

"EXHIBIT B"
BYLAWS
MARYLAND MUTUAL NO. EIGHT, INC.

ARTICLE I

Name and Location

Section 1. Name and Location. The name of the Council of Unit Owners is Maryland Mutual No. Eight, Inc. Its principal office and mailing address is as follows: 3701 Rossmoor Boulevard, Silver Spring, Maryland, 20906.

ARTICLE II

Definitions

Section 1. Declaration. "Declaration" as used herein, refers to the Master Deed made the 29th day of October, 1970, by the Declarant therein identified Rossmoor Corporation, pursuant to Title 11, Section 11-101 et. seq. of the Real Property Volume of the Annotated Code of Maryland (1974 ed., as amended), by which certain described premises (including land) are submitted to a condominium property regime and which Declaration is recorded among the Land Records for Montgomery County, Maryland, immediately prior hereto and to which these By-Laws are appended as an Exhibit.

Section 2. Mortgagee. "Mortgagee" as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the units in the condominium. "Mortgage," as used herein, shall include deed of trust. "First mortgage," as used herein shall mean a mortgage with priority over other mortgages. As used in these By-Laws, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees.

Section 3. Other Definitions. The following words have the meanings indicated unless otherwise apparent from context:

- (a) "Common elements" means all of the condominium except the units.
- (i) "Limited common elements" means those common elements identified in the declaration or on the condominium plat as reserved for the exclusive use of one or more but less than all of the unit owners.

- (ii) "General common elements" means all the common elements excepted the limited common elements.
- (b) "Common expenses and common profits" means the expenses and profits of the Council of Unit Owners.
- (c) "Condominium" means property subject to the condominium regime established under Title 11 of the Maryland Code.
- (d) "Council of Unit Owners" means the legal entity described in Section 11-109 of the Annotated Code of Maryland (1974 Supplement). This term shall mean and be the same as the term "Corporation."
- (e) "Developer" means any person who subjects his property to the condominium regime established by Title 11 of the Maryland Code.
- (f) "Percentage interests" means the interests, expressed as a percentage, fraction or proportion, established in accordance with Section 11-107 of the Maryland Code.
- (g) "Property" means unimproved land, land together with improvements on it or improvements without the underlying land. Property may consist of noncontiguous parcels or improvements.
- (h) "Roster" means the names and addresses of each unit owner and member of the Council of Unit Owners.
- (i) "Unit" means a three dimensional area identified as such in the Declaration and on the condominium plat and shall include all improvements contained within the area except those excluded in the Declaration. A unit may include two or more noncontiguous areas.
- (j) "Unit owner" means the person, or combination of persons, who hold legal title to a unit. No mortgagee, as such, may be deemed a unit owner. Wherever used herein the term "Member" shall mean and be the same as and include the term "unit owner" and "unit owner" shall mean and be the same as and include the term "member."
- (k) "Other terms". Unless it is plainly evident from the context that a different meaning is intended, all the terms used herein shall have the meanings as they are defined to have in the Declaration or under applicable provisions of Maryland Law.

ARTICLE III

Membership

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

Section 2. Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state that the Council of Unit owners is organized under the laws of the state of Maryland, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be issued therefrom upon certification as to the transfer of title to the condominium unit to which such membership is appurtenant. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Council of Unit Owners and shall be sealed with the seal of the Council of Unit Owners, if any. Such signatures and seal may be original or facsimile.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Council of Unit Owners and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the unit owner claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered holder or holders of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Council of Unit Owners a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Council of Unit Owners.

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Council of Unit

Owners, each member of the Council of Unit Owners shall be entitled to receive out of the assets of the Council of Unit Owners available for distribution to the members an amount equal to that proportion of such assets which the value of his condominium unit bears to the value of the entire condominium, as set forth in "Exhibit C" to the aforementioned Declaration.

ARTICLE IV

Meetings of Unit Owners

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

Section 2. Annual Meetings. The annual meetings of the members of the Council of Unit Owners shall be held on the 2nd Thursday of April each year or within fourteen calendar days thereafter designated by the Board of Directors. At such meeting there shall be elected by ballot of the unit owners a Board of Directors in accordance with the requirements of Section 4 of Article V of these By-Laws. The unit owners may also transact such other business of the Council of Unit Owners as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by unit owners representing at least twenty percent (20%) of the total value of the condominium having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the unit owners present, either in person or by proxy.

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

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail or otherwise deliver a notice of each annual and special meeting of the Council of Unit Owners, stating the purpose thereof as well as the time and place where it is to be held, to each unit owner at his address as it appears on the roster of unit owners maintained by the Council of Unit Owners, or if no such address appears, at his last known place of address or at his unit, at least fifteen (15) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice. Attendance by a unit owner at any annual or special meeting shall be a waiver of notice by him of the time, place, and purpose thereof. Notice of any annual or special meeting of the unit owners may also be waived at any time by any unit owner.

Section 6. Quorum. The presence, either in person or by proxy, of unit owners representing at least fifty-one percent (51%) of the total weighted votes of the Council of Unit Owners shall be requisite for, and shall constitute a quorum for, the transaction of business at all meetings of members.

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

Section 8. Voting. The percentages established in "EXHIBIT C" to the Declaration shall be applicable to voting rights. At every meeting of the unit owners, each of the unit owners shall have the right to cast a vote based upon the percentages established in "EXHIBIT C" of the Declaration for each membership which he owns on each question. The vote of the unit owners representing fifty-one percent (51%) of those present and voting, in person, or by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provisions of statute or of the By-Laws, a different percentage is required, in which case such express provision shall govern and control. No unit owner shall be eligible to vote or to be elected to the Board of Directors who is shown on the books or management accounts of the Council of Unit Owners to be more than sixty (60) days delinquent in payment due the Council of Unit Owners or who has a recorded statement of condominium lien on his

unit and the amount necessary to release the lien has not been paid at the time of the meeting. The vote for any unit which is owned by more than one person may be exercised by any of them present at any meeting unless an objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any unit who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding the question. In the event any unit is owned by a corporation, then the vote for the membership appurtenant to such unit shall be cast by a person designated in a certificate signed by the President or Vice President and attested by the Secretary or Assistant Secretary of such Council of Unit Owners and filed with the Secretary of the Council of Unit Owners prior to the meeting.

