3. Powers and Duties of the President. The President shall (a) be the chief executive officer of the Council and the chairman of the Board of Directors, and (b) have the general powers and duties which are usually vested in the office of president of a corporation organized and existing under the law of Maryland (including, by way of example rather than of limitation, the power to appoint such committees from among the Unit Owners as he from time to time deems appropriate, to assist in the conduct of the affairs of the Council), (c) have charge of the administration of the Condominium, and (d) shall serve as the Council's delegate to the Community Association and shall have the right to vote the Unit Owners' vote(s) as directed by the Board of Directors of the Council of Unit Owners at all meetings of the Community Association. In the absence of direction from the Board of Directors, the President may vote the Unit Owners' votes in his discretion.

2.5.4. Powers and Duties of the Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President is absent or unable to act.

2.5.5. Powers and Duties of the Secretary. The Secretary shall (a) act as secretary of each Board Meeting and each Membership Meeting at which he is present; (b) record all Votes cast on questions coming before each such meeting and the minutes thereof, setting forth each resolution adopted thereat in a minute book to be kept for that purpose; (c) have charge of such minute book and of such records and papers of the Council as the Board of Directors directs; (d) have the general powers and duties which are usually vested in the office of secretary of a corporation organized and existing under the law of Maryland (including, by way of example rather than of limitation, the duty to send notices of

Membership Meetings and Board Meetings in accordance with these Bylaws) as well as such other duties as are prescribed by these Bylaws or by the Board of Directors or the President; (e) keep at the office of the Council the roster referred to in the provisions of Section 9.1 hereof, as well as copies of the Declaration, the Condominium Plat, these Bylaws and the Rules and Regulations, all as from time to time amended, and all drawings and specifications for the Condominium received by the Council and all insurance policies maintained by the Council pursuant to Article IV hereof (all of which shall be available at such office for inspection by the Unit Owners and each Mortgagee during the Council's regular business hours); and (f) annually file with the appropriate agencies of the State of Maryland the names and mailing addresses of the Officers, Directors and resident agent of the Council and the Manager of the Condominium in accordance with the provisions of Section 11-119 of the Act.

2.5.6. Powers and Duties of the Treasurer. The Treasurer shall (a) have charge and custody of, and be responsible for, the Council's funds and securities; (b) deposit all of its monies, checks and other valuable effects in the name and to the credit of the Council in such depositories as are from time to time designated for such purpose by the Board of Directors; (c) disburse the Council's funds as from time to time ordered by the Board of Directors or the President, making proper vouchers for such disbursements; (d) keep full, complete and accurate accounts and records of the Council's financial transactions; (e) submit to the Board of Directors and the Membership such reports thereof as the Declaration, these Bylaws, applicable law or the Board of Directors from time to time require; and (f) have the general powers and duties which are usually vested in the office of treasurer of a corporation organized and existing under the law of Maryland. The accounts and records to be maintained by the Treasurer shall (i) include, by way of example rather than of limitation, chronological listings of all Council receipts, all Common Expenses, the amount of each Assessment levied against each Unit, and the amounts thereof paid and unpaid; (ii) specify and itemize the Common Expenses relating to the Common Elements and any other Common Expenses; (iii) be kept at the office of the Council; and (iv) be available there for inspection by the Unit Owners, prospective Unit Owners and each Mortgagee during the Council's regular business hours. The Treasurer shall present at each Annual Membership Meeting an annual audited financial statement prepared by an independent certified public accountant of the Common Expenses and the Common Profits, the allocation thereof to each Unit Owner, and any changes expected therein for the Council's next succeeding fiscal year.

2.5.7. Compensation of Officers. The Officers shall serve as such without compensation therefor unless such compensation is expressly authorized by the Unit Owners. Any such

compensation shall be paid by the Council as part of the Common Expenses. Each Officer shall be reimbursed by the Council for all expenses which are reasonably incurred by him in the discharge of his duties.

2.5.8. Resignation and Removal of Officers. Any Officer may resign his office at any time by giving written notice thereof to the Board of Directors. Unless such resignation indicates an earlier date therefor, it shall become effective at the next succeeding Board Meeting. Any Officer may be removed from office at any time by resolution of the Board of Directors. Any Director who is removed from his position as such and is then an Officer shall also be deemed thereby to have been removed from such office.

2.5.9. Filling Vacancies in Offices. If any office becomes vacant by reason of an Officer's death, resignation, retirement, disqualification, removal from office or otherwise, the Directors shall, at a Board Meeting duly called for such purpose, elect his successor.

2.5.10. Execution of Instruments. No agreement, contract, check, deed, lease, mortgage or other instrument shall be binding upon the Council unless signed by two Officers, except to the extent that the power to bind the Council is otherwise delegated to the Manager or any other person by the Board of Directors.

Section 2.6. Limitation of Council's, Directors' and Officers' Liability.

(a) Neither the Council nor any Director or Officer, in its or his capacity as such, except in the event of his own individual willful misconduct or gross negligence in the performance of its or his duties, shall be liable (i) for any failure by the Council to obtain or pay for any service which is to be obtained hereunder, or for any injury or damage to persons or property caused by the elements or any Unit Owner or other person, or resulting from the leakage or flow of electricity, gas, water, rain or dust from the outside of any structure which is situate with the Condominium, from any Unit, from any pipe, drain, conduit, appliance, equipment or other place; (ii) to any Unit Owner or other person under any agreement, deed, lease, mortgage, other instrument or transaction entered into by him on behalf of the Council or the Unit Owners in the performance of his duties; (iii) in tort or otherwise, directly or indirectly, to any Unit Owner or any person by virtue of his good faith act or failure to act; (iv) arising out of the use, misuse or condition of the Common Elements, or in any other way as a result or by virtue of his performance of his duties; or (v) for loss or damage, by theft or otherwise, of articles which may be stored within any Unit or upon any of the

General or Limited Common Elements. No diminution or abatement of Assessments as herein elsewhere provided shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the General or Limited Common Elements, separately contracted maintenance to a Unit, or from any action taken by the Council to comply with any law, ordinance, or with the order or directive of any municipal or other governmental authority. THE COUNCIL IS NOT A PROVIDER OF SECURITY SERVICES FOR THE UNITS AND PROPERTY, AND UNIT OWNERS SHOULD IMPLEMENT SECURITY MEASURES, IF DESIRED, TO PROTECT THEIR PERSONS, UNITS AND PERSONALTY.

(b) Each Director and Officer, in his capacity as such, and his heirs and personal representatives shall be indemnified by the Council against all liability and expense (including, by way of example rather than of limitation, that of reasonable attorneys' fees), which are imposed upon or incurred by him in connection with any proceeding in which he is involved by reason of his being or having been a Director or Officer, or in connection with any settlement thereof, and (with respect to such expense whether or not he is a Director or Officer at the time such expense is incurred) except for any such liability imposed or expense incurred in connection with any such proceeding in which the Director or Officer is adjudged guilty of gross negligence or willful misconduct in the performance of his duties; provided, that the foregoing provisions of this paragraph shall not be applicable to any such liability or expense assumed or incurred as the result of a settlement of such proceeding unless the Board of Directors (with such Director abstaining) acting upon the advice of its legal counsel, approves such settlement and reimbursement as being in the Council's best interests. Any amount paid by the Council pursuant to the foregoing provisions of this paragraph shall be part of the Common Expenses. Nothing in the foregoing provisions of this paragraph shall be deemed to alter or impair any right to indemnification to which such Director and/or Officer is entitled under applicable law, by authorization of the Unit Owners or the Board of Directors, or otherwise.

