

DOC. NO. 376671

LIBER 1775 FOLIO 258

THE TOWNHOMES AT ELLENDALE CONDOMINIUM, INC.
CONDOMINIUM BY-LAWS

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ARTICLE 1
NAME AND LOCATION

QUEEN ANNE'S COUNTY

1.1. Name and Location. The name of the Condominium is The Townhomes at Ellendale Condominium, Inc. The principal office and mailing address of the Council of Unit Owners is 165 Log Canoe Circle, Suite B, Stevensville, MD 21666.

ARTICLE 2
DEFINITIONS

2.1. Condominium Declaration. "Condominium Declaration" as used herein means that certain Condominium Declaration made the 14th day of March, 2008, by Reliable Development Company, LLC, a Maryland limited liability company having an address 1 Churchview Road, Millersville, Maryland 21108 ("Declarant"), pursuant to Section 11-101, *et seq.*, of the Real Property Article of the Annotated Code of Maryland, 2003 Replacement Volume, as amended (the "Maryland Condominium Act"), by which certain described property, including land, was submitted to a condominium regime (the "Condominium"), which Condominium Declaration is recorded among the Land Records of Queen Anne's County, Maryland, prior hereto and to which these Condominium By-Laws are appended.

2.2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Condominium Declaration or in the Maryland Condominium Act.

ARTICLE 3
OWNERSHIP

3.1. Owners. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a Condominium Unit within this Condominium shall be a member of the Council of Unit Owners; provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be deemed an owner.

3.2. Condominium By-Laws Applicability. The provisions of these Condominium By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land, as well as the improvements thereon. In construing these Condominium By-Laws, and the government of the Condominium pursuant thereto, the provisions of the Corporations and Associations Article of the Annotated Code of Maryland, 2003 Replacement Volume, as amended, pertaining to the government of nonstock corporations, shall be considered as governing to the extent not inconsistent with the provisions of the Maryland Condominium Act, and the Condominium Declaration and these Condominium By-Laws; the Council of Unit Owners being considered the Corporation and the Owners being considered its members. This Council of Unit Owners shall be incorporated as provided in the Maryland Condominium Act.

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ARTICLE 4
MEETINGS OF CONDOMINIUM ASSOCIATION

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

4.2. Annual Meetings. The Organizational and first meeting of the Council of Unit Owners of this Condominium shall be held within sixty (60) days after the date on which Units representing at least 51% of the votes in the Council of Unit Owners for the Condominium have been conveyed by the Condominium Declarant to the initial purchasers of Units. Thereafter, annual meetings of the Council of Unit Owners shall be held at such date and time and at such place as may be designated by the Condominium Board or the manager of the Condominium. At such meeting there shall be elected by ballot of the Unit Owners a Condominium Board in accordance with the requirements of Section 5.5 of these Condominium By-Laws. The Council of Unit Owners may also transact such other business of the Condominium as may properly come before it.

4.3. Special Meetings. It shall be the duty of the President to call a special meeting of the Council of Unit Owners as directed by resolution of the Condominium Board or upon a petition signed by Unit Owners representing at least 25% of the total votes of the Condominium having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

4.4. Notice of Meetings. It shall be the duty of the Secretary or his agent to mail by first class a notice of each annual or special 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 as it appears on the Ownership Book of the Condominium on the date of the notice, or if no such address appears, at his last known address, not less than ten (10) nor more than ninety (90) days prior to such meeting, unless the Maryland Condominium Act provides for a shorter time in which case the Maryland Condominium Act will control. Service may also be accomplished by the delivery of any such notice to the Unit Owner at his Condominium Unit or last known address. Notice by either such method shall be considered as notice served. Attendance by a Unit Owner at any meeting of the Council of Unit Owners shall be a waiver of notice by him of the time, place and purpose thereof.

4.5. Quorum. The presence, either in person or by proxy, of Owners representing at least 25% of the total votes of the Condominium shall be requisite for and constitute a quorum for the transaction of business at all meetings of the Council of Unit Owners. In the absence of a quorum, the meeting may be adjourned from time to time by majority vote of those Owners present in person or by proxy, in accordance with the requirements of State law, including Section 5-206 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time, if applicable, and at any such adjourned meeting those owners present in person or by proxy shall constitute a quorum and any business may be transacted which may have been transacted at the meeting originally held.

