

LF 15140.043

SS_CURRENT: 48340 v.03 06363.0027 Dmi
Ed. 8/17/97

BYLAWS
OF
COUNCIL OF UNIT OWNERS
OF
CHERINGTON CONDOMINIUM

LF 15140.044

Exhibit "B"

(Bylaws)

TABLE OF CONTENTS

<u>Article</u>	<u>Page</u>
I PLAN OF CONDOMINIUM OWNERSHIP	1
Section 1. The Condominium	1
Section 2. Definitions	1
Section 3. Applicability of Bylaws	1
II COUNCIL OF UNIT OWNERS	1
Section 1. Purpose and Status of Association	1
Section 2. Name and Mailing Address	1
Section 3. Powers of the Association	2
Section 4. Members	2
Section 5. Annual Meetings	2
Section 6. Special Meetings	2
Section 7. Place of Meetings	2
Section 8. Notice of Meetings	2
Section 9. Adjournment of Meeting	3
Section 10. Order of Business	3
Section 11. Voting	3
Section 12. Absentee Ballots	4
Section 13. Open Meetings	4
Section 14. Majority of the Unit Owners	4
Section 15. Quorum	5
Section 16. Majority Vote	5
Section 17. Liquidation Rights	5
III BOARD OF DIRECTORS	5
Section 1. Number and Qualification	5
Section 2. Powers and Duties	5
Section 3. Managing Agent	7
Section 4. Election and Term of Office	7
Section 5. Nominations	7
Section 6. Removal of Members of the Board of Directors	7
Section 7. Vacancies	8
Section 8. Organization Meeting	8
Section 9. Regular and Special Meetings	9
Section 10. Waiver of Notice	10
Section 11. Quorum of Board of Directors	10
Section 12. Fidelity Insurance	10
Section 13. Compensation	10
Section 14. Liability of the Board of Directors; Indemnification	11

TABLE OF CONTENTS

<u>Article</u>	<u>Page</u>
Section 15. Executive Committee	11
Section 16. Common or Interested Directors	11
Section 17. Delegation of Power to Board	11
Section 18. Committees	12
 IV OFFICERS	 12
Section 1. Designation	12
Section 2. Election of Officers	12
Section 3. Removal of Officers	12
Section 4. President	12
Section 5. Vice President	12
Section 6. Secretary	12
Section 7. Treasurer	13
Section 8. Compensation of Officers	13
 V OPERATION OF THE CONDOMINIUM	 13
Section 1. Determination of Common Expenses and Fixing of Common Charges	13
Section 2. Preparation and Approval of Budget	14
Section 3. Reserves	14
Section 4. Amendment to Budget; Special Assessments	15
Section 5. Initial Working Capital Fund Assessment	15
Section 6. Payment of Common Charges; Lien	16
Section 7. Collection of Assessments	17
Section 8. Default in Payment of Common Charges	17
Section 9. Statement of Common Charges; Resale Certificate	17
Section 10. Insurance	18
Section 11. Repair or Reconstruction After Fire or Other Casualty	20
Section 12. Abatement and Enjoinment of Violations by Unit Owners	22
Section 13. Maintenance and Repair	22
Section 14. Restrictions on Use of Units	25
Section 15. Rules - Adoption and Enforcement	28
Section 16. Additions, Renovations, Alterations or Improvements by Board of Directors	 29
Section 17. Architectural Control	29
Section 18. Architectural Control Committee - Operation	30
Section 19. Architectural Control Committee - Approvals, Etc.	30
Section 20. Architectural Control Committee - Limitations	30
Section 21. Architectural Control Committee - Certificate of Compliance	30
Section 22. Architectural Control Committee - Rules, Etc.	31
Section 23. Declarant's Exemption	31
Section 24. Right of Access	31

TABLE OF CONTENTS

<u>Article</u>	<u>Page</u>
VI MORTGAGES	31
Section 1. Notice to Board of Directors.....	31
Section 2. Examination of Books.....	32
Section 3. Notice of Loss to or Taking of Common Elements.....	32
Section 4. Financial Statement.....	32
Section 5. Definition.....	32
Section 6. Percentage of Eligible Mortgage Holders.....	32
Section 7. Notice of Actions.....	33
Section 8. Development Rights.....	33
Section 9. Enforcement.....	33
Section 10. Attendance at Meetings.....	33
VII SALES AND MORTGAGES OF UNITS	33
Section 1. Sales.....	33
Section 2. No Severance of Ownership.....	34
VIII CONDEMNATION	34
IX RECORDS AND AUDITS	34
X PARKING SPACES.....	35
XI EASEMENTS FOR UTILITIES AND RELATED PURPOSES.....	35
XII MISCELLANEOUS.....	35
Section 1. Notices.....	35
Section 2. Invalidity.....	36
Section 3. Captions.....	36
Section 4. Gender.....	36
Section 5. Waiver.....	36
Section 6. Amendments to Bylaws.....	36
Section 7. Conflicts.....	37

BYLAWS
OF
COUNCIL OF UNIT OWNERS
OF
CHERINGTON CONDOMINIUM

ARTICLE I
PLAN OF CONDOMINIUM OWNERSHIP

Section 1. The Condominium. The property described on Exhibit "A" to the Declaration has been established as a Condominium pursuant to the Act. These Bylaws are attached to and made part of the Declaration as Exhibit "B" and are intended by the Declarant to set forth, among other things, a plan by which the affairs of the Condominium shall be administered and governed by the Council of Unit Owners and its Board of Directors pursuant to the Act.

Section 2. Definitions. In these Bylaws, all words shall have the same meanings as designated in the Declaration unless otherwise apparent from the context.

Section 3. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Association and to the Condominium. All present and future Unit Owners, lessees and occupants of Units, and any other persons who may use the Condominium or the facilities of the Condominium in any manner, are subject to these Bylaws, the Declaration and the rules and regulations (hereinafter called the "Rules") from time to time promulgated by the board of directors (hereinafter called the "Board of Directors" and each member thereof a "member" of the Board of Directors or a "Director") of the Association. The acceptance of a deed of conveyance to a Unit shall constitute an agreement that these Bylaws, the Rules and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II
COUNCIL OF UNIT OWNERS

Section 1. Purpose and Status of Association. The purpose of the Association shall be to operate and maintain the Condominium for the benefit of the Unit Owners and to exercise the powers conferred upon it by the Act and these Bylaws. The Association shall be an unincorporated entity.

Section 2. Name and Mailing Address. The Association hereby organized and formed for the purposes set forth above shall be known as "Council of Unit Owners of Cherington

Condominium". Unless changed from time to time by the Board of Directors, the office and mailing address of the Association and the Board of Directors shall be the same as the managing agent for the Association.

Section 3. Powers of the Association. The Association shall have all of those powers enumerated in Section 11-109(d) of the Act. All powers residing in the Association, except for such as are in the Act, the Declaration or these Bylaws expressly reserved to the Association, shall be delegated to and exercised by the Board of Directors of the Association and/or the managing agent employed by the Board of Directors on behalf of the Association.

Section 4. Members. The Association shall have as its members every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who or which owns a Unit (herein called "Unit Owner"); provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who or which holds such interest solely as security for the performance of an obligation shall not be a member solely on account of such interest.

Section 5. Annual Meetings. Within sixty (60) days from the date that deeds to Units representing fifty percent (50%) of the votes in the Association have been delivered by the Declarant and title closed thereon, the Declarant shall notify the Unit Owners and a meeting of the Association shall be held for the purpose of electing members to the Board of Directors. Notice of such meeting shall be given in accordance with the provisions of Section 8 of this Article II. Subsequent annual meetings of the Association should be held on the same date of each year as the first annual meeting, unless such date shall occur on a Saturday or Sunday or holiday, in which event the meeting shall be held on the next succeeding Monday which is not a holiday. Subsequent annual meetings of the Association shall be held for the purpose of electing Directors to succeed those whose terms shall have expired as of the date of such annual meetings, and for the transaction of such other business as may come before the meeting.

Section 6. Special Meetings. It shall be the duty of the President of the Association to call a special meeting of the Association (a) if so directed by resolution of the Board of Directors, or (b) upon a petition signed and presented to the Secretary of the Association by Unit Owners having not less than fifty percent (50%) of the total authorized votes of all Unit Owners; provided, however, that except on resolution of the Board of Directors, no special meetings shall be called prior to the first annual meeting of the Association as hereinabove provided for. No business shall be transacted at a special meeting of the Association except such as shall have been stated in the notice thereof.

Section 7. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the greatest number of Unit Owners as may be designated in the notice of meeting by the Secretary.

Section 8. Notice of Meetings. It shall be the duty of the Secretary to provide notice of each annual or special meeting of the Association at least ten (10) days, but not more than ninety (90) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at his address shown on the roster (hereinafter called the "Roster") required to be kept pursuant to Section 11-109(c) of the Act. If

the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these Bylaws, the notice of meeting shall be mailed at least thirty (30) days prior to such meeting.

The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice as of the date of such mailing. In addition to the mailing of notice of each annual and special meeting, notice may be personally delivered to each Unit Owner at his or her address as shown on the Roster. Service of notice shall be proven by affidavit of the person serving such notice. Attendance by a Unit Owner at a meeting in person or by proxy shall constitute waiver of notice of the time, place and purposes of such meeting. All meetings of the Association shall be held at places and times convenient to the greatest number of Unit Owners.