Section 2.7. Resident Agent. The name and post office address of the resident agent of the Council in Maryland shall be Bozzuto & Associates, Inc., whose address is 6401 Golden Triangle Drive, Greenbelt, Maryland 20770. Such resident agent (a) is authorized to accept on behalf of the Council service of process in any action relating to the Common Elements, or the Council, and (b) shall serve until his successor is designated as provided by Section 11-119 of the Act.

Section 2.8. Fiscal Year. The Council's first fiscal year shall begin on the date of the recordation of the Declaration among the Land Records and shall end on the thirty-first (31st) day of December next succeeding such date. Each of the Council's

subsequent fiscal years shall begin on the first (1st) day of January of each succeeding calendar year and shall end on the thirty-first (31st) day of December of such succeeding calendar year.

ARTICLE III. ASSESSMENTS AND WORKING CAPITAL FUND.

Section 3.1. Procedure for Levying Assessments. Any determination by the Board of Directors on behalf of the Council to levy Assessments pursuant to the provisions of the Act and the Declaration, and/or of the respective amounts thereof, shall (subject to the operation and effect of such provisions) be made in the following manner:

3.1.1. Classes of Assessments. The Assessments shall consist of annual Assessments (each of which is hereinafter referred to as an "Annual Assessment"), special Assessments (each of which is hereinafter referred to as a "Special Assessment") and Emergency Special Assessments (defined in Section 3.2(c)). The proceeds of the Annual Assessments may be used by the Council to defray any Common Expenses. The proceeds of any Special Assessments shall be used to defray any Common Expenses incurred by the Council either in the construction, reconstruction, repair or replacement of any of the Common Elements, or any Council Property, or for unreported Common Expenses, all as more particularly described in Section 3.1.4(d) below. The proceeds of any Emergency Special Assessment shall be used to defray the costs of Emergency Special Expenditures as described in Section 3.2(b).

3.1.2. Period of Assessments. Each Assessment shall be levied with respect to one of those periods (each of which is hereinafter referred to as an "Assessment Year") which are co-extensive with the Council's fiscal years. Not more than one Annual Assessment shall be levied against a Unit for any Assessment Year. The omission of the Board, before the expiration of any budget period, to adopt a budget hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or the Act, or a release of assessment installment thereof, for that or any subsequent budget period, but the budget fixed for the preceding period shall continue until a new budget is fixed. No Unit Owner may exempt himself from liability for assessments by a waiver of the use or enjoyment of any of the Common Elements, or by abandonment of any Unit belonging to him.

3.1.3. Allocation of Assessments Among Units.

(a) Except as is otherwise provided in Sections 3.1 and 3.2, (i) the respective amounts of any Annual Assessments, Special Assessments or Emergency Special Assessments levied for an

Assessment Year shall be computed in accordance with the respective percentage interests in the Common Expenses and Common Profits of the Units, and (ii) no Assessment of one class may be levied for an Assessment Year against one Unit unless an Assessment of such class is at the same time levied for such Assessment Year against each Unit.

(b) If during an Assessment Year a Unit is added to the Condominium through an expansion thereof,

(i) the Council shall be deemed, automatically and without the necessity of further action, to have levied against such Unit for such Assessment Year each Assessment which the Council has levied against the other Units for such Assessment Year; and

(ii) the respective amount of each such Assessment shall be determined in accordance with the foregoing provisions of this subsection 3.1.3 as if such Unit was part of the Condominium at the commencement of such Assessment Year, but except that the said amount of each such Annual Assessment (but not of any such Special Assessment) shall then be reduced to a fraction thereof, the numerator of which shall be the number of days remaining in such Assessment Year as of the date of such expansion, and the denominator of which shall be three hundred sixty-five (365).

3.1.4. Adoption by Board of Directors; Notice of Assessment; When Assessments Become Due and Payable.

(a) By not later than the thirtieth (30th) day prior to the commencement of an Assessment Year, the Council shall cause the Board of Directors, as provided in Section 11-109.2 of the Act, to adopt an annual budget for the Council for such Assessment Year, which shall set forth for such Assessment Year (i) the aggregate amount of the Annual Assessments to be levied to meet the annual budget, (ii) the respective amount of the Annual Assessment to be levied against each Unit, and (iii) on a line-item basis the amounts allocated to each of the items set forth in paragraph 3.1.4(a)(1)-(7) hereof and such other items as the Board of Directors deems appropriate. By not later than thirty (30) days prior the adoption of such budget, the Council shall provide a copy of the proposed budget to each Unit Owner at its Notice Address. Within fifteen (15) days after the adoption of such budget, the Council shall provide a copy of the budget, as adopted, to each

Unit Owner at its Notice Address. The formal adoption of any budget must take place at a Board meeting. The annual budget shall include, but in no way shall be limited to, the following:

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

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

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

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

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

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

(7) The estimated cost of repairs, maintenance and replacements of the Condominium including General and Limited Common Elements, to be made by the Council.

(b) For each fiscal year of the Council, an adequate amount of the annual budget, which shall not be less than five percent (5%) of the aggregate amount of such annual budget, shall be reserved for periodic maintenance, repair and replacement of Council Property and portions of the Common Elements. Such funds shall be deposited in a special interest-bearing account with a lending institution the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board, be invested in the obligations of, or fully guaranteed as to principal, by, the United States of America, states, municipalities, or counties thereof. Such funds may be expended only for the replacement of the Common Elements and Council Property of the Condominium and for operating contingencies of a non-recurring nature.

(c) Each Annual Assessment shall be paid to the Board of Directors on behalf of the Council in equal monthly installments in advance on the first day of each month, without notice. In the event that a Unit Owner shall fail to pay any such

installment when and as the same shall be due and payable, then the Board of Directors on behalf of the Council shall have the right to declare the entire Assessment for such Assessment Year, less any amounts theretofore paid toward such Assessment, to be immediately due and payable, provided the Board of Directors on behalf of the Council complies with all of the requirements of the Act applicable to such action.

(d) The Board of Directors on behalf of the Council may levy in any assessment year a Special Assessment or Assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Condominium, as then constituted, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate, provided that any such Special Assessment must be approved either (i) at a Special Membership Meeting or (ii) by the written consent of the Unit Owners representing fifty-one percent (51%) of the total votes of the Condominium.

Section 3.2 Limitations upon Assessments.

(a) Without Approval by the Unit Owners. Without either (i) the approval of the Unit Owners at a Special Membership Meeting or (ii) the written consent of the Unit Owners representing fifty-one percent (51%) of the total votes of the Condominium, and other than pursuant to the provisions of Section 3.2(b) hereof, the Council may not levy against any Unit an Annual Assessment in an amount which,

(i) for the first Assessment Year, exceeds the amount of monthly assessment during the first Assessment Year as designated on Schedule I attached hereto multiplied by the number of months remaining in the first Assessment Year.

(ii) for any Assessment Year thereafter, exceeds one hundred twenty percent (120%) of the maximum amount permitted to be levied against such Unit as an Annual Assessment for the immediately preceding Assessment Year, which preceding Assessment Year shall be adjusted, if necessary, to a twelve (12) month period.

(b) Without Approval by the Unit Owners. Any expenditure other than an expenditure 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 (an "Emergency Special Expenditure"), that would result in an increase in the amount of Annual Assessment 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 Membership Meeting (as described in Section 2.3.4 hereof).

(c) Emergency Special Expenditure. Notwithstanding anything to the contrary contained herein, the Board of Directors may incur an Emergency Special Expenditure that results in any increase in the amount of Annual Assessments and may levy an Emergency Special Assessment in an amount equal to such increase.

Section 3.3. Assessment Lien; Priority Thereof.