4.6. Voting. At every meeting of the Council of Unit Owners, each of the Unit Owners shall have the right to cast the number of votes for each Unit (as provided in Section 3.3 of the Condominium Declaration) on each question. The votes established in the Condominium Declaration shall be applicable to voting rights. The vote of the Unit Owners present and voting representing 51% of the votes at that meeting shall be required, unless the question is one upon which, by express provision of the Maryland Condominium Act, the Condominium Declaration or these Condominium By-Laws, a different vote is required, in which case such express provision shall govern and control. No Unit Owner shall be eligible to vote at any annual or special meeting of the Council of Unit Owners, or be elected to an office or to the Condominium Board if the Council of Unit Owners has recorded a Statement of Condominium Lien against said Owner's Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

4.7. Proxies. A Unit Owner may appoint any other Unit Owner, the Condominium Declarant (as defined in the Condominium Declaration), management agent, Mortgagee, attorney or lessee, as his proxy. Only a Unit Owner voting in person or a proxy voting for candidates designated by a Unit Owner may vote for members of the Condominium Board. Notwithstanding this provision, blank proxies may be used for any other purpose, including obtaining a quorum. Proxies shall be effective for a maximum period of one hundred eighty (180) days following issuance, unless granted to a lessee or Mortgagee.

4.8. Election Materials. Election materials prepared with funds of the Council of Unit Owners must list candidates in alphabetical order and cannot indicate a preference among candidates.

4.9. Powers. The Council of Unit Owners has, subject to any provision of the Maryland Condominium Act, the Condominium Declaration and these Condominium By-Laws, the following powers:

4.9.1. To have perpetual existence, subject to the right of the Unit Owners to terminate the Condominium as provided in Section 11-123 of the Maryland Condominium Act;

4.9.2. To adopt and amend reasonable rules and regulations;

4.9.3. To adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from Unit Owners;

4.9.4. To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Unit Owners on matters affecting the Condominium;

4.9.5. To transact its business, carry on its operations and exercise the powers provided in this subsection in any State, territory, district, or possession of the United States and in any foreign country;

4.9.6. To make contracts and guarantees, incur liabilities and borrow money, sell, mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its

property and assets;

4.9.7. To issue bonds, notes, and other obligations and secure the same by mortgage or deed of trust on any part of its property, franchises, and income;

4.9.8. To acquire by purchase or in any other manner, to take, receive, own, hold, use, employ, improve, and otherwise deal with any property, real or personal, or any interest therein, wherever located;

4.9.9. To hire and terminate managing agents and other employees, agents, and independent contractors;

4.9.10. To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of corporations of the State, or foreign corporations, and of associations, partnerships, and individuals;

4.9.11. To invest its funds and to lend money in any manner appropriate to enable it to carry on the operations or to fulfill the purposes named in the Condominium Declaration or Condominium By-Laws, and to take and to hold real and personal property as security for the payment of funds so invested or loaned;

4.9.12. To regulate the use, maintenance, repair, replacement, and modification of common elements;

4.9.13. To cause additional improvements to be made as a part of the General Common Elements;

4.9.14. To grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests through or over the Common Elements in accordance with the Section 11-125(f) of the Maryland Condominium Act, and to assess responsibility for damages resulting therefrom;

4.9.15. To impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements;

4.9.16. To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Condominium Declaration, Condominium By-Laws, and rules and regulations of the Council of Unit Owners, under Section 11-113 of the Maryland Condominium Act;

4.9.17. To impose reasonable charges for the preparation and recordation of amendments to the Condominium Declaration, Condominium By-Laws, rules and regulations, or resolutions, resale certificates, or statements of unpaid assessments;

4.9.20. To provide for the indemnification of and maintain liability insurance for officers, directors, and any managing agent or other employee charged with the operation or

maintenance of the Condominium;

4.9.21. To enforce the implied warranties made to the Council of Unit Owners by the Condominium Declarant under Section 11-131 of the Maryland Condominium Act;

4.9.22. To enforce the provisions of this title, the Condominium Declaration, Condominium By-Laws, and rules and regulations of the Council of Unit Owners against any Unit Owner or occupant; and

4.9.23. Generally, to exercise the powers set forth in the Maryland Condominium Act and the Condominium Declaration or Condominium By-Laws and to do every other act not inconsistent with law, which may be appropriate to promote and attain the purposes set forth in the Maryland Condominium Act, the Condominium Declaration or Condominium By-Laws.

4.10. Annual Proposed Budget.

4.10.1. Each year, at least thirty (30) days prior to its adoption at an open meeting of the Council of Unit Owners, the Condominium Board, or the officers, managers, or agents of the Council of Unit Owners as delegated by the Board, shall prepare a budget in a reasonably itemized form for the Council of Unit Owners containing an estimate of the total amount which will be necessary to pay for the upcoming fiscal year the cost of the maintenance, management, operation, repair and replacement of the Common Elements and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Maryland Condominium Act, Condominium Declaration, Condominium By-Laws, or a resolution of the Board. Such budget shall also include a reserve for contingencies and replacements. The Secretary of the Council of Unit Owners or another delegated agent of the Condominium Board shall send a copy of the budget as so prepared to each Unit Owner at least thirty (30) days prior to the open meeting. After receiving comments on the budget at the open meeting, the Board will adopt a budget for the Council of Unit Owners for the next fiscal year.