Section 9. Adjournment of Meeting. If any meeting of the Association cannot be held because a quorum of members has not attended, a majority of the Unit Owners may adjourn the meeting and call for an additional meeting provided at least fifteen (15) days notice of the time, place and purpose of the additional meeting is given to all Unit Owners.

Section 10. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board of Directors.
- (f) Reports of committees.
- (g) Appointment of inspector of election (when so required).
- (h) Nomination of Directors from the floor (when so required).
- (i) Election of members of the Board of Directors (when so required).
- (j) Unfinished business.
- (k) New business.

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

Section 11. Voting. Each Unit Owner, or, subject to the proxy limitations set forth below, some person designated by such Unit Owner to act as proxy on his behalf (and who need not be a Unit Owner), shall be entitled to cast the vote appurtenant to his Unit at all meetings of the Association. The designation of any such proxy shall be made in writing and filed with the

Secretary, in a form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Each proxy shall be revocable at any time by written notice to the Secretary by the Unit Owner who so designated the proxy, and shall automatically expire one hundred eighty (180) days following its issuance unless granted to a mortgagee or lessee. Proxies may be utilized to establish a quorum pursuant to Section 15 of this Article II and may be utilized to vote on any other matter at the meeting of the Association; provided, however, that an undesignated proxy may not be utilized to vote for nominees to the Board of Directors of the Association. In the case of a Unit which is owned by more than one person or entity, any or all of such owners may be present at any meeting of the Association and (those constituting the group acting unanimously) may vote or take any other action as a Unit Owner, either in person or by proxy. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. Where title to a Unit is in more than one person or entity, such multiple owners shall be entitled to cast, in the aggregate and as a single block, the vote allocated to the Unit. If such multiple owners shall be unable to agree upon their vote upon any subject at any meeting, they shall either designate a third party to cast their vote or shall lose their right to vote on such subject, but if all of them shall not be present at a meeting, either in person or by proxy, the collective vote of the one or more present shall be the vote of all of the owners of the Unit. Whenever the vote of the Unit Owners at a meeting is required or permitted to be taken by any provisions of the Act, the Declaration or by these Bylaws, the meeting and vote of Unit Owners may be dispensed with if all of the Unit Owners who would have been entitled to vote thereat upon the action, if such meeting were held, consent in writing to such action being taken.

No Unit Owner shall be entitled to vote at a meeting of the Association unless and until he (1) shall have furnished the Association with his name and current mailing address and the name and current mailing address of his mortgagee(s), if any, for listing on the Roster in accordance with Section 11-109(c) of the Act, and (2) is current in the payment of the monthly installment of his assessments in accordance with Article V, Section 6, of these Bylaws.

Section 12. Absentee Ballots. Absentee ballots may be utilized for purposes of (1) establishing a quorum pursuant to Section 15 of this Article II, (2) voting for Board of Director nominees listed on the absentee ballot or written in by the absentee Unit Owner, or (3) voting for any other matter as set forth on the absentee ballot. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the dwelling unit and proportional voting percent, if any, on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 13. Open Meetings. All meetings of the Association shall be open to all owners or occupants of Units or their agents (and other interested parties in the discretion of the Board of Directors or as required by law). Meetings of the Association may be held in closed session for the purposes set forth in Article III, Section 9(a) and in accordance with Article III, Section 9(b) of these Bylaws.

Section 14. Majority of the Unit Owners. As used in these Bylaws, the term "majority of the Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners present, in person or by proxy, and voting at any meeting of the Association.

Section 15. Quorum. Except as otherwise provided in these Bylaws or in the Act, the presence in person or by proxy of Unit Owners having more than twenty-five percent (25%) of the total authorized votes of all Unit Owners constitutes a quorum at all meetings of the Association.

Section 16. Majority Vote. The vote of a majority of the Unit Owners shall be binding upon all Unit Owners for all purposes except where in the Declaration, under the Act or pursuant to these Bylaws a higher percentage vote is required.

Section 17. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Unit Owner shall be entitled to receive out of the assets of the Association available for distribution to the members thereof an amount equal to his Percentage Interest in the Common Profits and Common Expenses of the Association.

ARTICLE III BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors acting on behalf of the Association. Until the first annual meeting of the Association as provided for in Article II, Section 5, of these Bylaws, and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall consist of three (3) Directors to be designated by the Declarant. Thereafter, the Board of Directors shall be composed of an uneven number of not less than three (3) or more than seven (7) Directors, all of whom shall be elected by the Unit Owners. To qualify for election, Directors must either be Unit Owners or designees of the Declarant (for so long as the Declarant shall be a Unit Owner). At the first annual meeting of the Association the number of Directors shall be established by the vote of a majority of the Unit Owners and the number of Directors may be changed at any subsequent annual meeting of the Association by the vote of a majority of the Unit Owners, subject to the limitations stated in this Section; provided, however, that any change in the number of Directors shall not operate to curtail or extend the term of office of any incumbent Director. Within one hundred twenty (120) days from the date that deeds to Units representing seventy-five percent (75%) of the Units planned to be within the Condominium have been delivered by the Declarant and title closed thereon, or five (5) years from the date of recordation of the Declaration, whichever occurs earlier, the non-Declarant Unit Owners shall elect a majority of the members of the Board of Directors. The foregoing shall not preclude the non-Declarant Unit Owners from electing a majority of the members of the Board of Directors at an earlier date.

Section 2. Powers and Duties. The Board of Directors shall have and shall exercise the powers and duties of the Association as set forth in Article II, Section 3 hereof, and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be, or have not been, delegated to the Board of Directors by the Unit Owners. Without limiting the generality of the foregoing, the Board of Directors' powers shall include the following:

- (a) Operation, care, upkeep and maintenance of the Common Elements.

- (b) Determination of the common expenses required for the affairs of the Association.
- (c) Collection of the common charges and expenses from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.
- (e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (f) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of the Association.
- (g) Obtaining of insurance for the Condominium.
- (h) Making of repairs, additions, replacements and improvements to or alterations of the Common Elements in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (i) Enacting uniform Rules from time to time which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit Owners; provided, however, that such Rules are adopted in accordance with the Act and Article V, Section 15, of these Bylaws or the Declaration; and provided further that no such Rules shall be so construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit and/or the Common Elements if such Rules are promulgated after the recordation of said mortgage or deed of trust.
- (j) Enforcing obligations of Unit Owners, allocating common profits and common expenses, if any, and doing anything and everything else necessary and proper for the sound management of the Condominium. In this connection, the Board of Directors shall have the power to enforce the provisions of the Act, the Declaration, Bylaws and Rules and, if permitted by law, to levy reasonable fines against Unit Owners for violations of the same after notice and an opportunity to be heard is given pursuant to the Act. Collection of fines may be enforced against the Unit Owner or Unit Owners involved as if the fines are a common charge owed by the particular Unit Owner or Unit Owners. Where a Unit Owner persists in violating the Rules, the Board of Directors may require him to post a bond, satisfactory to it, to secure future compliance with the Rules.
- (k) Controlling the use of all Common Elements, including, but not limited to, designating parking spaces thereon for use by Unit Owners and/or their guests.
- (l) Establishing reasonable reserve funds for emergencies and unforeseen contingencies and for the repair and replacement of Common Elements.
- (m) Monitoring compliance with the requirements of any conservation easements and other restrictions imposed on the Common Elements by the Planning Board, and periodically reminding the Unit Owners of these restrictions.

(n) Generally, to exercise the powers of the Association set forth in the Act, the Declaration and Bylaws and to do every other act not inconsistent with the law, which may be appropriate to promote and attain the purposes set forth in the Act, Declaration and Bylaws.

Section 3. Managing Agent. The Board of Directors may employ for the Association a professional managing agent at a compensation established by the Board of Directors. All management agreements entered into on behalf of the Association shall (a) be for a term not in excess of one (1) year, (b) provide that either party may terminate the agreement, without cause, upon ninety (90) days written notice, without a termination fee (except that management agreements entered into while the Declarant is in control of the Association shall be terminable without cause on thirty (30) days written notice), (c) provide that the Board of Directors may, for cause, terminate such agreement upon thirty (30) days written notice (without a termination fee) and (d) provide for renewal upon agreement by the parties for successive one (1)-year periods.

Section 4. Election and Term of Office. The Directors of the Association designated by the Declarant in accordance with Article III, Section 1, above shall hold office at the pleasure of the Declarant until the first annual meeting of the Association as provided for in Article II, Section 5, of these Bylaws. At the first annual meeting of the Association, the members of the Board of Directors shall be elected by the Unit Owners. Commencing with the first annual meeting of the Association, the terms of office of the members of the Board of Directors shall be fixed at three (3) years. In the alternative, at the first annual meeting, or any annual meeting thereafter, Unit Owners having not less than fifty percent (50%) of the total authorized votes of all Unit Owners may vote to establish the term of office for all Directors to be for a period less than three (3) years, or to establish staggered terms for the Directors of from one (1) to three (3) years. Any change in the term of office of Directors shall not operate to curtail or extend the term of office of any incumbent Director. Each Director shall hold office until the next meeting of the Board of Directors following the election of his or her successor. However, a member of the Board of Directors shall be deemed to have resigned whenever such Director, his or her spouse, firm, corporation or other entity he or she is associated with, sells the Unit which qualified such individual to become a member of the Board of Directors. All election materials prepared with Association funds shall list candidates in alphabetical order and shall not suggest a preference among candidates. Members of the Board of Directors shall be elected by secret ballot. At each election of members to the Board of Directors the Unit Owners or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise pursuant to the provisions of the Declaration and these Bylaws.