3.3.1. Statement of Condominium Lien.

(a) At any time after an Assessment is due against a Unit and before it is paid in full to the Council, the Board of Directors on behalf of the Council, may establish and enforce a lien on the Unit. Upon default in the payment of any one or more monthly installments of any Assessment levied pursuant to these Bylaws, the entire balance of said Assessment may be accelerated at the option of the Board and shall become immediately due and payable. The Board of Directors on behalf of the Council may execute and record among the Land Records of Howard County, after complying with the provisions of Section 11-110 of the Act and Section 14-201 of the Maryland Contract Lien Act, a statement of lien with respect to such Assessment (or any installment thereof, if payable in installments and if the Council elects to make such statement of lien applicable to such installment rather than to such Assessment in full).

(b) The form of any such statement of condominium lien shall be determined by the Board of Directors on behalf of the Council in the exercise of its sole discretion, provided that, upon its having been executed and recorded among said Land Records, it constitutes a "statement of lien" for purposes of the provisions of Section 14-201 of the Maryland Contract Lien Act.

3.3.2. Effectiveness of Assessment Lien. Each Assessment (or each installment thereof, if payable in installments) levied against a Unit shall constitute a lien (hereinafter referred to as an "Assessment Lien") upon the title to such Unit, from the time when a statement of lien with respect to such Assessment or installment is recorded among the Land Records of Howard County pursuant to the provisions of Section 11-110 of

the Act and Section 14-201 of the Maryland Contract Lien Act, and the provisions of subsection 3.3.1 hereof until such Assessment or installment is paid, provided that notice is given to the Unit Owner within two (2) years of the Unit Owner's nonpayment.

3.3.3. Priority of Assessment Lien. An Assessment Lien shall be subordinate to the lien of any Mortgage covering the Unit against which such Assessment is levied, if and only if such Mortgage is recorded among said Land Records prior to the recordation thereamong of a statement of lien creating such Assessment Lien.

3.3.4. Enforcement of Assessment Lien.

(a) An Assessment Lien may be enforced and foreclosed by the Board of Directors on behalf of the Council in the same manner and subject to the same requirements as are specified by the law of Maryland for the foreclosure of mortgages or deeds of trust containing a power of sale or an assent to a decree, and covering real property situate and lying in Maryland. An Assessment Lien will not be affected by the sale or transfer of the encumbered Unit, unless a foreclosure of a prior mortgage is involved, in which case the foreclosure will extinguish the Assessment Lien for any assessments that were payable before the foreclosure sale, but will not relieve any subsequent Unit Owner from paying further Assessments.

(b) The Board of Directors on behalf of the Council shall be entitled (i) to protect the Council's right to collect any unpaid Assessment by purchasing the Unit against which it is levied, at any judicial or other sale involving the enforcement of any Assessment Lien or other lien against the Unit, (ii) to hold, lease, sublet, sell, convey and mortgage any such Unit so purchased, and (iii) if authorized by the Board of Directors, to borrow any or all of the purchase money therefor. The payment of the purchase price for such Unit and of any interest charged for any such purchase money so borrowed shall be a Common Expense, and any income from any resale, mortgage or lease of such Unit shall be part of the Council receipts.

(c) Each Unit Owner shall pay to the Board of Directors on behalf of the Council of Unit Owners, monthly, the amount of any fine levied against him pursuant to any Rules and Regulations. Such fines shall constitute a lien in the same manner as if it were an Assessment.

(d) Any Unit Owner, against whose Unit the Board of Directors on behalf of the Council has recorded an Assessment Lien, may not vote at any meeting of the Council unless the amount necessary to release the lien has been paid at or prior to the time of such meeting.

Section 3.4. Interest on Unpaid Assessment. Each Assessment (or each installment thereof, if payable in installments) shall bear interest on the unpaid balance thereof from the thirtieth (30th) day after the date upon which it first becomes due, until paid, at the highest rate of interest which from time to time is permitted by the Act to be charged with respect to the same. In addition, the Council may impose a late charge for each such Assessment or monthly installment thereof not paid within fifteen (15) days after the date upon which it becomes due in accordance with the provisions of the Act.

Section 3.5. Personal Liability of Unit Owners.

3.5.1. When Liable.

(a) Each Unit Owner shall be personally liable for the payment of each Assessment (or each installment thereof; if payable in installments) which becomes due with respect to a Unit either (i) while he is the Unit Owner thereof, or (ii) prior to his having become the Unit Owner thereof if either (1) a statement of lien with respect to such Assessment is recorded prior to his having become the Unit Owner thereof, pursuant to the provisions of Section 11-110 of the Act and The Maryland Contract Lien Act, or (2) he became the Unit Owner thereof other than by a "grant of a unit for value," as that term is used in the said provisions.

(b) A Unit Owner may not avoid such liability by (i) waiving any right to the use of the Common Elements or otherwise which he holds under the provisions of the Act, the Declaration, these Bylaws or otherwise, (ii) abandoning or otherwise terminating his use of such Unit, or (iii) conveying the title to such Unit after the same becomes due.

(c) Nothing in the foregoing provisions of this Section shall be deemed in any way to alter or impair any right which any Unit Owner may have against any prior Unit Owner of his Unit for the recovery of any amount which such Unit Owner may pay on account of such liability.

3.5.2. When not liable. A Unit Owner shall not be personally liable for the payment of any Assessment or installment thereof which becomes due with respect to a Unit, other than as set forth in the foregoing provisions of this Section.

Section 3.6. Council's Recovery of Unpaid Assessment.

3.6.1. Right of Action. The Board of Directors on behalf of the Council shall be entitled to recover in an action at law or in equity, from any person who is liable for the payment of any or all of an Assessment, a money judgment for such Assessment (including, by way of example rather than of limitation, the amount

of any deficiency which results from any foreclosure of the Assessment Lien therefor), without having such Assessment Lien, and any and all interest accrued thereon through the date of such recovery, and costs incurred by the Council in obtaining such recovery (including by way of example rather than of limitation, reasonable attorneys' fees).

3.6.2. Limitation on Action. Anything contained in the foregoing provisions of this Section to the contrary notwithstanding, no such action or proceeding may be brought to foreclose upon such Assessment Lien or otherwise to recover any of such Assessment, unless

(a) it is brought by the third (3rd) anniversary of the date on which such Assessment (or the initial installment thereof, if payable in installments) first became due, and

(b) a written notice of the Council's intention to initiate the same is given to both the then-Unit Owner of the Unit against which such Assessment has been levied, and any person against whom such action or proceeding is to be brought, by not later than ten (10) days prior to such initiation.

Section 3.7. Certificate as to Payment or Nonpayment. The Board of Directors on behalf of the Council, upon written request at any time by any person who is liable for the payment of any Assessment or installment thereof, or who holds any interest in a Unit against which an Assessment has been levied, shall deliver to such person a certificate signed by an Officer, setting forth whether such Assessment or installment has been paid. Any such certificate so delivered shall be conclusive evidence of the payment of each Assessment or installment thereof which is therein stated to have been paid. The certificate described herein shall in no way be binding upon the Community Association with respect to assessments due it pursuant to the Community Declaration.

Section 3.8. Working Capital Fund. At the time of the initial sale of each Unit, each Unit Owner shall be required to pay into a Working Capital Fund (the "Fund") an amount equal to at least two (2) months of the estimated Annual Assessment. Such amounts paid into the Fund shall not be considered as advance payments of regular Annual Assessments. The Fund shall be transferred to the Council of Unit Owners when control of the Council of Unit Owners is transferred to the Unit Owners. The Declarant is prohibited from using the Fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while the Declarant is control of Council of Unit Owners. Notwithstanding the foregoing, however, to the extent that the Declarant contributes funds to the Fund on behalf of an unsold Unit, the Declarant may reimburse itself for such contributions when such Unit is sold.