Section 9. Proxies. A unit owner may appoint any other unit owner as his proxy, but may not appoint any other person as a proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors at or before the appointed time of each meeting. Unless limited by its terms any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the unit owner; provided, however, that no proxy is effective for a period in excess of one hundred (180) days.

Section 10. Order of Business. The order of business at all annual meetings of the unit owners of the Council of Unit Owners shall include at least the following

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

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

Section 11. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual

and special meetings of the unit owners shall be determined by Roberts Rule of Order.

Section 12. Vote Count. The Board of Directors may, in advance of any annual or special meeting of the unit owners, appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meeting of unit owners may appoint such inspectors of election. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector of election at such meeting. The oath so taken shall be filed with the Secretary of the Council of Unit Owners. No officer or director of the Council of Unit Owners, and no candidate for Director of the Council of Unit Owners, shall act as an inspector of election at any meeting of the unit owners if one of the purposes of such meeting is to elect Directors. Except Inspectors of Election provided in Section 12 of this Article, all votes at annual and special meetings shall, at the discretion of the Chairman of the meeting, be counted either by the Chairman of the meeting, or by a person designated by him, or by three or more inspectors of election selected by the Chairman and confirmed by voice vote of the members.

ARTICLE V

Directors

Section 1. Number and Qualification. The affairs of the council of Unit Owners shall be governed by a Board of Directors composed of an uneven number of at least three (3) natural persons and not more than seven (7) natural persons, a majority of whom shall be unit owners. The number of Directors is determined by a vote of the unit owners at annual meetings and may be changed by vote of at least two-thirds of the unit owners present, in person or by proxy, at annual or special meetings of the unit owners; provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 2. Powers and Duties. The powers and duties of the Board of Directors shall include but not be limited to:

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

- (b) establishment, collection, use, and expenditure of assessments and carrying charges from the unit owners in accordance with Article IX, and filing and enforcement of Statement of Condominium Liens in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (c) designation, hiring and dismissal of the personnel necessary for the good working order of the condominium and for the proper care of the common elements and providing services for the condominium in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (d) promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the condominium and the use of the general and limited common elements and as are designated to prevent unreasonable interference with the use and occupancy of the condominium and of the general and limited common elements by the unit owners and others, all of such shall be consistent with law and the provisions of these By-Laws and the Declaration;
- (e) authorization, in their discretion, of the payment of patronage refunds from residual receipts or common profits when as reflected in the annual report;
- (f) entering into agreements whereby the Council of Unit Owners acquires leaseholds, memberships and other possessory or use duets in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the unit owners and declaring expenses incurred in connection therewith to be common expenses of the Council of Unit Owners;
- (g) purchasing insurance upon the condominium in the manner provided for in Article XIII of these By-Laws;
- (h) repairing, restoring or reconstructing all or any part part of the condominium after any casualty loss in a manner consistent with law and the provisions of these By-Laws;
- (i) leasing, granting licenses, easements, rights-of-way, and other rights of use in all or any part of the common elements of the condominium as provided for in Section 7, Article VIII of these By-Laws;

- (j) purchasing units in the condominium and leasing, mortgaging or conveying the same, subject to the provisions of Article XIII of these By-Laws and the Declaration.
- (k) The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Council of Unit Owners and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the unit owners.

Section 3. Management Agent. The Board of Directors shall employ for the Council of Unit Owners a management agent (hereinafter referred to as the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize, including, but not necessarily limited to, the duties set out in subsections (a) through (k) of Section 2 of this Article.

Section 4. Election and Term of Office. The election of Directors shall be by ballot, unless balloting is dispensed with by the unanimous consent of the unit owners present at any meeting, in person or by proxy. There shall be no cumulative voting. The term of office shall be two (2) years but the Council of Unit Owners may, by resolution duly made and adopted at any annual meeting, fix the term of each new Director, not to exceed three (3) years, in order to provide an overlap of experienced Directors on each annual board. Directors shall serve for the term to which elected or until their resignation or removal as provided for in Section 6 of this Article. Each Director shall hold office until a successor has been elected. No Directors shall be re-elected to serve a third consecutive term.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the unit owners at the next annual meeting to serve out the unexpired portion of the term.

Section 6. Removal of Directors. At a regular meeting or special meeting duly called, any Director may be removed with cause by the affirmative vote of the majority, based on value, of the entire Council of Unit Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed

by the unit owners shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges shall be automatically terminated and the remaining Directors shall appoint a successor as provided in Section 5 of this Article.

Section 7. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to a Director for services performed by him for the Council of Unit Owners in any other capacity unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the newly elected Board of Directors shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third of the directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall constitute a waiver of such notice. If all the Directors are present at any meeting of the Board of

Directors, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers, Directors, and employees of the Council of Unit Owners regularly handling or otherwise responsible for the funds of the Council of Unit Owners shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article XIII of these By-Laws. The premiums on such bonds or insurance shall be paid by the Council of Unit Owners.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Council of Unit Owners shall be a President, Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. Any such other officers of the Council of Unit Owners may or may not be a member of the Council of Unit Owners.

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

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed with cause, and a successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose, provided that the affected officer receives reasonable notice of such meeting and is given an opportunity to appear and be heard at the meeting.