4.10.1. Any expenditure made other than those made because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit Owners or significant risk of damage to the Condominium, that would result in an increase in the annual assessment in excess of 15% of the budgeted amount previously adopted, shall be approved by an amendment to the budget adopted at a special meeting, upon not less than ten (10) days written notice to the Council of Unit Owners.

4.10.2. The adoption of a budget shall not impair the powers of the Council of Unit Owners to obligate the Council of Unit Owners for expenditures for any purpose consistent with the Maryland Condominium Act.

4.11. Waiver. The omission of the Council of Unit Owners or the Condominium Board, before the expiration of any budget period, to adopt a budget hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or the Maryland Condominium Act, or a release of assessment installment thereof, for that or any subsequent budget period, but the budget fixed for the preceding period shall continue until a new budget is fixed. No Unit Owner may exempt himself from liability for assessment by

a waiver of the use or enjoyment of any of the Common Elements, or by abandonment of any Unit belonging to him. Expenditures increasing the annual assessment in excess of 15% shall be levied as provided in the Maryland Condominium Act.

ARTICLE 5 DIRECTORS

5.1. Number and Qualification. The affairs of the Condominium shall be governed by the Condominium Board composed of three (3) or five (5) directors.

5.2. Initial directors. The initial directors shall be selected by the Condominium Declarant and need not be a Unit Owner. The names of the directors who shall act as such from the date upon which the Condominium Declaration is recorded among the Land Records of Queen Anne's County, Maryland until such time as their successors are duly chosen and qualified are John Dixon, Michael Baldwin and Joseph Baldwin. These directors shall serve until the Organizational and first meeting of the Council of Unit Owners, at which time the Unit Owners shall elect a Condominium Board, all as prescribed herein. The Initial directors may be removed and his successor appointed by the Condominium Declarant, its successors and assigns. The Condominium Declarant shall also have the right to appoint additional directors to the Condominium Board until the Organizational and first meeting of the Council of Unit Owners.

5.3. Powers and Duties. The Condominium Board shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not, by law or by these Condominium By-Laws, directed to be exercised and done by the Council of Unit Owners. The powers and duties of the Condominium Board shall include, but not be limited to, the following:

5.3.1. To provide for the care, upkeep and surveillance of the Condominium, as it is constituted from time to time and its General and Limited Common Elements, and services and maintenance of the Unit exteriors in a manner consistent with the law, and the provisions of the Condominium Declaration and these Condominium By-Laws;

5.3.2. To establish and provide for the collection of assessments and fines, if levied, from the Unit Owners and for the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of the Condominium Declaration and these Condominium By-Laws;

5.3.3. To designate, hire and/or dismiss the personnel necessary for the good working order of the Condominium and for the proper care of the General and Limited Common Elements, and to provide services for the Condominium in a manner consistent with all applicable State and local laws, the Condominium Declaration and these Condominium By-Laws;

5.3.4. To promulgate and enforce such rules and regulations, and such restrictions or requirements, as may be deemed proper respecting the use, occupancy and maintenance of the Condominium and the use and maintenance of the General and Limited Common Elements, as they are designated, to prevent unreasonable interference with the use and

occupancy of the Condominium and of the General and Limited Common Elements by the Unit Owners, all of which are to be consistent with all applicable State and local laws, the Condominium Declaration and these Condominium By-Laws;

5.3.5. Procure bids or otherwise establish the fixed cost of all labor, materials, services, utilities and other items required for the operation, maintenance and care of the Condominium, and the convenience of the Unit Owners; review and analyze all cost and expense factors arising out of or otherwise related to the Condominium, together with the benefits and advantages to be derived therefrom; determine and fix a detailed annual budget for the project, and upon the establishment of such budget, assess and collect the funds therefor as a Common Expense;

5.3.6. Impose and collect reasonable charges for the preparation, copying and recordation of any documents related to the Condominium; and impose and collect reasonable fines for the violations of the Condominium Declaration, these Condominium By-Laws and the rules and regulations of the Council of Unit Owners;