Section 5. Nominations. A call for nominations for candidates for the Board of Directors shall be sent to all Unit Owners not less than forty-five (45) days before notice of an election is sent. Only nominations made at least fifteen (15) days before notice of an election shall be listed on the election ballot. Nominations may also be made from the floor at the meeting at which the election of the members of the Board of Directors is held.

Section 6. Removal of Members of the Board of Directors. At any regular or special meeting of the Association after the first annual meeting of the Association, any one or more of the members of the Board of Directors elected by the Unit Owners may be removed, with or without cause, by Unit Owners having not less than fifty percent (50%) of the total authorized

votes of all Unit Owners; provided that prior to the first annual meeting of the Association any Director appointed or elected by the Declarant may be removed only with the consent of the Declarant. Any member of the Board of Directors whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. The term of office of any Director who becomes more than forty-five (45) days delinquent in the payment of common charges against the Unit of which he or she is the owner shall automatically terminate on the forty-sixth (46th) day, and his or her successor shall thereupon be appointed by the remaining Directors to fill out the unexpired portion of such Director's term. Prior to the first annual meeting of the Association, the Declarant may remove any member of the Board of Directors appointed or elected by the Declarant, at any time, with or without cause, by written notification to the Board of Directors specifying the date of such removal and the name of the individual designated to succeed the Director so removed.

Section 7. Vacancies. Except with respect to Directors appointed or elected by the Declarant prior to the first annual meeting of the Association, vacancies on the Board of Directors shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the predecessor Director, and until a successor shall be elected at the next annual meeting of the Association at which the term of such predecessor Director was to have expired. Prior to the first annual meeting of the Association, members of the Board of Directors appointed or elected by the Declarant shall serve at the pleasure of and may be removed and/or replaced, with or without cause, solely by the Declarant.

Section 8. Organization Meeting. The first regular meeting of the Board of Directors following an annual meeting of the Association shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the members of the Board of Directors, and no notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, provided that a majority of the whole Board of Directors shall be present thereat.

Section 9. Regular and Special Meetings.

(a) All regular meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all members in accordance with the procedures set forth below. All regular or special meetings of the Board of Directors or any committee created by the Board of Directors shall be open to all Unit Owners or their agents (and other interested parties in the discretion of the Board of Directors or as required by law), except that such meetings may be held in closed session for the following purposes:

- (i) Discussion of matters pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to Association business;
- (iii) Consultation with legal counsel;
- (iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;
- (v) Investigative proceedings concerning possible or actual criminal misconduct;
- (vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or
- (vii) On an individually recorded affirmative vote of two-thirds (2/3) of the members of the Board of Directors (or committee, if applicable) present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

(b) If a meeting is held in closed session pursuant to the procedures established above, (i) no action may be taken and no matter may be discussed other than those permitted above; and (ii) a statement of the time, place and purpose of any closed meeting, the record of the vote of each member of the Board of Directors (or committee, if applicable) by which any meeting was closed, and the authority under this Section for closing any meeting shall be included in the minutes of the next meeting of the Board of Directors (or committee, if applicable).

(c) The Secretary shall maintain a current roster of names and addresses of each Unit Owner to which notices of regular meetings of the Board of Directors or any committee created by the Board of Directors shall be sent at least annually. Special meetings of the Board of Directors shall be held whenever called by direction of the President or Vice President, and must be called by the President or the Secretary upon written request of a majority of the Board of Directors. Notice of special meetings of the Board of Directors or any committee created by the Board of Directors shall be given to each Unit Owner, by posting or otherwise, not less than seventy-two (72) hours nor more than ninety (90) days prior to the date of the special meeting, except upon the declaration of an emergency by the person calling the meeting, in which event such notice may be waived. Unless otherwise

indicated in the notice thereof, any and all business may be transacted at any regular or special meeting of the Board of Directors. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held at places and times convenient to the greatest number of Unit Owners.

Section 10. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose thereof.

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

Section 12. Fidelity Insurance. To the extent reasonably available, blanket fidelity insurance shall be required to be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a managing agent, such managing agent shall be covered by its own fidelity insurance policy which must provide the same coverage as fidelity insurance maintained by the Board of Directors. Except for fidelity insurance that a managing agent obtains for its personnel, all other fidelity insurance policies shall name the Association as the insured and should have their premiums paid as a common expense by the Association. Fidelity insurance obtained by a managing agent shall name the Association as an additional insured. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Association or managing agent at any time while the fidelity insurance policy is in force, but must at least equal the sum of three (3) months aggregate assessments on all Units within the Condominium plus any reserves. Fidelity insurance policies shall contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity insurance policies shall provide that they cannot be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association, any Insurance Trustee (as defined herein), all Eligible Mortgage Holders and each servicer servicing a mortgage in the Condominium owned or securitized by the Federal National Mortgage Association ("FNMA").

Section 13. Compensation. No member of the Board of Directors shall receive any compensation for acting as such, but a Director may be reimbursed for actual out-of-pocket expenses incurred by him in the proper performance of his duties.

Section 14. Liability of the Board of Directors: Indemnification.

(a) The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

(b) The Association shall indemnify every Director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any 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 Association) to which he may be made a party by reason of being or having been a Director of the Association, whether or not such person is a Director at the time such expenses are incurred. The Board of Directors shall obtain adequate directors and officers insurance. The Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except in their capacity as Unit Owners) and the Association shall indemnify and forever hold each such 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 not be exclusive of any other rights to which any Director of the Association or former Director of the Association may be entitled.

(c) The provisions of "(a)" and "(b)" above shall also apply to each and every officer of the Association and the members of any committee created by the Board of Directors.

Section 15. Executive Committee. The Board of Directors may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) members of the Board of Directors. The Executive Committee shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Association during the intervals between the meetings of the Board of Directors insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the common charges and expenses required for the affairs of the Association, or (b) to adopt or amend the Rules covering the details of the operation and use of the Condominium.

Section 16. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in the Declaration. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, entity or association in which one or more of the Directors are directors or officers or are pecuniarily or otherwise interested, shall be 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 such action complies with the provisions of Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland (1993), as amended, or its successor statute.

Section 17. Delegation of Power to Board Except as may be provided otherwise by law or by the Declaration or these Bylaws, all of the powers and duties of the Council of Unit Owners are hereby delegated to the Board of Directors so as to permit the Board of Directors to

fulfill all of its powers, functions and duties under the provisions of the Act, the Declaration and these Bylaws.

Section 18. Committees. The Board of Directors may appoint an Architectural Control Committee and, if necessary, an Executive Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its powers and duties.

ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President (who shall also act as chairman of the Board of Directors of the Association), the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary or desirable. The President and Vice President, but no other officers, must be members of the Board of Directors.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board of Directors.

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

Section 4. President. The President shall be the chief executive and operating officer of the Association. He shall preside at all meetings of the Association. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized and existing under the laws of the State of Maryland.

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association (including copies of all resolutions adopted thereat), and of the Board of Directors; shall count the votes at meetings of the Council of Unit Owners; shall have charge of such books and papers as the Board of Directors may direct; shall maintain the roster of Unit Owners and shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized and existing under the laws of the State of Maryland.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized and existing under the laws of the State of Maryland.

The Treasurer shall give a bond, the premium therefor to be considered a common expense, in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control.

Section 8. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such; provided, however, that an officer is entitled to reimbursement from the Association for any bona fide expenses incurred by such officer in the performance of his duties pursuant to the Declaration or these Bylaws. The determination of a bona fide expense shall be at the sole discretion of the Board of Directors.

ARTICLE V OPERATION OF THE CONDOMINIUM

Section 1. Determination of Common Expenses and Fixing of Common Charges. Unless otherwise expressly provided herein, common expenses of the Association, in general, shall include maintenance, operation, repair, or replacement of the Common Elements. They include, but are not limited to:

- (a) Management fees;
- (b) Insurance premiums;
- (c) Charges for landscaping, snow removal, trash removal and maintenance of the private streets, parking areas and retaining walls (if any);
- (d) Attorneys' fees, and like administrative costs;
- (e) Reserves for replacements or other expenses of a non-recurring nature;
- (f) Service contracts and employees' salaries;
- (g) Payment of utility bills and like expenses (except to the extent that such bills or expenses are individually metered for any Unit, in which event such bills or expenses shall be the responsibility of the Unit Owner receiving the benefit of such individually metered service; commonly metered utilities may be assessed against the Units based upon usage rather than Percentage Interest, as determined by the Board of Directors in its sole discretion); and

(h) Such other expenses as shall be necessary or desirable in the judgment of the Board of Directors for the administration and operation of the Condominium, or which may be declared to be common expenses by the Act, the Declaration, these Bylaws or by resolution of the Council of Unit Owners.