Section 4. President. The President shall be the chief executive officer of the Council of Unit Owners. He shall preside at all meetings of the unit owners and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a Council of Unit Owners, including but not limited to the power to appoint committees from among the membership from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Council of Unit Owners.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall have the responsibility for the minutes of all meetings of the Board of Directors and the minutes of all meetings of the unit owners of the Council of Unit Owners; he shall have charge of the membership transfer books, the roster of unit owners, and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary. If neither the President nor the Vice President is present or able to act, the Secretary shall preside. Should none of those three be present, the Board shall appoint some other member of the Board to do so on an interim basis.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and shall be responsible for full and accurate accounts of all receipts and disbursements in books belonging to the Council of Unit Owners. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Council of Unit Owners in such depositories as may from time to time be designated by the Board of Directors. The responsibilities may be delegated to the Management Agent as referred to in Article V, Section 3.

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Council of Unit Owners shall indemnify every officer and director of the Council of Unit Owners against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Council of Unit Owners) to which he may be made a party by reason of being or having been an officer or director of the Council of Unit Owners whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Council of Unit Owners shall not be liable to the members of the Council of Unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Council of Unit Owners shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council of Unit owners or the condominium (except the extent that such officers or directors may also be owners of units) and the Council of Unit owners shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be in addition to and not exclusive of any other rights to which any officer or director of the Council of Unit Owners, or former officer or director of the Council of Unit Owners may be entitled.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Council of Unit owners and the condominium. No contract or other transaction between the Council of Unit Owners and one or more of its Directors, or between the Council of Unit Owners and any Council of Unit Owners, firm or association (including the Grantor) in which one or more of the Directors of this Council of Unit Owners are directors or officers or are pecuniarily or otherwise interest is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraph exist.

- (a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (b) The fact of the common directorate or interest is disclosed or known to the unit owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (c) The contract or transaction is commercially reasonable to the Council of Unit owners at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if they were not such directors or officers of such other Council of Unit Owners or not so interested.

ARTICLE VIII

Management

Section 1. Management and Common Expenses. The Council of Unit Owners by and through its Board of Directors and management agent as hereinelsewhere provide for, shall manage, operate and maintain the condominium and, for the benefit of the units and the owners thereof, shall enforce the provisions hereof and shall pay for the following:

- (a) The cost of providing water, sewer, garbage and trash collection, electrical, gas and other necessary utility services for the common elements and, to the extent that the same are not separately metered or billed, for the units.
- (b) The cost of fire and extended coverage and of liability insurance on the condominium and the cost of such other insurance as the Council of Unit Owners may affect.
- (c) The cost of the services of a person or firm to manage the condominium to the extent deemed advisable by the Council of Unit Owners together

with the services of such other personnel as the Board of Directors of the Council of Unit Owners shall consider necessary for the operation of the condominium.

- (d) The cost of providing such legal and accounting services as may be considered necessary to the operation of the condominium.
- (e) The cost of painting, maintaining, repairing and landscaping the common elements and such furnishings and equipment for the common elements as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Council of Unit Owners to paint, repair or otherwise maintain the interior of any unit or any fixtures or equipment located therein.
- (f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Council of Unit Owners is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the common elements; provided, however, that if any of the aforementioned are paid as a result of the negligent or improper maintenance, repair or use of any unit by the owner or guests or tenants of the owner, the cost thereof shall be specially assessed to that unit owner. Such assessment of the unit owner will be made in resolution of the Board of Directors and enforced in accordance with the provisions of subsection (g) of this Section of this Article.
- (g) The cost of maintenance or repair of any unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common areas or to preserve the appearance or value of the condominium or is otherwise in the interest of the general welfare of all owners of the units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the unit proposed to be maintained and provided further that the cost thereof shall be assessed against the unit on which such maintenance or repair is performed and, when so assessed a

statement for the amount thereof shall be rendered to the then owner of said unit at which time the assessment shall become due and payable and a continuing lien and obligation of said unit owner in all respects as provided in Article IX of these By-Laws.

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

Section 2. Council of Unit Owners as Attorney-In-Fact.

The Council of Unit Owners is hereby irrevocably appointed as attorney-in-fact for the owners of all of the units in the condominium, and for each of them, to manage, control and deal with the interests of such unit owners in the common elements of the condominium so as to permit the Council of Unit Owners to fulfill all of its powers, functions and duties under the provisions of Title 11, Section 11-101 et. seq. of the Real Property Volume of the Annotated Code of Maryland (1974 ed., as amended) , the Declaration and the By-Laws, and to exercise all of its rights thereunder and to deal with the condominium upon its destruction and the proceeds of any insurance indemnity, as hereinelsewhere provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any unit shall constitute an irrevocable appointment of the Council of Unit Owners as attorney-in-fact as aforesaid.

Section 3. Management Agent.

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

Section 4. Duty to Maintain.

Except for maintenance requirements herein imposed upon the Council of Unit Owners, if any, the owner of any unit shall, at his own expense, maintain the interior of his unit and any and all equipment therein situate, and its other appurtenances, in good order, condition, and repair and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his unit. In addition to the foregoing, the owner of any unit shall, at his own expense, maintain, repair or replace as necessary, any plumbing

fixtures, water heaters, heating and air-conditioning equipment, lighting fixtures, refrigerators, freezers, dishwashers, clothes washers, clothes dryers, disposals, ranges and other equipment that may be in or appurtenant to such unit. The owner of any unit shall, at his own expense, maintain any plantings, additions or changes to his unit or to the common elements which he has made. The owner of any unit shall also, at his own expense, maintain any limited common element which may be appurtenant to such unit in a clean, orderly, sanitary condition, but may not erect thereon an addition to the unit, except as provided in Article XI.

Section 5. Windows and Doors. The owner of any unit shall, at his own expense, clean both the interior and exterior surfaces of all windows and storm windows of such unit and shall, at his own expense, clean both interior and exterior glass surfaces of all entry doors and storm doors of the unit, including the interior and exterior surfaces of any door leading to any deck, terrace, fenced area, courtyard, patio or the like appurtenant to such unit and designated herein or in the Declaration or the Condominium Plat as a limited common element reserved for the exclusive use of the owner of that particular unit.