ARTICLE IV. INSURANCE; DAMAGE TO AND
DESTRUCTION OF THE CONDOMINIUM.

Section 4.1. Insurance to be Maintained by Council.

4.1.1. Duty to Procure and Maintain. The Council shall procure and maintain, to the extent available, insurance coverage of the types which are enumerated in the provisions of Section 4.3 upon the Condominium (including all of the Units and the Common Elements) all personal property located within the Common Elements, and all Council Property, and, in any event, not less than that insurance coverage required by the Act. The Council shall give written notice to each Unit Owner and each Mortgagee of the termination of any such insurance coverage within ten (10) days of such termination.

4.1.2. Insureds. The policies of such insurance shall name as insureds thereunder the Council (both for itself and as trustee for the Unit Owners), each Unit Owner and each Mortgagee, as their interests may appear. Each Unit Owner and each Mortgagee must be beneficiaries of the policy in the percentage interest appurtenant to each Unit as set forth herein. The policies may also be issued in the name of an authorized representative of the Council of Unit Owners, including any insurance trustee with whom the Council of Unit Owners has entered into an Insurance Trust Agreement, or any successor trustee, as insured, for the use and benefit of the individual unit owners. Loss payee is required to be in favor of the Council of Unit Owners (or Insurance Trustee), as a trustee, for each Unit Owner and each such Unit Owner's Mortgagee. The Council of Unit Owners or insurance trustee, if any, is required to hold any proceeds of insurance in trust for Unit Owners and their first mortgage holder, as their interests may appear. Each Unit Owner and each Mortgagee, if any, is required to be beneficiaries of the policy in the percentage interest factor appurtenant to such unit as set forth herein.

4.1.3. Insurers. Such insurance shall be purchased from one or more recognized insurance companies duly licensed to operate and do business in Maryland. Such insurance must be consistent with state and local insurance laws and at least equal to such coverage as is commonly required by prudent institutional mortgage investors in the Baltimore metropolitan area.

4.1.4. Exclusions from Coverage. Nothing in the foregoing provisions of this Section shall be deemed in any way to impose upon the Council any obligation to procure or maintain any insurance upon the person or personal property of any Unit Owner, any family member, invitee, visitor or guest of any Unit Owner, or any tenant or other occupant of any Unit. Any Unit Owner who desires to obtain any such insurance shall be responsible for doing

so at his initiative and expense, and in accordance with the provisions of Section 4.4.

4.1.5. Review. The Board of Directors shall review the Council's insurance requirements and limits thereof once during each of its fiscal years.

4.1.6. Payment of Premiums. The Council shall pay the premiums for such insurance as part of the Common Expenses.

4.1.7. Inspection. The Council shall make available for inspection to any Unit Owner or Mortgagee copies of all insurance policies maintained by the Council upon the request of any such Unit Owner or Mortgagee. The Council or Manager may charge a reasonable fee for photocopies and postage.

4.1.8. Other Requirements.

(a) Such insurance policies are required to contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the Baltimore metropolitan area and which approximately names FNMA and FHLMC if such corporations are holders of first mortgages on Units within the Condominium. Such policies are also required to provide that they may not be canceled or substantially modified, without at least thirty (30) days' prior written notice to the Council of Unit Owners and to each Mortgagee listed as a scheduled holder of a first mortgage in the policies.

(b) No insurance policies are to be obtained if (i) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against borrowers, FNMA, FHLMC, or the designee of FNMA or FHLMC, or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members, or (iii) the policy includes any limited clauses (other than insurance conditions) which could prevent FNMA, FHLMC, or the borrowers from collecting insurance proceeds.

(c) All insurance policies are required to provide for the following: (a) recognition of any Insurance Trust Agreement; (b) that the insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Unit Owners collectively; and (c) that the policy is primary in the event that Unit Owner has other insurance covering the same loss.

Section 4.2. Master Policies of Insurance. The Council shall obtain master policies of insurance which shall provide for the proceeds thereunder to be paid to the Council and to be held by the Council for disposition in accordance with the provisions of

these Bylaws. Under such master policies, certificates of insurance shall be issued which indicate on their face that they are a part of such master policies, and that such master policies cover each Unit and the Common Elements. A certificate of insurance with proper mortgagee endorsements to such policy shall be issued to the Council, each Unit Owner, and each Mortgagee from time to time after reasonable prior request. Such certificate shall show the relative amount of insurance covering each Unit and the undivided percentage interest in the Common Elements held by such Unit Owner, and shall provide that any improvements made to a Unit by any Unit Owner shall not affect the valuation of other improvements forming part of the Condominium for purposes of such insurance. Such master policies and certificates shall, to the extent obtainable by the Council using its best efforts, contain those provisions required by the Act, including without limitation, (a) that the insurer waives its rights to subrogation as to any claim against the Manager, the Council, any Officer, Director, agent or employee of the Council, each Unit Owner, their respective servants, agents and guests, and to any defense based on invalidity arising from the acts of the insured, and (b) that the insurer shall not be entitled to contribution from the issuer of any insurance which may be purchased by any Unit Owner in accordance with the provisions of Section 4.4. The originals of such master policies shall be deposited with the Council and a memorandum thereof shall be deposited with each first Mortgagee who requests it. The Council shall pay the premiums for such insurance by not later than thirty (30) days prior to the expiration of the term of each such policy, and shall notify each Mortgagee who requests such notification of such payment within ten (10) days after having made the same.

Section 4.3. Types of Insurance. The types of insurance coverage which the Council shall procure and maintain pursuant to the provisions of Section 4.1 are as follows:

4.3.1. Physical Damage Insurance. Physical damage insurance in an amount equal to not less than 100% of the full replacement value of all insurable improvements which form part of the Condominium, exclusive of land, foundation and excavation wall coverings, carpeting and any other improvements or betterments installed in any Unit by or on behalf of the Unit Owner thereof, and all Council property, as such value is determined annually by the Board of Directors with the assistance of the issuer of such insurance; provided, that at the option of the Board of Directors such policy or policies may contain a "deductible" provision in an amount which is determined by the Board of Directors, but shall not exceed \$10,000.00.

(a) Such coverage shall be all risk insurance and shall contain an extended coverage endorsement.

(b) The policies affording such coverage shall provide, to the extent obtainable by the Council, using its best efforts, that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such right shall not be exercisable without the approval of the Board of Directors, or, where such restoration would not be permitted under the provisions of the Declaration or of the Act, without the approval of those Unit Owners whose approval thereof is required by such provisions.

(c) The policies affording such coverage shall provide (i) that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice thereof having been given to each insured (including by way of example rather than of limitation, each insured Mortgagee), and (ii) that certificates of such insurance and all renewals thereof, together with acknowledgment of payment of premiums, shall be delivered to each Unit Owner and insured Mortgagee upon request.

(d) Except as may be otherwise provided by the Act, the Declaration or these Bylaws, if any of the improvements of subsection 4.3.1 are damaged or destroyed, they shall be fully and promptly repaired and restored by the Council using any proceeds of insurance which are payable on account of the same and are held by the Council or any insurance trustee, and each Unit Owner shall be liable for the payment of any deductible provided for in any such policy or policies in effect, except to the extent that such deductible is declared a Common Expense by the Council.