5.3.7. Establish and maintain an accurate and efficient cash and accounting system, make collections and deposit of funds in such banks, trust companies, or other depositories as the Condominium Board shall from time to time approve, verify and account for all receipts and expenditures involved in the operation of the Condominium, approve or disapprove all requisitions, bills, statements and vouchers, pay all costs and expenses incurred in the operation and maintenance of the Condominium, designate signatories to which bank or other accounts shall be subject, keep and preserve, at the principal office of the Condominium, rosters, books, accounts and records covering the operation of the Condominium and execute and file any statement, certificate, affidavit, return or other form required to be filed with any governmental agency in connection with any income or unemployment, social security or employee benefit tax, or the withholding of any tax, or any information relative to the foregoing, and prepare and submit such account or accounts of the financial condition of the Condominium as may from time to time be required or advisable;

5.3.8. Procure and maintain all policies of insurance required by the Maryland Condominium Act, by these Condominium By-Laws, or by the Council of Unit Owners, or otherwise deemed advisable; designate a trustee or trustees, or other person, firm or corporation as the nominal beneficiary of any policy, to hold proceeds payable thereunder for the use and benefit of the Council of Unit Owners; negotiate and adjust any loss occurring under any policy of insurance; and make any repair, replacement or restoration of the property damaged or destroyed by fire or other casualty insured against; and

5.3.9. Prepare, with the assistance of an accountant, if deemed necessary, and file all income tax returns and other tax returns, declarations, and other forms required of the Council of Unit Owners by law, and arrange for payment of any tax shown thereby to be due.

5.4. Manager. The Condominium Board shall employ for the Condominium a professional manager at a rate of compensation established by the Condominium Board, to perform such duties and services as the Condominium Board shall authorize, including, but not necessarily limited to, the duties set out in Section 5.3 other than those duties reserved to the

Council of Unit Owners or Condominium Board by the Condominium Declaration, Condominium By-Laws or Maryland Condominium Act. The Council of Unit Owners shall not undertake "self-management" or otherwise fail to employ a professional management agent. Any professional management company so employed must have and maintain fidelity bond coverage in an amount equal to or greater than the amount specified in Section 14 of this Article.

5.5. Elections and Terms of Office. The terms of the directors named herein shall expire when their successors have been elected at the Organizational and first meeting of the Council of Unit Owners and are duly qualified. At the first meeting of the Council of Unit Owners, a successor shall be elected to each director whose term then expires and two (2) new directors shall be elected. Two (2) directors shall be elected to serve for a term of three (3) years, two (2) directors shall be elected to serve for two (2) years, and one (1) director shall be elected to serve for one (1) year. At each annual meeting thereafter, a successor shall be elected to each director whose term then expires, to serve for a term of three (3) years.

5.6. Vacancies. Vacancies on the Condominium Board caused by any reason other than the removal of a director by a vote of the Council of Unit Owners shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected by the Council of Unit Owners at the next annual meeting.

5.7. Removal of directors. At a regular or special meeting duly called, any director may be removed with or without cause by the affirmative vote of the majority of the entire Council of Unit Owners and a successor may then be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Council of Unit Owners shall be given an opportunity to be heard at the meeting. The term of any director who has an unreleased Statement of Lien recorded against him shall be automatically terminated and the remaining directors shall appoint his successor as provided in Section 5.6.

5.8. Compensation. Except for those directors named as such in Section 5.2, and any of their successors elected prior to the Organizational and first meeting of the Council of Unit Owners, no remuneration shall be paid to any director who is also a Unit Owner for services performed by him for the Condominium in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Condominium Board before the services are undertaken.

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

5.10. Regular Meetings. At least annually, the Condominium Board shall send each Unit Owner notice of its meetings. All meetings of the Condominium Board shall be open except as provided in the Maryland Condominium Act. Regular meetings of the Condominium Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year.

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5.10.1. Notice of meetings of the Council of Unit Owners of the Condominium Board may not be given on less notice than required by Section 11-109(c) of the Maryland Condominium Act.

5.10.2. The Council of Unit Owners shall maintain a current roster of names and addresses of each Unit Owner to which notice of meetings of the Condominium Board shall be sent at least annually.

5.10.3. Each Unit Owner shall furnish the Council of Unit Owners with his name and current mailing address. A Unit Owner may not vote at meetings of the Council of Unit Owners until this information is furnished.

5.11. Special Meetings. Special meetings of the Condominium Board may be called by the President on three (3) days notice to each director and Unit Owner, given personally or by mail, facsimile transmission, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting; provided, however, that Unit Owners shall not be furnished notice of special meetings of the Condominium Board if such special meeting shall solely address any matter covered by Section 11-109.1 of the Maryland Condominium Act. Special meetings of the Condominium Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

5.12. Waiver of Notice. Before, or at, any meeting of the Condominium Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Condominium Board shall be a waiver of notice by him of the time, place and purpose thereof.