Section 6. Access at Reasonable Times. For the purpose of performing any of the repairs or maintenance required or authorized by these By-Laws, including making repairs to common elements when such repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium, or in the event of a bona fide emergency involving illness or potential danger to life or property, the Council of Unit Owners through its duly authorized agents or employees, shall have the right and an easement to enter any condominium unit at any hour considered to be reasonable under the circumstances. The Council of Unit Owners shall must make a reasonable effort to give notice to the owner of any unit to be entered for the such purposes. No entry by the Council of Unit Owners for the purpose specified in this Section may be considered a trespass.

Section 7. Easements for Utilities and Related Purposes. The Council of Unit Owners is authorized and empowered to grant such licenses, easements and rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gaslines, storm drains, underground conduits and such other purposes related to the provision of public utilities to the condominium or other similar condominiums as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the common elements or for

the preservation of the health, safety, convenience and welfare of the owners of the units, but only upon the affirmative vote of unit owners having seventy-five percent (75%) or more of the votes.

Section 8. Limitation of Liability. The Council of Unit Owners shall not be liable for any failure of water supply or other services to be obtained by the Council of Unit Owners or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or by the owner of any unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common elements or from any pipe, drain, conduit, appliance or equipment. The Council of Unit Owners shall not be liable to the owner of any unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the limited common elements. No diminution or abatement of common expense assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making or repairs or improvements to the common elements or from any action taken by the Council of Unit Owners to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE IX

Assessment and Carrying Charges

Section 1. Annual Assessments for Expenses. Each unit owner shall pay to the Council of Unit Owners, in advance, for each year, a sum equal to one-twelfth (1/12) of the total of the following amounts, as estimated by the Board of Directors:

- (a) an amount to cover the expected cost of electricity furnished for that year to that unit, which amount (1) shall be determined by applying the E-Rating formulated by the Leisure World of Maryland Corporation for, or assigned by it to, that unit or, if the board of Directors decides, shall be computed under any other method established by the Council of Unit Owners that is reasonably designed to measure the expected use of electricity by that unit during that year, and (2) may include additional amounts with respect to any bonus or Florida room or other additional rooms of the unit or space therein, or due to a lack of storm sash protection.
- (b) an equal amount for each unit in the condominium to cover the cost of garbage and trash collection and of

facilities and other services furnished for that year under the Leisure World of Maryland Trust Agreement of March 9, 1966 (recorded at Liber 3479, Folio 396, in the land records of Montgomery County, Maryland), as amended;

- (c) an amount equal for each unit in the condominium to cover the cost of furnishing or securing water and sewer service, and (except to the extent included in clause (a) or (b) of this section) other services or utilities not separately metered or billed directly to the unit by the utility or other company;
- (d) an amount equal to the unit owner's proportionate share (determined in accordance with the percentage interests in common expenses and common profits of the condominium set forth in Exhibit C attached to the Master Deed) of the sum required to meet the other annual expenses of the condominium, including:
 - (1) the cost of necessary management and administration of the condominium;
 - (2) the amount of all taxes and assessments levied against the condominium or upon any property which it may own or which it is otherwise required to pay;
 - (3) the cost of fire and extended liability insurance on the condominium and the cost of such other insurance as the Council of Unit Owners may effect;
 - (4) the cost of furnishing or securing water and sewer service, and (except to the extent included in clause (a) or (b) of this section) other services or utilities not separately metered or billed directly to the unit by the utility or other company;
 - (5) the cost of funding all reserves established by the Council of Unit Owners, including, when appropriate, a general operating reserve and reserve for replacements, and, if any, the cost of funding contributions to the "Paid-in-Surplus" account of the Council of Unit Owners.
 - (6) the estimated cost of repair, maintenance, and replacement of the common elements of the condominium to be made by the Council of Unit Owners; and

- (7) the cost of all other operating expenses of the condominium and of other facilities and service furnished or secured by it (except to the extent included in clause (a) of this section.)

The Board of Directors shall determine the amount of the assessments at least annually, but may do so at more frequent intervals should circumstances so require.

The Board of Directors of the Council of Unit Owners shall make reasonable efforts to fix the amount of the assessment against each member for commencement of such period and shall, at that time, prepare a roster of the membership and assessments applicable thereto which shall be kept in the office of the Council of Unit Owners and shall be open to inspection by the owner or mortgagee of any unit and by their respective duly authorized agents and attorneys, upon reasonable notice to the Board. Written notice of the assessment shall promptly be sent to the unit owners. The omission by the Board of Directors, before the expiration of any annual assessment period, to fix assessments for that or the next period, shall not be deemed a release of any member from the obligation to pay the assessment, or any assessment fixed for the preceding period shall continue until a new assessment is fixed. No member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of the unit belonging to him.

Section 2. Special Assessments. In addition to the regular assessments authorized by this Article, the Council of Unit Owners may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project, including the necessary fixtures and personal property related thereto, or for such other purposes the Board of Directors may consider appropriate, provided that any such assessment shall have the assent of a majority of the unit owners present and voting, in person or by proxy. A meeting of the unit owners shall be duly called for this purpose, written notice of which shall be sent to all members at least fifteen (15) days but not more than ninety (90) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 3. Budget. The Board of Directors, with the assistance and counsel of the Management Agent, shall

prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Council of Unit Owners to meet its annual expenses and other amounts referred to in Section 1 of this Article for that period. The budget herein required to be prepared and adopted by the Board of Directors shall be in a format consistent with the classification of the accounts of the Council of Unit Owners. Copies of the budget shall be available for examination by the unit owners and by their duly authorized agents and attorneys, and to the institutional holder of any first mortgage on any unit in the condominium and by their duly authorized agents and attorneys during normal business hours for purposes reasonably related to their respective interests.