Section 2. Preparation and Approval of Budget. Each year at least thirty (30) days before the adoption of a budget for the Condominium, the Board of Directors shall cause to be prepared and submitted to the Unit Owners a proposed annual budget for the next fiscal year of the Association. The proposed annual budget shall contain, at a minimum, an estimate of the total amount of income the Association expects to receive, as well as an estimate of expenses for administration, maintenance, utilities, general expenses, reserves and capital items that are expected for the next fiscal year. The budget shall be adopted at an open meeting of the Board of Directors. The Board of Directors shall thereafter send to each Unit Owner a copy of the approved budget which sets forth the amount of the common expenses payable by each Unit Owner, on or before thirty (30) days preceding the beginning of the fiscal year to which the budget applies or as soon thereafter as is possible. The said budget shall constitute the basis for determining each Unit Owner's contribution for the common expenses of the Condominium. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the common expenses, as herein provided, whenever the same shall be determined, and in the absence of any annual budget, each Unit Owner shall continue to pay his allocable share of the common expenses at the then existing rate established for the previous fiscal period until the new payment is established. The Board of Directors may determine, at its discretion, to round the Unit Owners' allocable share of the common expenses of the Association to the nearest half dollar or whole dollar amount.

Section 3. Reserves. As part of the annual budget the Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for substantial periodic repair and replacement of the Common Elements and Limited Common Elements required to be repaired and/or replaced by the Association, including, without limitation, reserves for the routine inspection, maintenance and long term repair of any on-site storm water management facilities serving and/or benefiting the Condominium. Insurance deductibles associated with insurance policies of the Association should also be funded through the reserves maintained by the Association. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Elements or Limited Common Elements, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Board of Directors and by the affirmative vote of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at any meeting of the Association. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may, subject to the limitations of Section 4 below, levy a further assessment, which shall

be assessed against the Unit Owners according to their Percentage Interests, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next regular payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

The proportionate interest of any Unit Owner in any reserve fund shall be considered an appurtenance to his Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it is appurtenant, and shall be deemed to be transferred with such Unit.

Section 4. Amendment to Budget: Special Assessments. Any expenditure, including, without limitation, any expenditure intended to be funded by a special assessment, which is deemed necessary by the Board of Directors (other than those required because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium) that, if made, would result in an increase in the amount of assessments for the current fiscal year of the Condominium in excess of fifteen percent (15%) of the budgeted amount previously adopted shall be approved by an amendment to the budget adopted at a special meeting of the Association, upon not less than ten (10) days written notice to the Unit Owners, by the affirmative vote of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at such meeting. Any provision of the foregoing to the contrary notwithstanding, any such amendment to the budget shall be subject to such additional approvals as may be provided in the Declaration or these Bylaws.

Section 5. Initial Working Capital Fund Assessment. When the first Board of Directors takes office, it shall determine the budget for the period commencing upon the conveyance of legal title to the first Unit by the Declarant and ending on the last day of the fiscal year established by the Board of Directors in which such conveyance occurs. The Board of Directors shall establish an initial working capital fund equal to two (2) months regular assessments through a special assessment (the "Initial Working Capital Fund Assessment") which shall be levied against each Unit Owner upon purchase of a Unit from the Declarant. The Initial Working Capital Fund Assessment shall not be deemed to constitute advance payment of regular assessments. The Declarant will deliver the funds so collected to the Board of Directors, who shall maintain the funds in a segregated account for the use and benefit of the Association to provide the necessary working capital for the Council of Unit Owners. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, or for such other purposes related to the operation of the Association as the Board of Directors may determine.

In the event that the Declarant shall own a Unit which is not subject to a binding contract of sale, the Declarant shall pay the foregoing Initial Working Capital Fund Assessment for each such Unit owned by the Declarant upon the later to occur of (i) the date that the non-Declarant Unit Owners shall elect a majority of the members of the Board of Directors pursuant to Article III, Section 1 of these Bylaws, or (ii) the annexation of such Unit within the Condominium. Upon conveyance of any Unit for which the Declarant was required to pay an Initial Working Capital Fund

Assessment, the purchasing Unit Owner shall pay the Declarant the full amount of such assessment paid by the Declarant with respect to such Unit. Any Initial Working Capital Fund Assessment paid by the Declarant shall be deposited in the segregated account maintained for such funds by the Board of Trustees. Prior to the date that the non-Declarant Unit Owners shall elect a majority of the members of the Board of Directors pursuant to Article III, Section 1 of these Bylaws, the Declarant shall not use any Initial Working Capital Assessment to pay Declarant expenses, reserve contributions, construction costs or budget deficits.

Section 6. Payment of Common Charges: Lien. Each Unit Owner shall be obligated to pay, in advance, the common charges assessed by the Board of Directors against his Unit. The amount levied and assessed against each Unit for common charges shall constitute a lien against said Unit from the date of assessment until the date of full payment, provided that the requirements of the Maryland Contract Lien Act have been fulfilled. All assessments and charges levied against a Unit by the Board of Directors of the Council of Unit Owners shall also be the personal obligation of the Unit Owner of such Unit. At the option of the Board of Directors, the common charges may be payable in annual, quarterly, monthly or other convenient installments, to the Board of Directors or to such person or entity who or which the Board of Directors shall designate.

No Unit Owner may be exempted from liability for the assessment of common expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the common expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable, in accordance with the Act, with the selling Unit Owner for all unpaid assessments against the selling Unit Owner for the selling Unit Owner's proportionate share of the common expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that no purchaser from a selling Unit Owner other than the Declarant shall be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments greater than the amount set forth in any resale certificate provided by the Association or its managing agent. The conveyance of a Unit shall not affect any lien established by the Association against such Unit. Notwithstanding anything contained herein to the contrary, any mortgagee who comes into possession of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall take the Unit free of any liens or claims for unpaid assessments or charges against such Unit which accrue prior to the time such mortgagee comes into possession thereof, except for liens or claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units, including the mortgaged Unit. The sale or transfer of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall not relieve such mortgagee, the purchaser at such sale or transfer, or any subsequent Unit Owner from liability for any assessments thereafter coming due, nor from the lien of such subsequent assessments, which lien, if any, shall have the same effect and may be enforced in the same manner as provided herein. Notwithstanding anything herein to the contrary, the lien of the Association against any Unit shall be subordinate to the First Mortgage (as defined in Article VI, Section 5 hereof) against such Unit, unless otherwise provided by law. Any assessment of the Association shall also be subordinate to any mortgage against a Unit guaranteed by the VA.

All taxes, assessments, and charges which may become liens prior to any First Mortgage shall relate only to the individual unit and not to the Condominium as a whole.

No amendment to this Section shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

Section 7. Collection of Assessments. The Board of Directors shall take prompt action to collect any common charges due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Directors shall notify any Eligible Mortgage Holder who holds a mortgage upon a Unit to which there exists a delinquency in the payment of common charges, which delinquency has existed for sixty (60) days or more. Upon default in the payment of any one or more installments of any annual assessment levied pursuant to the Declaration and/or these Bylaws, the entire balance of said annual assessment may be accelerated at the option of the Board of Directors and be declared due and payable, in full, together with interest thereon at the maximum rate permitted by law at the time the assessment became due.

Section 8. Default in Payment of Common Charges. The lien for unpaid assessments for common charges may be enforced and foreclosed in such manner as may from time to time be provided in the Act and the Maryland Contract Lien Act. Any assessment, until paid, may at the election of the Board of Directors bear interest up to the maximum rate permitted by law at the time the assessment became due. In addition, the Board of Directors may impose late charges and/or the costs of collection (including reasonable attorneys' fees), if any, with respect to any assessment which has not been fully paid when due. Such late charges and other costs shall not exceed the permissible amounts provided for in the Act, and shall otherwise comply therewith. All such interest, late charges and other costs shall constitute a lien upon the Unit until fully paid as provided in Article V, Section 6, above.

In any action brought by the Association to foreclose a lien against a Unit because of unpaid common charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same, such rent to accrue from the date that the foreclosure decree becomes final until the plaintiff in such foreclosure action regains possession from the Unit Owner.

No suit or other proceeding may be brought by the Association to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after ten (10) days' written notice to the holder of the First Mortgage which is a lien on the Unit that is the subject matter of the proceeding. In the event the VA guarantees any mortgage against a Unit, the Association shall notify the VA in writing prior to instituting any action or proceeding to foreclose the lien for any assessments or charges levied by the Association against such Unit.

Section 9. Statement of Common Charges; Resale Certificate. Any owner, first mortgagee or any purchaser in connection with any sale or conveyance of a Unit, shall be entitled to a statement furnished by the Board of Directors setting forth in detail the amount of any unpaid assessments owed by the Unit Owner, and such party shall be entitled to rely on such statement and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid

assessments accruing prior to the date of such statement which are greater than that shown on such statement. The Board may impose a reasonable fee to furnish this information.

Upon written request by a Unit Owner and receipt of a reasonable fee therefor, the Board of Directors shall furnish a certificate containing the information required by Section 11-135(a) of the Act.

Section 10. Insurance. The Board of Directors shall be required to comply with the insurance requirements of the Act and, to the extent not in violation of the Act, shall also comply with the provisions of this Article V, Section 10.

The Board of Directors shall be required to obtain and maintain a master or blanket type of hazard insurance policy covering the Units and all of the Common Elements that are normally included in a policy of this type, including, but not limited to, fixtures, building service equipment and common personal property and supplies belonging to the Association. The policy must also cover fixtures, equipment and other personal property inside individual Units if such items are typically conveyed as part of the Unit.