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

5.14. Fidelity Bonds. The Condominium Board shall require that all officers and employees of the Council of Unit Owners handling or responsible for Council of Unit Owners or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council of Unit Owners. The amount of each bond shall not be less than the estimated maximum amount of funds to be handled for the Council of Unit Owners. In no event may the amount of such bonds be less than a sum equal to three (3) months assessments on all Units plus reserve funds.

ARTICLE 6 OFFICERS

6.1. Designation. The principal officers of the Council of Unit Owners shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by the

Condominium Board. Officers elected by the initial directors need not be Unit Owners. After the Organizational and first meeting of the Council of Unit Owners, the Condominium Board may elect officers who need not be Unit Owners except that the President must always be a Unit Owner. The directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

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

6.3. President. The President shall be the Chief Executive Officer of the Council of Unit Owners and a member of the Condominium Board. He shall preside at all meetings of the Council of Unit Owners and the Condominium Board. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to, the power to appoint committees from among the Unit Owners, or other persons whom he feels are qualified, from time to time, as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Council of Unit Owners.

6.4. 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 Condominium Board shall appoint some other member of the Condominium Board to do so 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 Condominium Board.

6.5. Secretary. The Secretary shall keep the minutes of all meetings of the Condominium Board and the Council of Unit Owners; he shall have charge of the "ownership" and such other books and papers as the Condominium Board may direct; and he shall, in general, perform all the duties incidental to the office of Secretary, including counting the votes at meetings of the Council of Unit Owners. In the Secretary's absence, the President shall designate some other person to perform these duties.

6.6. Treasurer. The Treasurer shall have responsibility for Council of Unit Owners funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council of Unit Owners. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Council of Unit Owners in such depositories as may from time to time be designated by the Condominium Board. The Condominium Board may delegate any or all of these duties to a manager or banking institution.

6.7. Compensation. The Condominium Board shall have the power to fix the compensation for all officers of the Council of Unit Owners who are not Unit Owners, but shall have the power to fix the compensation for all officers of the Council of Unit Owners who are Unit Owners only with the approval of the Council of Unit Owners.

6.8. Delegate to the Neighborhood Association. Pursuant to Section 6.3 of the Neighborhood Declaration, the president of the Council of Unit Owners shall serve as the Council of Unit Owner's Delegate to the Neighborhood Association; provided, however, that whenever the president is unable to perform his or her duties as Delegate, the vice president shall act as the Delegate in the president's place. Where a vote of the Neighborhood Association is called, the Delegate shall cast the votes of the Council of Unit Owners on its behalf.

ARTICLE 7

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

7.1. Liability and Indemnification of Officers and directors. The Council of Unit Owners shall indemnify every officer and director of the Council of Unit Owners against any and all expenses, including counsel fees, reasonably incurred or imposed upon any officer or director in connection with any action, suit or other proceeding, including the settlement of any such suit or proceeding, if approved by the then Condominium Board, to which he may be made a party by reason of being or having been, an officer or director of the Council of Unit Owners, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Council of Unit Owners shall be liable to the Council of Unit Owners and the Unit Owners for any gross negligence, including their own individual willful misconduct or bad faith, but shall not be liable for mistakes of judgment or otherwise if made in good faith nor incur any personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council of Unit Owners (except to the extent that such officers or directors may also be Unit Owners), and the Council of Unit Owners shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Council of Unit Owners, or former officer or director of the Council of Unit Owners, may be entitled.

7.2. Other Interests.

7.2.1. The directors shall exercise their powers and duties in good faith and with a view to the interest of the Council of Unit Owners.

7.2.2. No other contract or other transaction between the Council of Unit Owners and any corporation or other entity or person and no act of the Council of Unit Owners or Condominium Board shall in any way be affected or invalidated by the fact that any member of the Council of Unit Owners or Condominium Board is pecuniarily or otherwise interested in, or is a director or officer of such other corporation or entity; any director individually, or any firm of which any director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction with the Council of Unit Owners provided that the fact that he or such firm is so interested shall be disclosed and shall have been known to the Condominium Board or a majority thereof; and any director of the Council of Unit Owners who is also a director or officer of any such other corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Council of Unit Owners or the Condominium Board thereof which shall authorize any such contract or transaction, and any such contract or transaction shall be valid if approved by a majority vote of disinterested directors, even if the disinterested directors constitute less than a quorum.