Section 4. Reserves. The Council of Unit Owners may, from time to time, by appropriate resolution of the Board of Directors, establish and maintain reserve funds for the benefit of members in meeting the cost of contingencies and expenses which are not annual operating costs but will be incurred in the operation of the Council of Unit Owners. Such reserve funds shall be conclusively deemed to be a common expense. These reserves shall be funded as provided under Section 1(f) of this Article, as a part of the carrying charges at the level established by the Board of Directors and the amount to be allocated to each reserve fund which is established may be increased, reduced, or suspended by resolution of that Board annually as experience may show to be desirable. Expenditures or transfers of reserve funds shall be accomplished only by appropriate resolution of the Board of Directors. The proportionate interest of any unit owner in any reserve fund shall not be separated from the fund or from the unit to which it appertains and shall be deemed to be transferred with the unit as are the common elements. Reserve funds may be deposited in interest bearing accounts of a lending institution the accounts of which are insured by an agency of the government of the United States of America.

Section 5. Unused Assessments. Funds assessed but not spent in the annual period may be disbursed to the unit owners, or be credited to their future assessment for common expenses, in proportion to their percentage interest in common profits and common expenses, or may be used for any other purpose as the Council of Unit Owners or Board of Directors may decide.

Section 6. Non-Payment of Assessments – Condominium Liens and Collection for Non-Payment.

- (a) Liability for Assessments. Title 11 of the Real Property Volume of the Annotated Code of Maryland (1974 Edition) as amended, provides that a unit owner is liable for all assessments, or installments thereof, and the Council of Unit Owners may collect for any assessment which is not paid when due by use of any legal remedy provided by law, including, but not limited to action for money judgment against a unit owner and the filing and enforcement of a statement of condominium lien against a unit, all in accordance with applicable provisions of law.
- (b) Interest on Un-Paid Assessments. Any assessment, or installment thereof, not paid when due, shall bear interest, at the option of the Council of Unit Owners from the date when due until paid at the rate of 8% per annum or such higher rate as may be permitted by applicable provisions of Maryland Law.
- (c) Late Charges. A late charge may be assessed in the case of any delinquent assessment, or installment thereof, at the option of the Council of Unit Owners, of \$2.00 or one-twentieth of the total amount of any delinquent assessment, or installment thereof, and shall only be imposed if the delinquency has continued for at least 15 calendar days.
- (d) List of Delinquencies. The Board of Directors may post a list of members who are delinquent in the payment of any assessment or any fees or any installment thereof in any prominent location within the Condominium.
- (e) Enforcement Provisions Cumulative. The methods of enforcement for collection of delinquent assessments, or installments thereof, provided for herein or elsewhere by law shall be regarded as cumulative to the extent permitted by law; and all available legal remedies may be pursued individually or cumulatively.
- (f) Waiver. No failure to pursue any available legal remedies for delinquent assessments, or installments thereof, or to assess late charges or interest upon delinquent assessments, shall be deemed to constitute a waiver of the right to pursue such remedies or impose such late charges and interest.
- (g) Additional Costs of Collection. To the extent permitted by law, actual costs of collection and reasonable attorney's fees may be assessed against any delinquent assessment, or installment thereof.

Section 7. Foreclosure Notice. No suit or other proceedings may be brought to foreclose the lien for any assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days' notice by registered mail to the unit owner and to the holder of the first mortgage on the unit which is the subject matter of such suit or proceeding. Any failure to give any such notice shall not affect the priorities established by this Article, the validity of any assessment levied pursuant to the Declaration or these By-Laws or the validity of any liens to secure the same.

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

Section 9. Assessment Certificates. The Council of Unit Owners shall, upon demand at any time, furnish to any unit owner liable for any assessment levied pursuant to the Declaration of these By-Laws (or any other party legitimately interested in the same) a certificate in writing signed by an officer or agent of the Council of Unit Owners, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any installment of any assessment therein stated to have been paid. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Council of Unit Owners for each certificate so delivered.

ARTICLE X

Use Restrictions

Section 1. Residential Use. All units shall be used for private residential purposes exclusively except for for such temporary non-residential uses as may be permitted by the Board of Directors from time to time. No more than three (3) persons may reside in any unit without the prior written approval of the Board of Directors.

Section 2. Age, etc. No person under the age of fifty (50) years may permanently reside in any unit within the condominium. The right to use or occupy any unit within the condominium, reside permanently or otherwise, and the right to sell, lease or otherwise transfer or convey any unit may be subject to such uniform objective standards relating to financial responsibility, age and character as

may now or hereafter be set forth in these By-Laws. No such restriction shall be based upon race, religion, sex or place of national origin. It is the policy of this Mutual to provide housing for older persons. Implementation of this policy and other reasonable restrictions on occupancy or residents under 55 years of age in the units of this Mutual shall be governed by rules established by the Board of Directors.

Section 3. Leasing. No unit within the condominium shall be rented for transient or hotel purposes or in any event for any period less than three (3) months. No portion of any unit (other than the entire unit) shall be leased for any period. Any owner of any unit who shall lease such unit shall promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the unit shall be subject and subordinate in all respects to the provisions of the Declaration and these By-Laws and to such rules and regulations relating to the use of the units and the common elements, and such other rules as the Board of Directors may from time to time promulgate.

Section 4. Prohibited Uses and Nuisances. Except as may be reasonable and necessary in connection with the maintenance, improvement, repair or reconstruction of any portion of the condominium by the Council of Unit Owners:

- (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 owners.
- (b) There shall be no obstruction of any common elements. Nothing shall be stored upon any common elements without the approval of the Board of Directors. Vehicular parking upon common elements shall be regulated by the Board of Directors, provided, however, that at least one parking space shall be assigned by the Board of Directors for use by the owner of each unit.
- (c) Nothing shall be done or maintained in any unit or upon any common elements which will increase the rate of insurance on any unit or common elements, or result in the cancellation thereof. Nothing shall be done or maintained in any unit or upon common elements which would be in violation of any law. No waste shall be committed upon any common elements.