The hazard insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available. The insurance should cover one hundred percent (100%) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, the maximum deductible amount for coverage of the Common Elements is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. The maximum deductible related to coverage on individual Units is the lesser of One Thousand Dollars (\$1,000.00), or one percent of the Unit's replacement cost.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by the Best's Insurance Reports of B or better (or its equivalent), or a rating that meets any other applicable standard established by ENMA. Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagee, and that any assessment made against others may not become a lien on the mortgaged Unit superior to the First Mortgage.

The hazard insurance policy must provide that the insurance carrier shall notify the Association and each mortgagee named in the mortgagee clause in writing at least ten (10) days before it cancels or substantially changes the Condominium's coverage. In addition, each Eligible Mortgage Holder shall receive timely written notice of any lapse, material modification or cancellation of any insurance policy covering the Condominium.

All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly acceded by private institutions as mortgage investors in the area in which the mortgaged premises are located and must name as mortgagee either the FNMA or the servicers for the

mortgages FNMA holds on Units. The following endorsements are also required: (i) an Inflation Guard Endorsement (if reasonably available); (ii) a Building Ordinance or Law Endorsement if the enforcement of any building, zoning or land use law would result in loss or damage, increased cost of repairs or reconstruction or additional demolition and removal costs; (iii) a Steam Boiler and Machinery Coverage Endorsement if the Condominium has central heating or cooling, which should provide for the insurer's minimum liability per accident per location to be at least equal to the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the structure(s) housing the boiler or machinery; and (iv) a Special Condominium Endorsement which provides that any Insurance Trust Agreement will be recognized, the right of subrogation against Unit Owners will be waived, the insurance will not be prejudiced by any acts or omissions of individual Unit Owners that are not under the control of the Association, and that the policy will be primary, even if a Unit Owner has other insurance that covers the same loss.

If the Condominium is located in a Special Flood Hazard Area designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map, the Association must maintain a "master" or "blanket" policy of flood insurance on the Condominium. The amount of flood insurance shall be at least equal to the lesser of one hundred percent (100%) of the insurable value of all structures and improvements situated in such Special Flood Hazard Area or the maximum coverage available under the applicable National Flood Insurance Administration program. The contents coverage must include one hundred percent (100%) of the insurable value of all contents, including any machinery and equipment that are not part of the building, but which are owned in common by the Unit Owners. Unless a higher deductible amount is required under the laws of the State of Maryland, the maximum deductible amount for flood insurance policies shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy's face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

The Association shall obtain and maintain a commercial general liability policy of insurance covering all of the Common Elements, public ways and any other areas that are under the Association's supervision. The policy shall also cover any commercial space owned by the Association, even if such space is leased to others. The policy should provide coverage for bodily injury (including death) and property damage that results from the operation, maintenance or use of the Common Elements and any legal liability that results from law suits related to employment contracts in which the Association is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners. Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage, unless higher amounts of coverage are required by a mortgagee. The liability policy must provide that the insurance carrier shall notify the Association and the holder of a First Mortgage on any Unit in writing at least ten (10) days before it cancels or substantially modifies the Condominium's coverage.

The named insured under all insurance policies shall be the Council of Unit Owners of Cherington Condominium, for the use and benefit of each Unit Owner. The "loss payable" clause should show the Council of Unit Owners of Cherington Condominium, or the Insurance Trustee (as hereinafter defined, if applicable) as a trustee for each Unit Owner and the holder of each Unit's mortgage. The Council of Unit Owners shall hold any proceeds of insurance in trust for Unit Owners and their First Mortgage holders, as their interests may appear. Each Unit Owner and each Unit

Owner's mortgagee, if any, shall be beneficiaries of the policies to the extent of the Unit Owner's Percentage Interest in the Common Profits and Common Expenses of the Council of Unit Owners. Certificates of insurance shall be issued to each Unit Owner and mortgagee upon request. The policies must also contain the standard mortgage clause and must name as mortgagee FNMA or the servicers for the mortgages held by FNMA on Units within the Condominium, FHLMC and/or such other mortgagees as hold mortgages on Units, as well as their successors and assigns.

Notwithstanding any provision of the Declaration or these Bylaws relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any Insurance Trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. The insurance policy(ies) covering the Condominium obtained by the Association shall provide that any Insurance Trust Agreement will be recognized.

Except to the extent inconsistent with applicable law, each Unit Owner is deemed to appoint the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (1) the collection and appropriate disposition of the proceeds thereof; (2) the negotiation of losses and execution of releases of liability; and (3) the execution of all documents and the performance of all other acts necessary to accomplish such purpose.

The insurance policy(ies) covering the Condominium obtained by the Association shall provide that (i) the right of subrogation against Unit Owners will be waived, (ii) the insurance will not be prejudiced by any acts or omissions of individual Unit Owners that are not under the control of the Association, and (iii) the policy(ies) will be primary, even if a Unit Owner has other insurance covering the same loss.

Section 11. Repair or Reconstruction After Fire or Other Casualty. Except as hereinafter provided, and as provided in the Act (and inconsistent herewith), in the event of damage to or destruction of the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof (including any damaged Units, and any fixtures, equipment or other property covered by the Association's insurance installed therein on the date of recordation of the Declaration, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, personal property or equipment installed by Unit Owners in the Units), and the Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as provided below.

The Insurance Trustee may rely upon a certificate of the Board of Directors which certifies whether or not the damaged Condominium is to be reconstructed or repaired. The Board of Directors, upon request of the Insurance Trustee, shall deliver such certificate as soon as practicable.

If the damage is only to those parts of a Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Unit Owner shall be responsible for the reconstruction and repair after a casualty and shall be entitled to apply the applicable insurance

proceeds thereto. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

Immediately after a casualty causing damage to the Condominium for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Condominium in as good a condition as existed before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

In the event of reconstruction or repair (as estimated by the Board of Directors) which shall exceed Twenty-Five Thousand Dollars (\$25,000.00), all proceeds of insurance shall be paid over to a trust company or bank having trust powers and authorized to engage in the trust business in the State of Maryland (the "Insurance Trustee"), selected by the Board of Directors 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 and which contains, 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 Association, and hereinafter called the "Architect";

(b) any restoration or repair of the project shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each First Mortgage owned), and two-thirds (2/3) of the owners (other than the sponsor, developer or builder) of the individual condominium units;

(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 and Board of Directors to the effect that (i) all work then completed has been performed in accordance with the plans and specifications; 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 to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request;

(d) each request for an advance of the proceeds of insurance 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, or any part thereof, any mechanics' or other lien, or notice of intention to file the same, which has not been dismissed, bonded, 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 Association 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; and

(f) such other provisions not inconsistent with the provisions hereof as the Board of Directors or the Insurance Trustee 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, shall be considered as one fund and shall be divided among the owners of all 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 lienor and to the extent the same is sufficient for such purpose), all liens upon said Unit.

Section 12. Abatement and Enforcement of Violations by Unit Owners. The violation of any of the Rules adopted by the Board of Directors, or the breach of these Bylaws or of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; provided, however, that no structure or improvement may be altered or demolished until proper judicial proceedings have been instituted; or (b) to enjoin, abate or remedy by appropriate legal proceeding, either at law or in equity, the continuance of any such breach.

Section 13. Maintenance and Repair.

(a) By the Association. The Association shall be responsible for the maintenance, repair and replacement of the following, the cost of which shall be charged to all Unit Owners as a common expense:

(i) Except as otherwise provided in paragraph (b) of this Section 13, all of the General Common Elements and Limited Common Elements (if any), whether located inside or outside of the Units.

(ii) All exterior walls and exterior surfaces of the Garden Unit Building (including, without limitation, the painting of the exterior surface of all doors of each Garden Unit which are on the boundary of the Garden Units and Common Elements; provided that the Garden Unit Owners shall otherwise remain responsible for the maintenance, repair and replacement of such exterior doors as provided in paragraph (b) of this Section 13); the roofs of the Garden Unit Building; Garden Unit party walls and all other portions of the Garden Units which contribute to the support of the Garden Unit Building, such as the outside walls of the Garden Unit Building, and all fixtures on the exterior thereof, the boundary walls of Garden Units; the floor slabs of Garden Units; the load-bearing columns of the Garden Unit Building; all roof drainage pipes, gutters and leaders that are part of the Garden Unit Building; but excluding, however, the interior walls, interior ceilings and interior floor coverings of the Garden Units, and excluding the surfaces of all walls, floors and ceilings of the Garden Units.

(iii) The sanitary and storm sewer systems and appurtenances; all water, electric, gas, heating, air conditioning, plumbing and telephone lines, facilities and systems that are deemed Common Elements, including all conduits, ducts, plumbing, wiring and other facilities (including television master antennae systems whether located inside or outside of any Unit) for the furnishing of all utility services into two (2) or more Units, but excluding therefrom all air-handling units, heating units, air-conditioning units, lighting fixtures, plumbing (including, but not limited to, the components of any sprinkler system) and electrical appliances and systems, fixtures and parts thereof which are located within the boundary of a single Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to a single Unit and which serve that Unit and no other.

(iv) The Association may elect, as determined by the Board of Directors in its sole discretion, to maintain the exterior painted surfaces of the dwellings within the Townhouse Units, provided that such maintenance shall be limited to painting and repainting the exterior doors, wood trim and other exterior features of such dwellings as were painted by the Declarant or a builder as part of the original construction of such dwellings. Maintenance of the exteriors of the dwellings within the Townhouse Units shall be with such frequency and in conformity with such standards as may be established by the Board of Directors from time to time.