**ARTICLE 8
MANAGEMENT**

8.1. Management and Common Expenses. The Condominium Board shall manage, operate and maintain the Condominium and, for the benefit of the Units and the Unit Owners thereof, shall enforce the provisions hereof and may pay out of the Common Expenses, herein elsewhere provided for, the following, which itemization shall not act as a limitation on the Condominium Board:

8.1.1. The cost of providing water, sewer, gas, electrical (including street lighting) , and other utility services for the Common Elements and to the extent that the same are not separately metered or billed to each Unit, for the Units; provided that if the same are separately metered or billed to each Unit, the cost shall be specially assessed pursuant to Section 8.1.7;

8.1.2. The cost of fire and extended liability insurance on the Common Elements and the cost of such other insurance as the Condominium Board or the Council of Unit Owners may effect;

8.1.3. The cost of the services of a person or firm to manage the Condominium to the extent deemed advisable by the Council of Unit Owners, together with the services of such other personnel as the Condominium Board or the Council of Unit Owners shall consider necessary for the operation of the Condominium;

8.1.4. The cost of providing such legal and accounting services as may be considered necessary to the operation of the Condominium;

8.1.5. Unless otherwise set forth in the Condominium Declaration, the cost of painting, maintaining, replacing, repairing and landscaping the General and Limited Common Elements, furnishing and equipment for the General and Limited Common Elements as the Condominium Board shall determine are necessary and proper; and the Condominium Board shall have the exclusive right and duty to acquire the same, provided, however, that nothing herein contained shall require the Council of Unit Owners to paint, repair, or otherwise maintain the interior of any Unit or any fixtures or equipment located therein except for damage resulting from a casualty which is covered by Condominium insurance and further provided that the Council of Unit Owners shall maintain the General and Limited Common Elements and any other areas which are the responsibility of the Council of Unit Owners in accordance with the Replacement Reserve Schedule described in the budget for the Council of Unit Owners;

8.1.6. The cost of any and all other materials, supplies, labor, services, maintenance, repair, taxes, assessments or the like which the Council of Unit Owners is required to secure, to pay for by law, or otherwise, or which in the discretion of the Condominium Board shall be necessary or proper for the operation of the General and Limited Common Elements;

8.1.7. The cost of utilities which may be separately metered or billed to a Unit (as described in Section 8.1.1 above), or the maintenance or repair of any Unit in the event such maintenance or repair is necessitated due to such Unit Owner's negligence, misuse or neglect,

which shall be determined in the sole discretion of the Condominium Board; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Condominium Board and not without reasonable written notice to the Unit Owner of the Unit proposed to be maintained or repaired; and provided further that the cost thereof shall be assessed against the Unit on which such maintenance or repair is performed, and when so assessed, a statement for the amount thereof shall be rendered promptly to the Owner of said Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects as provided in Article 9 of these Condominium By-Laws;

8.1.8. Any amount necessary to discharge any lien or encumbrance levied against the Condominium or any portion thereof, which may, in the opinion of the Condominium Board, constitute a lien against any of the General or Limited Common Elements rather than the interest of the Unit Owner of any individual Unit; and

8.1.9. The cost of any maintenance, repair or replacement contracted for between the Council of Unit Owners or its manager and individual Unit Owners having to do with an individual Unit, which cost shall be a Common Expense only with respect to that Unit, and that the cost thereof shall be assessed against the Unit on which such maintenance, repair or replacement is performed and when so assessed, a statement for the amount thereof shall be rendered promptly to the then Unit Owner of said Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects as provided in Article 9 of these Condominium By-Laws.

8.2. Manager. The Condominium Board may delegate such of its duties, powers or functions to the manager, as the Condominium Board shall authorize, provided that such delegation may be terminated by the Council of Unit Owners, by majority vote, without liability upon thirty (30) days written notice, and any such contract shall have a maximum term of two (2) years.

8.3. Easements, Licenses and Rights of Way for Utilities and Related Programs. The Council of Unit Owners, through its Condominium Board, is authorized and empowered to grant, subject to the provisions of the Maryland Condominium Act, if any, including notice to Unit Owners, hearing requirements and right of Unit Owners to override a grant made by the Condominium Board, and shall from time to time grant such licenses, easements and/or rights of way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, TV antennas, underground conduits and/or such other purposes related to the provision of public utilities to the Condominium, or for any other purpose as may be considered necessary and appropriate by the Condominium Board for the orderly maintenance, preservation and enjoyment of the General and Limited Common Elements for the preservation of the health, safety, convenience and/or welfare of the Unit Owners and the Condominium Declarant and/or as required or permitted by the Condominium Declaration. In addition to the foregoing, in the event there is a storm water management facility located on the Condominium Land, Queen Anne's County, Maryland shall have a right to enter on the property of persons who do not comply with a maintenance notification requiring repairs to any storm water management facility, to perform necessary maintenance, and to assess any cost(s) involved to the owner(s) of any such facility.