- (d) No structural alteration, construction, addition or removal of any unit or common elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws.
- (e) The maintenance, keeping, breeding, boarding, and raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any unit or upon any of the common elements, except that this shall not prohibit the keeping of a dog, cat or caged birds as domestic pets provided that they are not kept permitted upon the general common elements of the condominium unless accompanied by a responsible person. Any unit owner who keeps or maintains any pet upon any portion of the condominium shall be deemed to have indemnified and agreed to hold the Council of Unit Owners, each of the unit owners, and the Declarant and the Management Agent free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law.
- (f) No signs of any character shall be erected, posted, or displayed upon, in, from or about any unit or common elements, provided, however, that one temporary real estate sign of customary and reasonable dimensions may be displayed upon, in, or from any unit placed upon the market for sale or rent.
- (g) No trailer, truck, camper, camper truck, house trailer, boat or similar vehicle or object, on which current registration plates are not displayed, shall be kept upon any of the common elements, except that such vehicles may be temporarily parked upon the common elements in accordance with rules and regulations promulgated by the Board of Directors. No junk vehicle shall be kept upon any of the common elements. Nor shall the repair or extraordinary maintenance or automobiles or other vehicles or boats be carried out upon any of the common elements except as provided by rules and regulations promulgated by the Board of Directors. The Council of Unit Owners may, in the discretion of its Board of Directors, provide and maintain a suitable area designated for the parking of such vehicles or the like. (The foregoing is not intended to prohibit the parking of golf carts in any portion of the common elements

designated by the Board of Directors for that purpose.)

- (h) No part of the common elements shall be used for commercial activities of any character and the common elements shall be used only for the purposes for which they were intended.
- (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 of the common elements. Trash and garbage containers shall not be permitted to remain in public view, except on days of collection. All refuse shall be deposited with care in containers or trash chutes designated for such purpose.
- (j) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any 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 common elements without the prior written consent of the Board of Directors.
- (l) No unlawful use shall be made of any unit or any portion of the common elements and all laws, zoning and other ordinances, regulations or governmental and other municipal bodies and the like shall be observed at all times.
- (m) No unit owner shall engage or direct any employee of the Council of Unit Owners or the Management Agent on any private business of the unit owner during the hours such employee is employed by the Council of Unit Owners or the Management Agent nor shall any unit owner direct, supervise or in any manner attempt to assert control over any such employee.
- (n) To adopt, repeal or amend the rules for the condominium association, the Board of Directors shall:
 - (i) Mail or deliver to each unit owner: (a) a copy of any proposal for the adoption, repeal or amendment of any rule; (b) notice of the proposed effective date of the proposed rule; (c) notice that unit owners are permitted to submit written comments on the proposed rule; (d) notice of the date of an open meeting of the Board, at which a

vote will be taken on the proposed rule. Such meeting may not be less than 15 days after the date of the notice sent.

- (ii) At the open meeting of the Board, at which a quorum of the Board must be present, following consideration of all comments, the Board will vote to adopt the proposal with any modifications it may determine or to withdraw it;
- (iii) Each rule adopted under this section (11-111 of the Maryland Condominium Act) shall state that the rule was adopted under the provisions of 11-111 of the Maryland Condominium Act. A rule may not be adopted under said section after July 1, 1984 if the rule is inconsistent with the condominium Declaration or By-Laws.
- (iv) The Board shall send to all unit owners and lessees a report of its action (except withdrawal), the text of the rule or a summary thereof, and the effective date of the rule.
- (o) The Board of Directors may not impose a fine, suspend voting, or infringe upon any other rights of a unit owner or other occupant for violations of rules until the following procedure is followed:
 - (i) Written demand to cease and desist from an alleged violation is served upon the alleged violator specifying:
 - (A) The alleged violation;
 - (B) The action required to abate the violation; and
 - (C) A time period, not less than 10 days, during which the violation may be abated without further sanction, if the violation is a continuing one; or if the violation is not a continuing one, a statement that further violation of the same rule may result in the imposition of sanction after due notice and hearing.
 - (ii) Within 12 months of the demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is violated subsequently, the Board serves the alleged violator with written notice of a

hearing to be held by the Board in session. The notice shall contain:

- (A) The nature of the alleged violation;
- (B) The time and place of the hearing, which time may not be less than 10 days from the giving of the notice;
- (C) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf; and
- (D) The proposed sanction to be imposed.

(iii) A hearing occurs at which the alleged violator has the right to present evidence and present and cross-examine witnesses. The hearing shall be held in executive session pursuant to this notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director who delivered the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

If any unit owner fails to comply with this title, the Declaration, or By-Laws, or a decision rendered pursuant to this section, the unit owner may be sued for damages caused by the failure or for injunctive relief, or both, by the Council of Unit Owners or by any other unit owner. The prevailing party in any such proceeding is entitled to an award for counsel fees as determined by court.

This section conforms to Title 11-113 of the Condominium Act. The failure of the Council of Unit Owners (Board of Directors) to enforce a provision of this title, the declaration, or By-Laws on any occasion is not a waiver of the right to enforce the provision on any other occasion.

ARTICLE XI

Architectural and Environmental Control

Section 1. Architectural and Environmental Control.

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

Section 2. Architectural and Environmental Control Committee -Operation.

The Architectural and Environmental Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Board of Directors of the Council of Unit Owners and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors does not appoint an Architectural and Environmental Control Committee, then the Board of Directors shall constitute the Committee, or it may delegate thus function to the Architecture and Landscaping Committee of the Community Advisory Council. The affirmative vote of a majority of the members of the Architectural and Environmental Control Committee shall be

required in order to adopt or promulgate any rule or regulation or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals and Procedures. Upon approval of the Architectural and Environmental Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Committee fails to approve or disapprove in writing, any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Control Committee) have been submitted to in writing, then approval will not be required and this Article will be deemed to have been fully complied with. If approval is denied, the applicant has right to a hearing before the Board of Directors. If applicant has not followed the above procedure, or makes changes without approval, the Board of Directors may order the owner to restore the unit to its original condition. On refusal or failure to do so, the Board of Directors may act to restore the unit to its original condition, and the cost of such restoration may be assessed to the unit owner and become a lien against the unit in accordance with the provisions of Section 1, subsection (g) of Article VIII, of these By-Laws. The Management Agent shall have right of access consistent with Article VIII, Section 6, to take such action as authorized by the Board of Directors.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural and Environmental Control Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural and Environmental control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Committee shall be conclusively deemed to have lapsed and

compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural and Environmental Control Committee without prior consent in writing of the Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural and Environmental Control Committee to disapprove such plans and specifications which are subsequently submitted to fuse in any other instance.