(v) The Association may elect, as determined by the Board of Directors in its sole discretion, to maintain the Lawn and Garden Area within any one or more of the Townhouse Units, as provided below. The Board of Directors may elect, in its sole discretion, to assume such maintenance responsibilities with respect to the Lawn and Garden Area as the Board may deem necessary or appropriate, including, without limitation, responsibility for mowing, fertilizing, trimming, pruning and/or otherwise maintaining the grass, trees, shrubs and other planted materials, and any replacements thereof, as may be located within the Lawn and Garden Area. Maintenance of the Lawn and Garden Area by the Association shall be with such frequency and in conformity with such standards as may established by the Board of Directors from time to time. Any Townhouse Unit Owner may request that the Association refrain from performing all or a part of the Lawn and Garden Area maintenance described above. Such a request must be made to the Association at least thirty (30) days prior to the date the Townhouse Unit Owner desires the Association to refrain from such maintenance. The Association shall not unreasonably withhold approval of such a request, provided that the Townhouse Unit Owner has demonstrated to the satisfaction of the Board of Directors his or her intention to maintain the Lawn and Garden Area, as applicable, in a manner acceptable to the Association. In the event that a Townhouse Unit Owner elects to maintain the Lawn and Garden Area situated within his or her Unit pursuant to the terms hereof, such Townhouse Unit Owner shall not be entitled to any reimbursement from the Association or reduction in the assessments levied against such Townhouse Unit.

(vi) Except as otherwise provided in paragraph (b) of this Section 13, all patios, terraces, decks and balconies designated in the Declaration or on the Condominium Plat as a part of a Garden Unit or as a Limited Common Element appurtenant to a Garden Unit (if any).

(vii) All incidental damage caused to any Unit by such work as may be done or caused to be done by the Association in accordance with the provisions of these Bylaws.

(b) By the Unit Owner.

(i) Except for the portions of a Townhouse Unit required or authorized to be maintained by the Association, each Townhouse Unit Owner shall be responsible for the maintenance, repair and replacement, at his or her expense, of such Townhouse Unit and all improvements therein and components thereof, including, without limitation, the following: all exterior walls, doors, shutters and surfaces of the dwelling within the Townhouse Unit (including the painting thereof), the roof of such dwelling, including all vents, flues, ducts, skylights, gutters, leaders and any other equipment or apparatus located thereon, all driveways, garages, patios, terraces, decks, balconies, landscaping, front, rear and side (if applicable) yard areas (except to the extent maintained by the Association), all interior walls, ceilings, doors, floors, kitchen and bathroom fixtures and equipment, and all air-handling units, heating units, air-conditioning units, fireplaces, lighting fixtures, plumbing (including, but not limited to, the components of any sprinkler system), electrical appliances and systems, fixtures and other components of such dwelling which are located within the boundary of such Townhouse Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to that Townhouse Unit and which serve that Unit and no other.

(ii) Except for the portions of any Garden Unit required or authorized to be maintained by the Association, each Garden Unit Owner shall be responsible for the maintenance, repair and replacement, at his or her expense, of such Garden Unit and all improvements therein and components thereof, including, without limitation the following: any interior walls, ceilings, doors and floors, kitchen and bathroom fixtures and equipment, air-handling units, heating units, air-conditioning units, fireplaces, lighting fixtures, plumbing (including, but not limited to, the components of any sprinkler system) and electrical appliances and systems, fixtures and parts thereof which are located solely within the boundary of such Garden Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to that Garden Unit and which serve that Garden Unit and no other.

(iii) Each Garden Unit Owner shall be responsible for performing, at his or her expense, the normal maintenance for any patio, terrace, deck or balcony which is designated in the Declaration or on the Condominium Plat as being a part of such Garden Unit or as a Limited Common Element appurtenant to such Garden Unit (if any), including keeping it in a clean and sanitary condition and free and clear of snow, ice and any accumulation of water, and shall also make, at his or her expense, all repairs thereto caused or permitted by his or her negligence, misuse or neglect. In the event any Garden Unit Owner shall fail to maintain any such patio, terrace, deck or balcony, or any Limited Common Element appurtenant to his or her Garden Unit, the Association shall be responsible for such maintenance, the cost of which may be assessed against such Garden Unit and shall be collectible in the same manner as any other assessment levied by the Association. Notwithstanding anything herein to the contrary, the Association shall be responsible for the maintenance, repair and replacement of all structural components of the Garden Unit Building, and the maintenance and repair of all Limited Common Element parking areas (if any) appurtenant to the Garden Unit Building including, but not limited to, striping, paving, resurfacing and snow removal.

(iv) Each Garden Unit Owner shall, at his or her expense, perform all maintenance and make all repairs and replacements to the windows, window frames, window screens,

the front door, door frame, as well as the hardware and locking devices (but not the painting of the exterior surface of any door on the perimeter of the Garden Unit), any sliding glass door(s), and their frames and screens, appurtenant to or part of such Garden Unit or any Limited Common Elements appurtenant to such Garden Unit.

(v) Except for damage subject to insurance coverage as provided in Section 11-114 of the Act, each Unit Owner shall be responsible for, and promptly after demand shall reimburse the Association for the cost of maintaining, repairing or replacing any damage to the Common Elements or any portion of his Unit required to be maintained, repaired or replaced by the Association which is caused by the negligence, misuse or neglect of such Unit Owner. Such reimbursement shall be collected by the Association from the Unit Owner obligated therefor in the same manner as set forth in Article V of these Bylaws for the collection of common charges.

(vi) Each Unit Owner shall perform his responsibilities under this Section 13 in such a manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Association is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality.

Section 14. Restrictions on Use of Units. In order to provide for the congenial occupancy of the Condominium and for the protection of the values of the Units, the use of the Condominium shall be restricted to and shall be in accordance with the following provisions:

(a) No part of the Condominium shall be used for other than housing and the related common purposes for which the Condominium was designed. Each Unit shall be used for residential purposes and for no other purpose, except that a Unit may be used as a professional office upon the written consent of the Board of Directors provided that such use is consistent with all applicable laws, zoning ordinances and regulations of all governmental agencies having jurisdiction with respect to the Condominium, and, provided further, that as a condition for such consent each such Unit Owner agrees to pay and pays any increase in the rate of insurance for the Condominium which results from such professional use. Such use as a professional office is limited to the person(s) actually residing in the Unit. As used in this Section, the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects and the like, but not including medical or dental clinics, and not including the primary office of such permitted user. An Owner may use a portion of his Unit for an office or studio provided that the activities therein shall not interfere with the quiet enjoyment or comfort of any other Owner, and provided further that in no event shall any part of the Condominium be used as a school or as a music or dance studio.

(b) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Condominium applicable for residential use without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Condominium, or the contents thereof, or which would be in violation of any law. No waste will be committed in the Common Elements.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Condominium or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to the maintenance and repair of any portion of the Condominium, shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Condominium.

(d) Nothing shall be done in any Unit or in, on, or to the Common Elements which will impair the structural integrity of the Condominium, or which would structurally change any building or improvements thereon except as is otherwise provided in these Bylaws, provided, further, that interior partitions contributing to the support of any Unit shall not be altered or removed.

(e) Except for uses permitted by the Declaration or which may not be prohibited pursuant to law, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Condominium. No Unit Owner may post any advertisement, poster or sign of any kind on the exterior of his Unit or in the windows of his Unit or on any of the Common Elements; provided, however, a temporary sign not more than six (6) square feet in size advertising the sale or rental of a Unit shall be permitted. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Unit. The right is reserved by the Declarant or its agents to use any unsold Unit or Units for display purposes and to display "For Sale" or "For Rent" signs for unsold Units; such right to exist for as long as the Declarant owns any Unit.

(f) Except as specifically permitted by applicable governmental regulations, no exterior antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected or maintained within the Condominium; provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted. The Board of Directors may impose reasonable rules and regulations regarding the location and screening of any such satellite dish, subject to applicable governmental regulations. Antennas situated entirely within a Unit, and not visible from the exterior, are permitted.

(g) No transient tenants may be accommodated in any Unit, nor shall any Unit be utilized for hotel purposes. No portion of a Unit (other than the entire Unit) may be rented unless the prior written approval of the Board of Directors is obtained, nor shall the initial term of any Unit lease be less than seven (7) days. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Act, Declaration and Bylaws and that any failure of the lessee to comply with the terms of such provisions shall be a default under the lease, which default may be remedied by the Unit Owner in accordance with the lease and by the Council of Unit Owners, in accordance with the Act. All leases must be in writing. The limitations of this Section shall not apply to any institutional mortgagee of any Unit who comes into possession of the Unit by reason of any remedies provided by law or in the mortgage, or as a result of foreclosure sale or other judicial sale, or as a result of any proceeding, arrangement, assignment, or deed in lieu of foreclosure.

(h) Portions of a Unit visible from the exterior of the Unit and the Limited Common Elements must be kept in an orderly condition so as not to detract from the neat appearance

of the community. In this regard, no motorcycles or other motorized vehicles may be parked on the patios, terraces, decks or balconies. The Board of Directors, in its sole discretion, may determine whether the portions of a Unit visible from the exterior of the Unit and the Limited Common Elements are orderly. If an Owner shall fail to keep the portions of the Owner's Unit, or the Limited Common Elements (if any) appurtenant thereto, that are visible from the exterior of such Unit or Limited Common Elements orderly, the Board of Directors may have any objectionable items removed from the portions of the Unit that are visible from the exterior of the Unit or the Limited Common Elements so as to restore their orderly appearance, without liability therefor, and charge the Unit Owner for any costs incurred in connection with such removal.