8.4. Limitation of Liability. The Council of Unit Owners shall not be liable for any failure of water supply or other utilities or services to be obtained by the Council of Unit Owners or paid for out of the Common Expenses. The Council of Unit Owners shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the General or Limited Common Elements. No diminution or abatement of Common Expense Assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the General or Limited Common Elements, separately contracted maintenance to a Unit, or from any action taken by the Council of Unit Owners to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE 9 CONDOMINIUM FEES/ASSESSMENTS

9.1. Annual Condominium Fees/Assessments.

9.1.1. Commencing with the recording of the Condominium Declaration to establish the Condominium, each Unit Owner shall pay to the Council the Unit Owner's proportionate share of the sum required by the Council of Unit Owners pursuant to the Percentage Interests in Common Expenses and Common Profits as set forth in the Condominium Declaration ("**Annual Assessments**") to meet its annual budget, including but in no way limited to, the following:

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

(b) The cost of necessary management and administration, including fees paid to any manager;

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

(d) The cost of public liability, fire and extended coverage insurance on the General Common Elements and the cost of such other insurance as the Council of Unit Owners or the Condominium Board may effect;

(e) The cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or utilities, to the extent furnished by the Council of Unit Owners on all Unit Owner's behalf;

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

(g) The estimated cost of repairs, maintenance and replacements of the Condominium, including General Common Elements and any other areas described in the

Condominium Declaration or these Condominium By-Laws to be made by the Council of Unit Owners; and

(h) The cost of all operating expenses, repairs, maintenance and replacements for General Common Elements.

9.1.2. Each Annual Assessment shall also include the fees due to the Neighborhood Association from each Unit Owner pursuant to the Neighborhood Declaration or Condominium By-Laws of the Neighborhood Association, as more fully provided in the Condominium Declaration, including, without limitation, the initial capital contribution amounts described in the Neighborhood Declaration.

9.1.3. Each Annual Assessment levied under the provision hereof shall be paid in semi-annually, each installment to be equal to one-half (1/2) of the Annual Assessment commencing on the first day of the first month of the fiscal year for which levied, and continuing on the first day of the sixth month thereafter until fully paid; provided, however, that (i) the first Annual Assessment shall be paid in such number of equal or unequal monthly installments as the Condominium Board shall determine, and (ii) the first Annual Assessment shall not begin to accrue until the first day of the first fiscal year.

9.1.4. If record title to a Unit is conveyed during the period covered by a monthly installment of an Annual or Special Assessment, the Unit Owner of such Unit immediately before such conveyance and the Unit Owner of such Unit immediately after such conveyance shall each be fully liable to the Council of Unit Owners for the entire amount of such installment, and shall each be subject to all remedies available to the Council of Unit Owners for the collection of such installment, as described herein, provided there be but one satisfaction of the claim. If record title to a Unit is conveyed (i) during the period covered by an Annual Assessment not payable in installments, or (ii) within one hundred eighty (180) days after the date of a Special Assessment not payable in installments, the Unit Owner of such Unit immediately before such conveyance and the Unit Owner of such Unit immediately after such conveyance shall each be fully liable to the Council of Unit Owners for the entire amount of such Annual or Special Assessment, as applicable, and shall each be subject to all remedies available to the Council of Unit Owners for the collection of such Annual Assessment or Special Assessment, as provided in these Condominium By-Laws and further provided there be but one satisfaction of the claim. Each such Unit Owner shall be entitled to exercise any right of contribution which it may have against the other such Unit Owner at law or in equity, or by contract, but the exercise of any such right of contribution shall not be permitted to delay or otherwise impair the collection of such Annual Assessment or Special Assessment, or installation thereof, by the Council of Unit Owners. The provisions of this paragraph shall not apply, however, to any conveyance of a Unit (a) by the Condominium Declarant, (b) by a deed in lieu of foreclosure to a Mortgagee holding a bona fide First Mortgage of record on the Unit, to the Federal Housing Commissioner (if such First Mortgage is insured by the FHA), or to the Administrator of Veterans Affairs (if such First Mortgage is guaranteed by the VA).

9.1.5. In addition, each Unit Owner shall pay to the Council of Unit Owners the amount of any fine levied against him pursuant to any rules and regulations for fining promulgated by the Condominium Board in accordance with the procedures in these

Condominium By-Laws.

9.1.6. The Condominium Board shall determine the amount of the assessment annually by preparation and adoption of an annual proposed budget as provided in Section 11-109.2 of the Maryland Condominium Act.