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

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

ARTICLE XII

Right of First Refusal

Section 1. Right of First Refusal. In the event the owner of any unit wishes to transfer the title thereto (and as a condition precedent to each and every such transfer) and shall have received a bona fide offer to purchase same, such owner shall notify the Board of Directors in writing that the unit is for sale and shall supply the Board of Directors with an executed copy of such offer and the terms thereof, including the name and age of the prospective purchaser and such other information as the Board of Directors, in the reasonable exercise of its discretion, may request. For a period of thirty (30) days following receipt of the aforesaid notice by the Board of Directors, the Council of Unit Owners shall have the right to purchase the subject unit upon the same terms and conditions as set forth in the offer therefore. The failure or refusal by the Board of Directors to exercise the right of first refusal shall not constitute or be deemed a waiver of such right in the event the owner of any unit receives any subsequent bona fide offer from the same or a different party.

Section 2. Application. The right of first refusal provided for in this Article shall not apply to transfers made solely for the purpose of securing the performance of an obligation, transfers involving a foreclosure sale or other judicial sale or any transfer to a mortgagee in lieu of foreclosure, the transfer of one joint tenant's interest to another, by operation or law or otherwise, or transfers by will or interstate distribution.

Section 3. Certificate of Termination. The Council of Unit Owners shall upon demand at any time furnish to any unit owner, or other party legitimately interested in the same, a certificate in writing signed by an officer of the Council of Unit Owners, or execute an appropriate certificate on any deed for any unit, stating that the requirements of Section 1 of this Article have been complied with, or duly waived by the Board of Directors, and that the rights of the Board of Directors thereunder have terminated. Such certificate shall be conclusive evidence of compliance with the requirements of Section 1 of this Article for all persons who rely thereon in good faith. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Council of Unit Owners for each certificate delivered.

ARTICLE XIII

Insurance

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

- (a) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of "replacement cost") of the condominium with an "agreed amount" endorsement and a "condominium replacement cost" endorsement, without deduction or allowance for depreciation (as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:
 - (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement together with coverage for common expenses with respect to units during any period of reconstruction;
 - (ii) such other risks as shall customarily be covered with respect to units similar in construction, location and use, including, but not limited to debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, boiler and machinery explosion or damage, and such other insurance as the Board of Directors may determine.
- (b) Public liability insurance with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and ***No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and property damage arising out of a single occurrence) including, but not limited to, water damage liability, legal liability, hired automobile liability, non-owned liability, liability for property of others, elevator collision, garage keeper's liability, and such other risks as shall customarily be covered with respect to condominium similar in construction, location and use, including any and all other liability incident to the ownership and use of the condominium or any portion thereof.
- (c) Workmen's compensation insurance to the extent necessary to comply with any applicable law.

- (d) A "Legal Expense Indemnity Endorsement" or its equivalent, affording protection for the present and past officers and directors of the Council of Unit Owners for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment, or cause of action to which any such officer or director shall have been made a party by reason of his or her services as such.

- (e) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by Section 14 of Article V of these By-Laws, as are or shall hereafter be considered appropriate by the Board of Directors. The Board of Directors shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and Directors of the Council of Unit Owners, trustee for the Council of Unit Owners and such employees and agents of the Council of Unit Owners who handle or are responsible for the handling of funds of the Council of Unit Owners. Such fidelity coverage shall meet the following requirements:
 - (i) all such fidelity bonds and policies of insurance shall name the Council of Unit Owners as obligee or named insured, as the circumstances may require; and
 - (ii) all such fidelity bonds and policies of insurance shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated monthly operating budget of the condominium including reserves; and
 - (iii) all such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and
 - (iv) all such fidelity bonds and insurance shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all obligees and insured named thereon and to any mortgagee of any unit who requests such notice in writing.

Section 2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

- (a) All policies shall be written with a company or companies licensed to do business in the State of Maryland and holding a rating of ("AAA") "A+AAAA" or better in the current edition of Best's Insurance Reports.
- (b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors or its authorized representative, including any trustee with which the Council of Unit Owners may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be hereinelsewhere referred to as the "Insurance Trustee".
- (c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Council of Unit Owners pursuant to the requirements of this Article shall exclude such policies from consideration.
- (d) All policies shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to any and all insured named hereon, including any and all mortgages of the unit.
- (e) All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee) or when in conflict with the provisions of these By-Laws or the provisions of applicable laws of the State of Maryland.
- (f) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Council of Unit Owners, the Board of Directors, the owner of any unit and/or their respective agents, employees or invitees, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.
- (g) Such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or

not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of any unit, and/or their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of neglect or negligence on the part of any of them.

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

ARTICLE XIV

Casualty Damage - Reconstruction or Repair

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

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not herein required to be insured against, then the repair or reconstruction of the damaged common elements shall be accomplished promptly by the Council of Unit Owners at its common expense and the repair or reconstruction of any unit shall be accomplished promptly by the Council of Unit owners at the expense of the owner of the affected unit. The ratable share of the expense of such repairs or reconstruction as may be apportioned to any individual unit may be assessed to the unit owner and be collected or become a lien under the provisions for assessments or liens provided for in Article IX of these By-Laws and as provided under applicable Maryland Law.