(i) With the exception of lawn care equipment used by the Association, motorized vehicles may only be used or maintained on the roadways within or adjacent to the Condominium and no unlicensed vehicles are allowed within the Condominium.

(j) Trash shall be stored in accordance with county health regulations within the Unit or upon the Common Element site, if any, set aside by the Board of Directors for such storage. If applicable, trash shall not be set out for collection prior to the night before the date of collection and the empty containers shall be returned to the proper place of storage immediately after collection. Trash shall not be stored or placed upon patios, terraces, decks or balconies.

(k) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon any Common Elements, except that this shall not prohibit the keeping of a reasonable number of small, orderly house pets provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the Common Elements except in areas designated by the Board of Directors. All pets shall be accompanied by an adult and are to be carried or leashed. The person accompanying any pet is responsible for the removal and disposal of any solid waste deposited by the pet upon any portion of the Condominium. Any member who keeps or maintains any pet upon any portion of the Condominium shall indemnify and hold the Association, and each of its members 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. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the Condominium.

(l) No junk vehicle or other vehicle on which current registration plates are not displayed, shall be kept upon any of the Common Elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out on any of the Common Elements or within any other portion of the Condominium.

(m) No commercial vehicles (including vans used for commercial purposes and vehicles displaying commercial signage), trucks (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice; provided, however that pickup trucks no greater than three-quarter (3/4) tons of capacity and used solely for non-commercial purposes are permitted), trailers, recreational vehicles, house trailers, boat trailers, boats, or the like shall be kept upon any of the Common Elements. The Association may, in the discretion of the Board of Directors, provide and maintain a suitable area designated for the parking of such vehicles or the like. The Board of Directors may establish supplemental Rules regarding parking and traffic control within the Condominium.

(n) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any Common Elements at any time. Outdoor clothes dryers or clotheslines shall not be maintained upon any Common Elements at any time. No clothing, laundry or the like shall be hung from any part of any Unit or upon any of the Common Elements or from or upon any patio, terrace, deck or balcony.

(o) No fence constructed upon the Property shall extend forward of the rear building line of the dwelling constructed within the Townhouse Unit upon which any such fence is erected. No fence shall be more than six feet (6') in height. Chainlink and other wire fencing is specifically prohibited; provided, however, that thin wire fencing used in conjunction with split rail or similar fencing for the purpose of enclosing pets is permitted with the prior written approval of the Board of Directors. Except with the prior written approval of the Board of Directors, all fences shall be board on board.

(p) Except when being used for entrance or exit, garage doors shall be maintained in a closed position at all times.

(q) Notwithstanding any provision contained in this Article V, Section 14, to the contrary, the use and other restrictions set forth in this Section 14 shall not apply to the construction or development activities of the Declarant or to the use of the Common Elements and/or Units owned by the Declarant for display, marketing, promotion, sales, leasing or construction purposes or the use of Units as "Models", or the use of any portion of the Condominium as a sales, rental or management office.

Section 15. Rules - Adoption and Enforcement. The Board of Directors may, from time to time, enact uniform Rules which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit Owners, provided that such Rules are not in conflict with the Declaration or these Bylaws, and provided further that such Rules are adopted in accordance with the Act and the following procedures:

(a) At least fifteen (15) days prior to the adoption of any proposed new Rule, a notice must be mailed or delivered to each Unit Owner. The notice shall (i) contain a copy of the proposed Rule, (ii) inform the Unit Owner of the right to submit written comments on the proposed Rule to the Board of Directors, (iii) state the effective date of the proposed Rule, and (iv) inform the Unit Owner of the meeting of the Board of Directors which has been scheduled to consider and adopt the proposed Rule.

(b) Provided that the notice set forth in Section 15(a) of this Article V is mailed or delivered to each Unit Owner, an open meeting of the Board of Directors shall be held at which each Unit Owner or tenant present at such meeting shall be given an opportunity to comment on the proposed Rule.

(c) If a majority of the members of the Board of Directors present at the open meeting at which a quorum is present vote in favor of the proposed Rule, such proposed rule shall become effective upon its effective date unless (i) within fifteen (15) days after the affirmative vote, fifteen percent (15%) of the Unit Owners sign and file a petition with the Board of Directors requesting

a special meeting, and (ii) a quorum is present at such special meeting, and (iii) at such special meeting fifty percent (50%) of the Unit Owners present and voting vote against the proposed Rule and such Unit Owners represent more than thirty-three percent (33%) of the total votes in the Condominium.

Section 16. Additions, Renovations, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, renovations, alterations or improvements costing in excess of Twenty-Five Thousand Dollars (\$25,000.00), and the making of such additions, renovations, alterations or improvements shall have been approved by a majority of the Unit Owners, the Board of Directors shall proceed with such additions, renovations, alterations or improvements and may assess the Unit Owners for the cost thereof as a common expense. If such additions, renovations, alterations or improvements, if not made, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium, then such additions, renovations, alterations or improvements may be made without the prior approval of Unit Owners. Any additions, renovations, alterations or improvements costing Twenty-Five Thousand Dollars (\$25,000.00) or less may be made by the Board of Directors without approval of the Unit Owners, provided said Unit Owners are given at least ten (10) days written notice of a special meeting at which such additions, renovations, alterations, or improvements are approved by an amendment to the budget by the Board of Directors. The cost of any such additions, renovations, alterations or improvements shall constitute a common expense. Any provision of the foregoing to the contrary notwithstanding, any expenditure of reserve funds for the normal care, upkeep, repair, maintenance or replacement of the existing Common Elements pursuant to the terms of these Bylaws shall not require the consent or approval of the Unit Owners under this Section, provided that such expenditures shall otherwise be subject to the Declaration and other applicable provisions of these Bylaws.

Section 17. Architectural Control. Except for purposes of proper maintenance and repair or as otherwise permitted or required by law or these Bylaws and subject to the exemption set forth in Section 23 of this Article, it shall be prohibited for any Unit Owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, walls, exterior antennas (except as specifically permitted by applicable governmental regulations), radio broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any Unit or the Common Elements within the Condominium or to combine or otherwise join two (2) or more Units (or parts thereof), or to partition the same, or to remove or alter any window or exterior doors of any Unit, or to make any change or alteration within any Unit which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other Unit Owner, materially increase the cost of operation or insuring the Condominium or impair any easement, until complete plans and specifications, showing the nature, kind, shape, materials and location of the same (including, without limitation, any other materials and information as may be specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by the Architectural Control Committee designated by the Board of Directors.

Section 18. Architectural Control Committee - Operation. The Architectural 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 Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order 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 19. Architectural Control Committee - Approvals, Etc. Upon approval of the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within forty-five (45) days after such plans and specifications (and all other materials and information as may be required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with. Approval by the Architectural Control Committee (or by the Board of Directors, if applicable) shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed, nor shall such approval be substituted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions:

Section 20. Architectural Control Committee - Limitations. Construction of alterations in accordance with plans and specifications approved by the Architectural 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 Control Committee (whether by affirmative action or by forbearance from action), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural Control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural Control Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural Control Committee without the prior consent in writing of the Architectural Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Control Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 21. Architectural Control Committee - Certificate of Compliance. Upon the completion of any construction, alteration or other improvements or structures in accordance with plans and specifications approved by the Architectural Control Committee in accordance with the

provisions of this Article, the Architectural 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 or structures referenced in such certificate have been approved by the Architectural Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of these Bylaws as may be applicable.

Section 22. Architectural Control Committee - Rules, Etc. The Architectural Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate; provided, however, that such rules and/or regulations are adopted in accordance with the provisions of §11-111 of the Act. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of the Declaration or these Bylaws. The Architectural 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 decision of the Architectural Control Committee shall be final except that any Unit Owner who is aggrieved by any action or forbearance from action by the Architectural Control Committee shall have the right to appeal to the Board of Directors of the Association and, upon the request of such Unit Owner, shall be entitled to a hearing before the Board of Directors.

Section 23. Declarant's Exemption. Notwithstanding any provision of Sections 17 through 22 of this Article V to the contrary, the provisions of said Sections 17 through 22 shall not apply to a Unit owned by the Declarant or its designee which is used as a model or is being or will be offered for sale by the Declarant until a deed to such Unit has been delivered by the Declarant to a purchaser thereof. Further, the aforesaid provisions shall not apply to the Declarant's actions with respect to the Common Elements of the Condominium until the completion of the Declarant's construction thereof.

Section 24. Right of Access. All Unit Owners hereby grant a right of access to their Units to the managing agent and/or such other persons as may be authorized by the Board of Directors or the managing agent for the purpose of making inspections and for the purpose of performing installations, alterations or repairs to the mechanical and electrical services and other Common Elements in their Units or elsewhere in the Condominium, and to correct any condition which violates the provisions of any mortgage covering a Unit, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

ARTICLE VI MORTGAGES

Section 1. Notice to Board of Directors. A Unit Owner who mortgages his Unit shall notify the Board of Directors in writing of the name and address of his mortgagee, and shall file a

conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Examination of Books. Each Unit Owner, contract purchaser of a Unit and each mortgagee of a Unit shall be permitted to examine the books and records of the Association at reasonable times on business days.