4.3.2. Public Liability Insurance. Public liability insurance (including medical payments insurance) insuring the Council, and, as employees, each Officer, Director, employee or agent (exclusive of independent contractors) thereof, each Unit Owner and the Manager against liability for bodily injury, death or property damage arising out of the use, ownership or maintenance of the Common Elements by any person or out of any of their activities on behalf of the Council. Such insurance shall have at least a One Million Dollars (\$1,000,000), for bodily injury, including deaths of persons and property damage arising out of a single occurrence (or such greater amounts generally required by private institutional mortgage investors for projects similar in construction, location and use in the Baltimore metropolitan area). Such policies are required to provide that they may not be canceled or substantially modified, by any party, without at least thirty (30) days' prior written notice to the Council of Unit Owners and to each Mortgagee which is listed as a scheduled holder of a first mortgage in the insurance policy.

4.3.3. Workman's Compensation Insurance. Workman's compensation insurance affording at least such coverage of the Council and its Directors, Officers, employees and agents

(exclusive of independent contractors) as is required by applicable law.

4.3.4. Fidelity Insurance. (a) Fidelity insurance covering, as employees, the Manager and those Officers, Directors, employees and agents (exclusive of independent contractors) of the Council who handle Council receipts or Council Property. The Manager is required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Council of Unit Owners. Such fidelity bonds are required to name the Council of Unit Owners as an obligee and are required to be in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Council of Unit Owners or the management agent, as the case may be, at any given time during the term of each bond. However, pursuant to the By-laws, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all units plus reserve funds. The bonds are required to contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The premiums on all bonds required pursuant to the By-laws, except those maintained by the management agent, are required to be paid by the Council of Unit Owners as a common expense. The bonds are required to provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium without at least ten (10) days' prior written notice to the Council of Unit Owners or Insurance Trustee, if any. So long as FNMA shall hold a first mortgage on any unit, such bonds shall also provide that the FNMA Servicer, on behalf of FNMA, must receive such notice of cancellation or modification.

4.3.5. Insurance Trustees/Power of Attorney. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Council of Unit Owners, the Council's authorized representative, including any trustee with whom the Council may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

Each Unit Owner hereby appoints the Council of Unit Owners, or any Insurance Trustee or substitute Insurance Trustee designated by the Council of Unit Owners, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability;

the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

4.3.6. Other Insurance. Such other coverage as the Board of Directors may deem advisable.

Section 4.4. Insurance to be Maintained by Unit Owner.

4.4.1. Coverage. Each Unit Owner may obtain, and the Developer and the Board of Directors recommend that each Unit Owner obtain, insurance at his own expense affording coverage against (a) damage to or destruction of any wall coverings, carpeting and any other improvements or betterments installed in his Unit, or any of his personal property which is located anywhere upon the land or with the improvements which constitute the Condominium, and (b) personal liability incurred by such Unit Owner and arising out of the use of such Unit Owner's Unit by any person, but each policy which affords such coverage shall contain the same waiver of subrogation by the insurer as that referred to in the provisions of Section 4.2, and either shall provide that the insurer shall have no right of contribution against any casualty insurance affording coverage against such risk held pursuant to the provisions of this Article (notwithstanding that such Unit Owner may be an insured thereunder) or shall be written by the same carrier as that of such insurance held by the Council. NOTICE IS HEREBY GIVEN BY THE DECLARANT AND THE BOARD OF DIRECTORS THAT THE INSURANCE TO BE MAINTAINED BY THE COUNCIL UNDER THIS ARTICLE IV DOES NOT INSURE ANY ADDITIONS, ALTERATIONS, IMPROVEMENTS, BETTERMENTS OR MODIFICATIONS TO ANY UNIT AS SOLD BY THE DEVELOPER NOR DOES IT INSURE ANY PERSONAL PROPERTY OF A UNIT OWNER.

4.4.2. Relationship to Insurance Held by Council. If a loss is sustained and the amount of the proceeds which would otherwise be payable under any policy of insurance then held by the Council pursuant to the provisions of Section 4.3 hereof is reduced because of proration of, or right of contribution from, any insurance against the same risk which is held by any Unit Owner under the provisions of this Section, such Unit Owner shall assign to the Council any proceeds of his insurance which are payable on account of such loss, to the extent of the amount of such reduction, and the amount so assigned shall be distributed by the Council in the same manner as that prescribed by these Bylaws for the distribution of the proceeds which are payable under the said policy held by the Council, as aforesaid.

ARTICLE V. CONDEMNATION.

Section 5.1. Condemnation Proceedings.

5.1.1. Council's Right to Prosecute and Defend. The Council shall be entitled to prosecute and defend all proceedings with respect to the Condemnation of any or all of the Common Elements or any Council Property; provided, that the Council shall not settle or compromise any claim made in any such proceeding without the approval of Unit Owners having a majority of the outstanding Votes.

5.1.2. Notice to Unit Owners. The Council shall notify each Unit Owner of any such proceeding, and each Unit Owner shall be entitled to participate therein on his behalf.

Section 5.2. Repair and Reconstruction. Subject to the operation and effect of the provisions of Section 5.3, in the event of a Condemnation of part of the Condominium, the Council shall arrange for and supervise the prompt repair and restoration of the remainder of the Condominium in the same manner as that which is set forth in the provisions of Section 6.8 and Section 6.9 of the Declaration in the case of damage by fire or other casualty, and the provisions of Section 6.8 and Section 6.9 of the Declaration shall apply to the repair and restoration of the Condominium in the same manner as if the Condominium had been so damaged. The award made for the Condemnation shall be payable to the Council and shall be held and disbursed in the same manner as the proceeds of insurance received by the Council are required by the provisions of Section 6.8 and Section 6.9 of the Declaration to be held and disbursed by the Council upon the occurrence of any such casualty.

Section 5.3. Substantial or Total Condemnation.

5.3.1. Right of Partition. If (a) more than two-third (2/3rds) in number of the Units are rendered untenable by a Condemnation, and (b) more than two-thirds (2/3rds) of the Unit Owners fail to vote in favor of the alteration and reconstruction thereof at a Membership Meeting called for such purpose on a date within sixty (60) days after the date of such Condemnation, then, with the written approval of one or more Mortgagees having first Mortgages on at least two-thirds (2/3rds) of all of those Units which are then encumbered by a Mortgage, the Condominium shall be subject to an action for partition at the suit of any Unit Owner or Mortgagee, as if the Condominium were owned by the Unit Owners as tenants in common.

5.3.2. Distribution of Proceeds. Upon the completion of any such partition and of any sale of the Condominium made pursuant thereto, the net proceeds of such sale, together with the total award for such Condemnation, shall be held by the Council in

one fund, which shall be distributed by the Council among all of the Unit Owners in proportion to their respective undivided percentage interests in the Common Elements, after first applying the share of each Unit Owner to the payment of any unpaid amount for which a lien then exists upon his Unit, in the order of priority of such liens.

Section 5.4. Effect of Condemnation on Percentage Interests.

5.4.1. Adjustment of Percentage Interests. If there is a Condemnation of any or all of the Condominium and if, as a result of such Condemnation, any or all of any Unit so taken is no longer subject to the operation and effect of the Declaration, the Condominium Plat and these Bylaws, and if the Condominium is not partitioned pursuant to the provisions of subsection 5.3.1, then the respective undivided percentage interests in the Common Elements and percentage interests in the Common Expenses and Common Profits of all Units or portions thereof which were not so taken shall be adjusted as of the date of such Condemnation in the following manner:

(a) If such Condemnation is of all of one or more Units, the respective undivided percentage interests in the Common Elements and percentage interests in the Common Expenses and Common Profits of such Units shall be reallocated among all of the other Units, in that proportion which, immediately prior to such Condemnation, the respective such percentage interests of each of the other Units bears to the aggregate of the respective percentage interests of all of the other Units.