Section 3. Restoration Not Required. If the condominium is damaged to the extent of two-thirds (2/3) of its then replacement cost, the condominium shall be subject to an action for partition at the suit of any unit owner as if owned in common. If the condominium is partitioned, the net proceeds of sale together with any net proceeds of insurance shall be considered as one fund and shall be

divided among all unit owners in proportion to their percentage interests in the common elements, and shall be distributed in accordance with the priority of interests in each unit. An action for partition permitted by this Sub-Section may not be brought after the expiration of one year from the date of the damage. A partition permitted by this Sub-Section terminates the condominium regime.

Section 4. Insurance Trustee. Except for losses involving the substantial damage or destruction of more than two-thirds (2/3) of the condominium, where the unit owners do not resolve to proceed with repair or reconstruction, as in Section 3 of this Article provided for, in the event the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to ten percent (10%) of the full replacement value of the condominium, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1(a) of Article XIII of these By-Laws for the period during such loss was sustained, and the institutional holder of any mortgage or other obligation secured by any unit or units, the aggregate principal sum of more than \$500,000.00 (hereinafter in this Section 4 called the "Mortgagee") shall so require, all proceeds of insurance shall be paid over to a trust company or bank having trust powers and authorized to engage in trust business in the jurisdiction wherein the condominium is located, selected by the Board of Directors with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which shall contain inter alia, the following provisions:

- (a) The reconstruction or repair shall be in the charge of an architect or engineer, who may be an employee of the Council of Unit Owners, satisfactory to the mortgagee, and hereinafter in this Section 4 called the "architect."
- (b) Prior to the commencement of the reconstruction or repair, other than such work as may be necessary to protect the condominium from further damage, the mortgagee shall have approved the plans and specifications for such reconstruction or repair, which approval shall not be unreasonably withheld or delayed.
- (c) Each request for an advance of the proceeds of insurance shall be made to the insurance trustee and shall be accompanied by a certificate from the architect to the effect that (i) all work then

completed has been performed in accordance with the plans and specifications and all building codes or other similar governmental requirements; and (ii) the amount requested to be advanced is required to reimburse the Board of Directors for payments previously made by the Board of Directors or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects, or the other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request.

- (d) Each request for an advance of the proceeds of insurance, if required by the mortgagee shall be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the condominium any mechanic's or other lien, or notice of intention to file the same, which has not been dismissed or satisfied of record.
- (e) The fees and expenses of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Council of Unit Owners as a common expense, and such fees and expenses may be deducted from any insurance proceeds in the hands of the Insurance Trustee, pro rata as the reconstruction or repair progresses.
- (f) Such other provisions not inconsistent with the provisions hereof as the Board of Directors, the Insurance Trustee or the mortgagee may reasonably require.

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Board of Directors and shall be considered as one fund and shall be divided among the owners of all of the units in the same proportion as that previously established for ownership of appurtenant undivided interests in the common elements, after first paying out of the share of the owner of any unit, to the

extent such payment is required by any lien or and to the extent the same is sufficient for the purpose all liens upon said unit in accordance with the priority of interest in each unit.

ARTICLE XV

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Council of Unit owners shall begin on the first day of January every year. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Council of Unit Owners shall be kept under the direction of the Treasurer in accordance with good accounting practices on a consistent basis. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the condominium and its administration and shall specify the maintenance and repair expenses of the general and limited common elements and services and any other expenses incurred. The amount of any assessment required for payment on any capital expenditures of the Council of Unit Owners shall be credited upon the books of the Council of Unit Owners to the "Paid-in-Surplus" account as a capital contribution by the members.

Section 3. Auditing. At the close of each fiscal year, books and records of the Council of Unit Owners shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Council of Unit Owners may furnish its members with an annual financial statement including the income and disbursements of the Council of Unit Owners.

Section 4. Inspection of Books. The books and accounts of the Council of Unit Owners, and vouchers accrediting the entries made thereupon, and every such record kept by the Council of Unit Owners shall be available for examination and copying by any Unit owners, and their duly authorized agents or their mortgagees or attorneys, at their own expense, during normal business hours and after reasonable notice. Any copies of such records shall be made at the expense of the person obtaining such copies.

Section 5. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Council of Unit Owners by either the President or Vice President, and all checks shall be executed on behalf of the Council of Unit Owners by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

Section 6. Seal. The Board of Directors shall provide a suitable corporate seal containing the name of the Council of Unit Owners, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, and duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE XVI

Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of unit owners representing sixty-six and two-thirds percent (66 2/3%) or more of the total votes of the Council of Unit Owners, at any meeting of the unit owners duly called for such purpose, in accordance with the provisions and requirements of these By-Laws and applicable provisions of Maryland Law.

Any amendment to these By-Laws shall be effective only upon the recordation of such amendment among the Land Records for Montgomery County, Maryland, together with a certificate in writing of the President of the Council of Unit Owners stating that the amendment was approved as aforesaid.

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

ARTICLE XVII

Compliance - Interpretation - Miscellaneous

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of Title 11, Section

11-101 et. seq. of the Real Property Volume of the Annotated Code of Maryland (1974 ed., as amended). If any unit owner fails to comply with the applicable provisions of Maryland Law, the Declaration, or these By-Laws, such unit owner may be sued for damages caused by the failure or for injunctive relief, or both, or any other remedy provided by law, by the Board of Directors or by the Council of Unit Owners or by any unit owner.

Section 2. Conflict. The Declaration, By-Laws, and Condominium Plat shall be construed together and be deemed to incorporate one another. In the event of any conflict between or amongst said documents, the provisions or applicable provisions of Maryland Law, of the Declaration, of the Condominium Plat and of the By-Laws shall have control in the succession listed heretobefore commencing with applicable provisions of Maryland Law.

Section 3. Resident Agent. The Management Agent 3701 Rossmoor Boulevard, Silver Spring, Maryland shall accept service or process in any action relating to the Council of Unit Owners or the condominium or the common elements as authorized by applicable provisions of Maryland Law.

Section 4. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void, or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 5. Waiver. No restriction, condition, or provisions of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 6. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 7. Gender, etc.. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.