Section 3. Notice of Loss to or Taking of Common Elements. The Board of Directors shall give written notice to Eligible Mortgage Holders who have requested such notice of any condemnation or casualty loss which affects a material portion of the Condominium or any Unit on which a First Mortgage is held, insured or guaranteed by such Eligible Mortgage Holder of any Unit or the Common Elements or related facilities of the Condominium.

Section 4. Financial Statement. The Association shall provide any Eligible Mortgage Holder who submits a written request, a copy of an annual financial statement for the preceding fiscal year of the Association within one hundred twenty (120) days following the end of such fiscal year. Such financial statement shall be audited by an independent certified public accountant if:

(a) the Condominium contains fifty (50) or more Units, in which case the cost of the audit shall be a common expense; or

(b) the Condominium contains fewer than fifty (50) Units and the Eligible Mortgage Holder bears the cost of the audit.

Section 5. Definition. As used in these Bylaws, the term "mortgagee" shall mean any mortgagee or trustee under a deed of trust which is a lien upon a Unit, or the party secured or beneficiary of any recorded deed of trust, and shall not be limited to institutional mortgagees; and the term "mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, mutual savings banks, mortgage insurance companies, mortgage companies, credit unions, savings and loan associations, pension funds, FNMA, FHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof. "First Mortgage" shall mean a mortgage with priority over all other mortgages. As used in these Bylaws, the term "Eligible Mortgage Holder" shall mean a holder, insurer or guarantor of a First Mortgage on a unit who has requested notice from the Council of Unit Owners of amendments to the condominium documents or other significant matters which would affect the interests of the mortgagee.

Section 6. Percentage of Eligible Mortgage Holders. Wherever in the Declaration or these Bylaws the approval or consent of a specified percentage of Eligible Mortgage Holders is required, it shall mean the approval or consent of Eligible Mortgage Holders holding security interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association as compared to the total allocated to all Units then subject to security interests held by Eligible Mortgage Holders. An Eligible Mortgage Holder who is notified of any proposed amendment(s) to the condominium documents or other matter for which it is entitled to notice as provided in the Declaration or these Bylaws (such notice to be delivered by certified or registered

mail, return receipt requested), and which fails to respond within thirty (30) days of receipt of such notice shall be deemed to have consented to the proposed amendment(s) or other matter which the Eligible Mortgage Holder was provided notice of.

Section 7. Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgage Holder of (and each Unit Owner hereby consents to, and authorizes such notice):

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Elements, Condominium or any Unit subject to a First Mortgage or security interest held, insured, or guaranteed by such Eligible Mortgage Holder.

(b) Any delinquency in the payment of common expense assessments or charges owed by a Unit Owner whose Unit is subject to a First Mortgage or security interest held, insured, or guaranteed, by such Eligible Mortgage Holder which remains uncured for a period of sixty (60) days.

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity insurance maintained by the Association.

(d) Any proposed amendment to the Declaration, these Bylaws or Condominium Plat effecting a change in the purposes to which any Unit or the Common Elements are restricted.

(e) Any proposed termination of the Condominium.

(f) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Article X, Section 5 of the Declaration.

To be entitled to receive notice of the foregoing, the Eligible Mortgage Holder must send a written request to the Association, stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guarantees) the mortgage.

Section 8. Development Rights. No development rights may be voluntarily abandoned or terminated by the Declarant unless all persons holding security interests in the development rights consent to the abandonment or termination.

Section 9. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgage Holders and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 10. Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting which a Unit Owner may attend.

ARTICLE VII

SALES AND MORTGAGES OF UNITS

Section 1. Sales. A Unit Owner may sell his Unit or any interest therein without the consent of the Association.

Section 2. No Severance of Ownership. Except as may be provided in the Act, no Unit Owner shall execute any lease, mortgage or other instrument conveying or mortgaging title to his Unit without including therein the appurtenant Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such lease, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant Common Elements of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant Common Elements of all Units.

ARTICLE VIII CONDEMNATION

In the event of a taking in condemnation (or by purchase in lieu thereof) of a Unit or any part thereof or of part or all of the Common Elements, the Association is hereby appointed by each Unit Owner as its attorney-in-fact in any proceedings, negotiations, settlements or agreements related to such condemnation (or purchase in lieu thereof). Any proceeds from the settlement of such condemnation (or purchase in lieu thereof) shall be payable to the Association, or an Insurance Trustee (if an Insurance Trustee is appointed by the Association) for the benefit of the Unit Owners and their mortgage holders. Any distribution of funds in connection with the termination of the Condominium shall be made in accordance with the Act.

ARTICLE IX RECORDS AND AUDITS

The Board of Directors or the managing agent shall keep books and records in accordance with good accounting practices on a consistent basis. In addition to the provisions of Article VI, Section 4 of these Bylaws, on the request of the Unit Owners of at least five percent (5%) of the Units, an audit by an independent Certified Public Accountant shall be made, provided an audit shall be made not more than once in any consecutive twelve (12)-month period. The cost of such audit shall be a common expense. Every record kept by the Council of Unit Owners and current copies of the Declaration, Bylaws and Rules (if any) of the Association shall be available in accordance with the Act and these Bylaws for examination and copying by any Unit Owner, contract purchaser of a Unit and mortgagee of a Unit (and insurers and guarantors of First Mortgages secured by a Unit or Units), and their respective duly authorized agents or attorneys, during normal business hours and after reasonable notice.

ARTICLE X
PARKING SPACES

Any parking spaces not designated as a part of a Unit or as a Limited Common Element appurtenant to any Unit by the Declaration, these Bylaws or on the Condominium Plat are part of the General Common Elements of the Condominium and are hereby unassigned and designated for general use, to be used on a "first come, first served" basis. Subject to applicable law, the Board of Directors may assign all or any portion of these parking spaces as "reserved" for the exclusive use of designated Unit Owners. No vehicle belonging to any Unit Owner, or to any guest or employee of any Unit Owner, shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any adjoining parking space.

Each Unit Owner shall comply in all respects with such supplementary Rules which are not inconsistent with the provisions of the Declaration or these Bylaws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium, and the Board of Directors is hereby, and elsewhere in these Bylaws, authorized to adopt such Rules. The location of any parking space assigned to any Unit Owner in accordance with this Article may be changed by the Board of Directors, at any time and from time to time, upon reasonable notice thereof in writing. The Board of Directors reserves the right to assign and reassign parking spaces (including the reassignment of Limited Common Element spaces) if necessary to fulfill federal, state or local laws, including, without limitation, the Fair Housing Amendments Act of 1988, as amended, and any Unit Owner requested by the Board of Directors to relinquish or convey his or her Limited Common Element parking space shall promptly comply with such request; provided, however, if another Limited Common Element or reserved parking space is not made available to such Unit Owner, the Board of Directors shall reimburse such Unit Owner for any monies previously paid to acquire such reserved or Limited Common Element parking space.

ARTICLE XI
EASEMENTS FOR UTILITIES AND RELATED PURPOSES

Subject to the requirements of Section 11-125 of the Act, the Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements, leases and/or rights-of-way for sewer lines, water lines, electrical cables, cable television, telephone cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the Condominium as may be considered necessary or 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/or welfare of the owners of the Units or the Declarant and/or as required by the Declaration. The Association shall have the power to grant such licenses, easements, leases and rights-of-way as set forth in Section 11-125 of the Act.

ARTICLE XII
MISCELLANEOUS

Section 1. Notices. All notices hereunder to the Council of Unit Owners or the Board of Directors shall be sent by personal delivery with a signed receipt, or by first-class registered or

certified mail, return receipt requested, postage prepaid, to the Board of Directors or managing agent (if any), to the mailing address specified in these Bylaws. All notices hereunder to any Unit Owner shall be sent by mail or personally delivered to the address as may have been designated by such Unit Owner from time to time, in writing, for inclusion on the Roster. All notices hereunder to mortgagees of Units shall be sent by first-class mail or personally delivered to their respective addresses as designated by them from time to time, in writing, to the Board of Directors. All notices hereunder to the Declarant shall be sent by personal delivery with a signed receipt, or by first-class registered or certified mail, return receipt requested, postage prepaid, to:

Declarant: Pulte Home Corporation
18310 Montgomery Village Avenue
Suite 450
Gaithersburg, Maryland 20879

with a copy to: Linowes and Blocher LLP
1010 Wayne Avenue
Tenth Floor
Silver Spring, Maryland 20910

All notices shall be in writing and shall be deemed to have been given (i) when delivered if by personal delivery, (ii) on the date evidenced by the return receipt if by registered or certified mail, or (iii) three (3) days after mailing, if mailed by first-class or other mail, postage prepaid; provided, however, that all notices of a change of address shall be deemed to have been given when received. The parties shall be responsible for notifying each other of any change of address.

Section 2. Invalidity The provisions of these Bylaws shall be severable, and the invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Captions The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

Section 4. Gender The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires, and vice versa.

Section 5. Waiver No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 6. Amendments to Bylaws Except as elsewhere herein or in the Declaration provided otherwise, these Bylaws may be modified or amended in accordance with Section 11-104(e) of the Act.

Section 7. Conflicts. In case any part of these Bylaws conflict with the Act and/or the Declaration, the provisions of the Act and/or Declaration as the case may be, shall control.

END OF BYLAWS