(b) If such Condemnation is of part, but not all, of one or more Units, (i) the percentage interests of each such Unit shall be reduced to a percentage which bears the same ratio to the percentage interest of such Unit immediately prior to such Condemnation as the ratio which the floor area of the Unit immediately after such Condemnation bears to the floor area of the Unit immediately prior to such Condemnation, and (ii) the aggregate of such reduction in the percentage interests of all such Units shall be reallocated among all of the Units remaining after such Condemnation (including each Unit with respect to which such reduction is made) in proportion to the respective percentage interests of such Units immediately prior to such Condemnation, except that in the case of each Unit with respect to which such reduction is made, the percentage interests used in such computation shall be the percentage interests of such Unit as so reduced.

5.4.2. Amendment of the Declaration. Promptly after any Condemnation as a result of which any adjustment of the respective undivided percentage interests in the Common Elements or percentage interests in the Common Expenses and Common Profits is

made pursuant to the foregoing provisions of this Section, an amendment of the Declaration setting forth such adjustment shall be executed and acknowledged by each Unit Owner and Mortgagee, and recorded among the Land Records of Howard County by the Council. The Council shall hold a power of attorney from each Unit Owner and Mortgagee for such purpose.

ARTICLE VI. USE OF UNITS

Section 6.1. Generally. The provisions of this Article VI are intended to supplement the provisions of the Community Declaration and Bylaws affecting the use of the Units, and in the event of any conflict between the provisions of this Article VI or the Rules and Regulations of the Condominium and the provisions of the Community Declaration or Bylaws, the more stringent provision shall control. All Units shall be used for residential purposes exclusively except for such temporary non-residential uses as may be permitted from time to time by the Board of Directors and by the laws of the State and except as provided in this Section.

Section 6.2. Sale or Lease of Units.

6.2.1. No Right of First Refusal. The right of any Unit Owner, including the Declarant, to sell, transfer, convey, mortgage, encumber or pledge the Unit owned by such Unit Owner shall not be subject to any right of first refusal or any similar restriction in favor of the Council or any other Unit Owner.

6.2.2. Form of Lease. No Unit Owner may lease his Unit for transient or hotel purposes. All leases shall be in writing, on a form approved by the Council, with a minimum term of at least six (6) months. A copy of any lease executed by a Unit Owner shall be delivered to the Council promptly after the execution thereof. Any lease shall be subject in all respects to the provisions of the Declaration, the Bylaws and the Rules and Regulations and any failure by the tenant to comply with the terms of such instruments shall be a default under his lease, and any lease shall so provide. In the event of the non-compliance by any tenant of a Unit with the terms of this Declaration, the Bylaws or the Rules and Regulations, the Council shall have the right, in addition to any other rights available to it, to require the Unit Owner of such Unit to terminate such lease because of such default and otherwise to treat such noncompliance as noncompliance by the Unit Owner.

6.2.3. Lease by Declarant. Anything to the contrary contained in this subsection notwithstanding, the lease by the Declarant of any Unit owned by the Declarant or the lease by a Mortgagee in possession of a Unit shall not be subject to the provisions of paragraph 6.2.2 except that the occupancy of any Unit by any tenant of such person shall be subject to the other

provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 6.3. Declarant Rights. Nothing in the provisions of these Bylaws shall be deemed in any way to prohibit any of the following:

(a) The use by the Declarant, and its agents, employees, officers, contractors and invitees, of each Unit of which the Declarant, or an affiliate of the Declarant is then the Unit Owner (i) as offices, sales centers, or model dwellings in connection with its development construction, replacement, repair, maintenance, marketing or leasing of any Unit or any dwelling in any other apartment or condominium project in the vicinity of the Condominium, or (ii) in any other manner, unless any other person would, were he the Unit Owner thereof, be prohibited or restricted in the same manner.

(b) The maintenance by or on behalf of the Declarant of any affiliate of the Declarant within the Common Elements or any Unit of which it is then the Unit Owner of one or more signs advertising the Condominium or the sale or rental of Units in the Condominium or advertising other property which is subject or is intended to be subject to the Community Declaration or the sale or rental of dwelling units therein.

Section 6.4 Structural Changes. No Unit Owner shall (a) make any structural modification or alteration within his Unit or the Limited Common Elements appurtenant to his Unit, or contract for or perform any maintenance, repair, replacement, removal, alteration or modification of the Common Elements (including, by way of example rather than of limitation, any of the Common Elements which lie within the space included within any Unit), or repair, alter, replace, paint, decorate or change any portion of the exterior of his Unit, without obtaining the Council's prior written consent thereto and, if required under the Community Declaration, the consent of the Community Association; or (b) take any action which (i) tends to impair the structural integrity, soundness or safety of any part of the Condominium; (ii) repairs the existence of, or the ability to enjoy, any easement, right or hereditament appurtenant to any Unit or the Common Elements; or (iii) adversely affects the Common Elements or the ability to use and enjoy the same, without first obtaining the written consent thereto of the Council and of each Unit Owner whose Unit or enjoyment thereof may be affected thereby.

Section 6.5 Prohibited Uses and Nuisances.

(a) No noxious or offensive trade or activity shall be carried on within the Condominium or within any Unit situate thereon, nor shall anything be done therein or thereon which may be

or become an annoyance to the neighborhood or the other Unit Owners.

(b) There shall be no obstruction of any General Common Elements, except as herein provided. Nothing shall be stored upon any General Common Elements, except as herein provided, without the approval of the Board. Vehicular parking upon General Common Elements shall be regulated by the Board.

(c) Nothing shall be done or maintained in any Unit, or upon any General or Limited Common Elements, which will increase the rate of insurance on any Unit or General or Limited Common Elements, or result in the cancellation thereof, without the prior written approval of the Board. Nothing shall be done or maintained in any Unit or upon General or Limited Common Elements which would be in violation of any law. No waste shall be committed upon any General or Limited Common Elements.

(d) No structural alteration, construction, addition or removal of any Unit of General or Limited Common Elements shall be commenced or conducted except in strict accordance with the provisions of these Bylaws, the laws of the State of Maryland and any local laws.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit, and upon any Common Element; except that this shall not prohibit the keeping of two (2) dogs or two (2) cats and up to three (3) caged birds as domestic pets, provided that they are not kept, bred or maintained for commercial purposes, and provided further that the keeping of such a dog, cats and/or caged birds will not constitute such type of noxious or offensive activity as covered in this Section 6.5. All dogs and cats must be kept inside their respective Owner's Unit or upon the Unit's Limited Common Elements and may be carried or walked on the General Common Elements only on a leash.

(f) Except for such signs as may be posted by the Declarant for promotional purposes and signs of a directional nature, no signs of any character shall be erected, posted or displayed upon, in or from or about any Unit or the General or Limited Common Elements.

(g) Except as herein elsewhere provided, no junk vehicle or other vehicle, on which current registration plates are not displayed, trailer, truck exceeding gross vehicle weights of 10,000 lbs., camper, camp truck, house trailer, recreational vehicle or the like shall be kept upon any Common Elements, nor upon any parking lots or roadways located upon the Parcel, nor shall the repair or maintenance of automobiles or other vehicles be carried out thereon.

(h) Except as otherwise provided in these Bylaws, no part of the General or Limited Common Elements shall be used for commercial activities of any character. This subsection shall not apply to the use of Units or Common Elements by the Declarant for its sole display, promotional or sales purposes.

(i) No burning of any trash, and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any Unit or upon any General or Limited Common Elements. Trash and garbage containers shall not be permitted to remain in public view, except within locations designated by the Board. This subsection shall not apply to the Developer during the period of construction of the Condominium.

(j) No structure of a temporary character, trailer, tent, shack, barn or other out-building shall be maintained upon any of the General or Limited Common Elements at any time except as permitted by written permission of the Board. Outdoor clothes dryers or clothes lines shall not be maintained upon the Common Elements at any time.

(k) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any Unit or upon any General or Limited Common Elements without the prior written consent of the Board.

(l) No items or material shall be hung on the exterior of the building or draped from windows over the exterior of the building except sales materials which may be utilized by the Declarant, nor shall any screen doors or storm doors be utilized in connection with any Unit or building except for sliding screen doors installed with sliding glass doors.

(m) No window treatments shall be installed in any Unit which do not have a white backing.

(n) Between 11:00 p.m. and 9:00 a.m., there shall be no loud or unusual noises; musical instruments, radios, televisions, record players, phonographs, Hi-Fi sets, and amplifiers shall be used in such manner as not to disturb other Unit Owners.

(o) Outdoor cooking is strictly prohibited on any of the General Common Elements except as to such areas as shall be designated by the Board.

(p) The Board shall have the power to levy fines against Unit Owners for violation of these Bylaws or the Rules and Regulations promulgated by the Board hereunder. Said power to levy fines is specifically subject to Article III hereof. The Board

shall also have the right to enforce compliance by injunction or other legal means as the Board deems appropriate.

(q) No industry, business, trade or profession of any kind, whether or not for profit, shall be conducted, maintained or permitted in any Unit.

(r) No Unit Owner shall make any changes in, nor perform any work with respect to, the electrical wiring and systems servicing his Unit, unless such changes or work are performed by a licensed electrician;

(s) No Unit Owner shall make any changes in, nor perform any work with respect to, the sprinkler heads and sprinkler pipes serving his Unit, unless such changes or work are performed by a contractor designated by the Council.

(t) No machinery shall be placed or operated within any Unit or the Limited Common Elements appurtenant to such Unit, except for that customarily utilized in occupying a private residence.

(u) No noxious or offensive activity shall be carried on or within any Unit or the Limited Common Elements appurtenant to such Unit, no odor shall be permitted to emanate therefrom, and nothing shall be done thereon in any other manner, so as to render any Unit or portion thereof unsanitary, unsightly, unreasonably offensive or detrimental, or a nuisance, to the Condominium or any occupant thereof.

(v) There shall be no violation of any Rules, whether for the use of the General or Limited Common Elements or for the governance of the Condominium, which may from time to time be adopted by the Board and promulgated among the Unit Owners by said Board in writing; and the Board is hereby, and elsewhere in these Bylaws, authorized to adopt such Rules and Regulations.

Section 6.6. Required Floor Coverings. All Unit Owners owning Units located above other Units are required to maintain floor coverings, i.e. carpet and padding, over all floor surfaces, except foyers, kitchens, closets and bathrooms, in such Unit Owner's Unit.

ARTICLE VII. ARCHITECTURAL STANDARDS

Section 7.1. Authority of the Board to Form the Committee. Except for the original construction of the Units upon the Parcel by the Declarant and any improvements to any Unit or to the General or Limited Common Elements accomplished concurrently with said original construction, and except for purposes of proper maintenance and repair, or as otherwise provided in these Bylaws,

it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any light, screens, awnings, patio covers, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, patios, balconies, platforms, porches, wall or to make any change or otherwise alter, including any alteration in color, in any manner whatsoever, to the exterior of any Unit or upon any of the General or Limited Common Elements within the Condominium until the shape, height, material, color, type of construction and/or other information specified by the Board (or its designated Committee), shall have been submitted to, and approved in writing by the Board, or by an "Architectural Standards Committee" designated by the Board.

Section 7.2. Failure of the Committee to Act. In the event the Board, or the Architectural Standards Committee designated by the Board, fails to approve, or disapprove, such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. If plans and specifications are not submitted, any and all alterations and/or changes shall be deemed violations of this Article.

ARTICLE VIII. HEARING PROCEDURES

Section 8.1. Statement of Purpose. It is the declared intention of the Council that Rules and Regulations shall be adopted freely by the Board, and without the requirement of a vote of the Council as a requisite to their adoption. Each Rule and/or Regulation must state that it was adopted in accordance with Section 11-111 of the Act. All Rules and Regulations are intended to be adopted as supplements to, and not in lieu of, legally required provisions of these Bylaws. Should any adopted rules contradict any provisions of these Bylaws, as amended, said provisions of these Bylaws shall take precedence.

Section 8.2. Rules and Regulations. All Rules and Regulations proposed by the Board or by any committee appointed by the Board to act on its behalf shall be dated as of the date of the meeting at which they were considered, and shall be communicated to the Council in writing within seven (7) days after said meeting date, and shall be put forward before the Council for consideration and review by the process of hearing and comment described herein.

Section 8.3. Rule Adoption - Hearing and Comment.

8.3.1. Notice of Hearing. Any notice of hearing required by these Bylaws and the Act shall include a copy of the proposed Rule, its proposed effective date, the date, time, location and agenda of the hearing, and shall be communicated by the Board to the Council in writing. The notice must be given to the Council at least fifteen (15) days prior to the meeting date.

8.3.2. Quorum. A quorum of the Board shall be in attendance at all public hearings; if a quorum is not present, a new hearing shall be scheduled within seven (7) days.

8.3.3. Comment. A member of the Board shall preside over any hearings so convened and shall limit discussions within parameters of the published agenda. Any Unit Owner may appear and speak at any hearing, and any Unit Owner may submit written comments at any hearing.

8.3.4. Vote by the Board. After comment is held on the proposed Rule at the hearing, the Board may approve the Rule by a positive vote of a majority of those members of the Board present and voting.

8.3.5. Appeal of New Rule. The Rule will be considered enacted unless, within fifteen (15) days after the Board vote, a petition signed by at least fifteen percent (15%) of the members of the Council of Unit Owners calling for a Special Membership Meeting is filed with the Board. Following the filing of a petition, the Board shall schedule a Special Membership Meeting of the Council of Unit Owners, to be held within thirty (30) days after the Board's receipt of the petition. Written notice of the meeting must be given to each Unit Owner at least fifteen (15) days prior to the Special Membership Meeting date.

8.3.6. Quorum. A quorum of the Council of Unit Owners must be in attendance at the Special Membership Meeting called for the purposes stated in this Article. If a quorum is not present, the Rule will be considered final. If a quorum is present, and fifty percent (50%) of the Unit Owners present and voting disapprove the Rule, the Rule will be considered void; provided those Unit Owners voting to disapprove the Rule number at least thirty-three percent (33%) of the total votes of the Council of Unit Owners. If those Unit Owners voting to disapprove the Rule number less than thirty-three percent (33%) of the total votes of the Council of Unit Owners, then the Rule will be considered final.

Section 8.4. Appeals.

8.4.1. Right of Appeal. Each Unit Owner shall have a right to appeal to the Board for an individual exception to any Rules adopted by the Board.

8.4.2. Appeal Period. The appeal period shall begin on the effective date of the Rule in question, and shall run for a period of fourteen (14) days.

8.4.3. Appeals After Appeal Period. No appeals shall be considered, except by permission of the Board if filed after the expiration of the appeal period.

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

8.4.5. Publication of Upheld Appeal. If the Board shall uphold an appeal, thus granting an individual exception to an adopted Rule, the Board shall publish, or communicate in a reasonable manner, to the Council an explanation of the reasons for granting the exception.

Section 8.5. Effect of Rules. Any Rules, when adopted in accordance with the above procedures, shall have the same effect as if they were incorporated in these Bylaws by direct reference. All Rules, upon proper adoption under the above procedures, shall be enforced in the same manner as all other provisions of the Bylaws.

ARTICLE IX. MISCELLANEOUS PROVISIONS.

Section 9.1. Roster of Unit Owners, Mortgagees, and Proxy Holders.

9.1.1. Duty to Furnish Information. Immediately upon a person's having become the Unit Owner or a Mortgagee of a Unit, or the Proxy Holder of a Unit Owner's votes, such Unit Owner, Mortgagee or Proxy Holder shall in writing both notify the Council of its status as such and supply the following information to the Secretary and/or Manager:

(a) the full and correct name of such Unit Owner, Mortgagee or Proxy Holder (and if a Proxy Holder, a statement as to whether the Proxy Holder is also a Mortgagee with respect to such Unit);

(b) the number of the Unit of which such person is a Unit Owner or Mortgagee, or for the Unit Owner of which such person is a Proxy Holder;

(c) if such Unit Owner, Mortgagee or Proxy Holder consists of more than one person, the full and correct name of each such person;

(d) a single address for such Unit Owner, Mortgagee or Proxy Holder in the United States of America, which shall

constitute its Notice Address for purposes of the provisions of Section 9.2; and

(e) upon request by the Secretary, such evidence of such Unit Owner's, Mortgagee's or Proxy Holder's status as such as the Secretary and/or Manager may reasonably demand.

9.1.2. Failure to Furnish Information. Unless the Council has been notified of the existence of a Unit Owner, Mortgagee or Proxy Holder and the Secretary has been supplied with the information which is required to be supplied by the foregoing provisions of this Section, such person shall have no right under the provisions of the Act, the Declaration or these Bylaws (a) to be given any notice, demand, consent, approval, request or other communications or document by the Council or any Director or Officer, (b) unless permitted by the President, to participate in the consideration of or cast any vote upon any question voted upon by the Council, or (c) otherwise to be recognized as such by the Council, any Director or Officer, employee or agent thereof, or any Unit Owner.

9.1.3. Maintenance of and Reliance on Roster. The Secretary shall maintain on a current basis a roster showing, with respect to each Unit, information pertaining to the Unit Owner thereof, any Mortgagee thereof, and any Proxy Holder with respect thereto. Unless the Council has received express, written notice to the contrary, the Council, its Directors, Officers, employees and agents, and each Unit Owner shall be entitled to rely upon the accuracy of such roster as reflecting the existence, current identity, composition, legal standing, and Notice Address of the Unit Owner and any Mortgagee or Proxy Holder of a Unit, shall in making any determination for purposes of the provisions of the Act, the Declaration or these Bylaws as to whom any notice, demand, consent, approval, request or other communication or document is to be given or delivered by the Council or any Director or Officer thereof, or by whom or on whose behalf any Vote may be cast at any Meeting, or in connection with any other actions to be taken by the Council or any of its Directors or Officers.

Section 9.2. Notices. Any notice, demand, consent, approval, request or other communication or document which is to be provided hereunder by the Council or any Director, Officer or other person, to any person shall be in writing, and (a) shall be deemed to have been provided forty-eight (48) hours after having been deposited in the United States mails, postage prepaid, and addressed (i) if the addressee is a Unit Owner, Proxy Holder, or Mortgagee who (in accordance with the provisions of Section 9.1 hereof) has notified the Council of its status as such and furnished the Secretary and/or Manager with the information referred to therein, to such person's address (herein referred to as such person's "Notice Address") as set forth in the roster which

is referred to herein, and (ii) if the addressee is the Council, to the address of the Council's resident agent, or to such other address in the United States of America as the Council may designate from time to time by notice to the Unit Owners, and (iii) if the addressee either (A) has not so notified the Council and furnished the Secretary with such information, or (B) is any other person, to such address in the United States of America as is used by the United States Postal Service for the delivery of mail to such person or his Unit, or (b) shall be deemed to have been provided upon actual hand or other delivery to such person.

Section 9.3. Information to be Furnished in the Event of Resale by a Unit Owner.

9.3.1. Documentation to be Furnished to Purchaser. In the event of a resale of a Unit by a Unit Owner (other than the Declarant), such Unit Owner is required by the provisions of Section 11-135 of the Act (and other provisions thereof) to furnish, and shall furnish, to the prospective purchaser thereof not later than fifteen (15) days prior to the conveyance of such Unit (a) a copy of the Declaration (other than the Condominium Plat), the Bylaws, the Rules and Regulations, (b) a certificate containing the statements and other information enumerated in such provisions of the Act (as such provisions may from time to time hereafter be amended), (c) a statement by the Unit Owner as to whether the Unit Owner has knowledge (i) that any alteration to the Unit being sold or to the Limited Common Elements appurtenant thereto violates any provision of the Declaration, Bylaws or Rules and Regulations, and (ii) that the Unit or the Limited Common Elements appurtenant thereto are in violation of any applicable health or building code, and (d) the Community Declaration and Bylaws and the Community Association rules.

9.3.2. Certificate Provided by Council. The Council shall, within 20 days after its receipt of a written request therefor by a Unit Owner and payment of any fee therefor established by the Board of Directors, furnish to such Unit Owner a certificate setting forth the information required to be contained in the statement referred to in the provisions of subsection 9.3.1. Any Unit Owner who provides any such certificate to any such prospective purchaser pursuant to the provisions of subsection 9.3.1 shall not be liable to such purchaser for any error in or omission from such information provided by the Council and included in such certificate, and the Council shall defend, indemnify and hold harmless such Unit Owner against and from any liability or claim thereof to any person, or any expense, arising out of any such error or omission. Without altering or impairing the Council's obligation under the provisions of the immediately preceding sentence to defend, indemnify and hold harmless such Unit Owner, and subject to the operation and effect of such provisions, the Council shall not be liable to any Unit Owner or directly to

any such purchaser for any misleading or erroneous information contained in any such certificate, provided it has acted reasonably and has exercised good faith in supplying such information.

9.3.3. Information to be Provided by Purchaser. Immediately after the sale of a Unit, the purchaser or his agent shall provide to the Council through the Manager, to the extent available, the name and forwarding address of the prior Unit Owner, the name and address of the purchaser, the name and address of any Mortgagee, the date of settlement, and the proportionate amounts of any outstanding Assessments assumed by each of the parties to the transaction.

Section 9.4. Severability. No determination by any court, governmental or administrative body or agency or otherwise that any provision of these Bylaws or any amendment hereto is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other provision of these Bylaws or of such amendment, or (b) such provision in any instance not controlled by such determination. Each such provision shall be valid and enforceable to the fullest extent allowed by law, and shall be construed wherever possible as being consistent with applicable law.

Section 9.5. Amendments. These Bylaws may be amended by the affirmative vote of Unit Owners representing sixty-six and two-thirds percent (66-2/3%) of the total votes of the Condominium at any meeting of the Council duly called for such purposes in accordance with the provisions of the Act. Amendments may be proposed by the Board or by a petition signed by Unit Owners representing at least twenty percent (20%) of the total votes of the Condominium. A description of the proposed amendment shall accompany the notice of the Annual Membership Meeting or Special Membership Meeting at which such proposed amendment is to be voted upon. Any amendment adopted by the Council shall be effective only upon recordation among the Land Records of Howard County. The recorded amendment shall set out the Sections of these Bylaws being amended and the applicable provisions of the Act.

Section 9.6. Applicable Law. These Bylaws shall be given effect and construed by application of the law of Maryland.

Section 9.7. Headings. The headings of the Articles, Sections and subsections hereof are provided herein for and only for convenience of reference, and shall not be considered in construing the contents thereof.

Section 9.8. Construction. All references made herein (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; and (b) in the singular or plural

number shall be deemed to have been made, respectively, in the plural or singular number as well.

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