9.2. Special Assessments. Notwithstanding the provisions of Section 4.10, and in addition to the regular assessment authorized by this Article and the Condominium Declaration, the Council of Unit Owners may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Condominium, as then constituted, including the necessary fixtures and personal property related thereto, or for such other purpose as the Condominium Board may consider appropriate, provided that any such assessment shall have the assent of Majority of the Unit Owners. A meeting of the Unit Owners shall be duly called for this purpose, written notice of which shall be sent to all Owners at least ten (10) days, but not more than ninety (90) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

9.3. Reserve for Replacements and Working Capital.

9.3.1. The Council of Unit Owners shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Condominium Board. Such fund shall be conclusively deemed to be a Common Expense.

9.3.2. In addition, a working capital fund shall be established equal to three (3) months of the then applicable assessments applicable for each Unit. The working capital fund shall be deposited by the Council of Unit Owners to a segregated fund. Each Unit Owner shall pay the working capital fund for his/her/their Unit at the time of settlement for said Unit.

9.4. Disposition of Common Profits. All Common Profits shall be disbursed to the Unit Owners, be credited to their assessments for Common Expenses in proportion to their percentage interests in Common Profits and Common Expenses, or be used for any other purpose as the Council of Unit Owners determines.

9.5. Non-Payment of Assessments – Statement of Condominium Lien.

9.5.1. Any Assessment levied pursuant to the Condominium Declaration or these Condominium By-laws, and any installment thereof, which is not paid on the date when due shall be delinquent and shall entitle the Council of Unit Owners to claim the amount of such assessment, together with interest thereon, late charges as set out below, the actual costs of collection thereof, and reasonable attorney's fees as a lien on the Unit against which it is assessed; provided, however, that such lien shall be effective only after a Statement of Condominium Lien is recorded among the Land Records of Queen Anne's County, Maryland, after notice of the amount due and of the Unit Owner's right to a hearing, all pursuant to Subsection 11-110(d) of the Maryland Condominium Act, and Subsection 14-201, et. seq., of the

Real Property Article of the Annotated Code of Maryland (1957, 2003 Repl. Vol.), as amended from time to time (the "**Maryland Contract Lien Act**"), and further provided that the Statement of Condominium Lien states the description of the Unit, the name of the Unit Owner of record, and the amount due. Any such Statement of Condominium Lien shall be in substantially the following form or as may otherwise be required by the Maryland Contract Lien Act.

STATEMENT OF CONDOMINIUM LIEN

THIS IS TO CERTIFY that the property described as Unit No. _____, in "The Townhomes at Ellendale" is subject to a lien under Title 14, Subtitle 2 of the Real Property Article, Maryland Annotated Code, in the amount of \$_____. The property is owned by _____.

I HEREBY AFFIRM under the penalty of perjury that notice was given under Section 14-203(a) of the Real Property Article, and that the information contained in the foregoing Statement of Condominium Lien is true and correct to the best of my knowledge, information and belief.

Name of Party Claiming Lien: _____

9.5.2. The Statement of Condominium Lien shall be signed and verified as required in the Maryland Contract Lien Act by any officer of the Council of Unit Owners, or any duly authorized agent, attorney, or other person duly authorized by the Condominium Board and the Council of Unit Owners for such purpose.

9.5.3. Upon recordation of the Statement of Condominium Lien as aforesaid, the Lien shall bind the Unit described in the Statement of Condominium Lien in the hands of the Unit Owner, his heirs, successors, devisees, personal representatives and assigns. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor for his share of the Common Expenses up to the time of the voluntary grant for which a Statement of Condominium Lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such Assessments. The personal obligation of the Unit Owners to pay the Assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any Assessment levied pursuant to the Neighborhood Documents, the Condominium Declaration or these Condominium Bylaws, or any installment thereof, may be maintained without foreclosure or waiving the lien established by the Statement of Condominium Lien to secure payment of such Assessment. Upon full payment of the amount for which the lien is claimed, including payment of a fee for preparation and recording of the lien or order of satisfaction, the Unit Owner shall be entitled to a recordable satisfaction of the lien.

9.5.4. Any Assessment levied pursuant to the Neighborhood Documents, the Condominium Declaration or these Condominium Bylaws, or any installment thereof, which is not paid within fifteen (15) days after it is due, shall be subject to a late charge of Fifteen Dollars (\$15.00), or one-tenth (1/10th) of the total amount of any delinquent Assessment or installment, whichever is greater, or for any other greater sum authorized by the Maryland Condominium Act. If the periodic installments of Annual Assessments are not paid when due, the Council may

demand payment of the remaining Annual Assessment coming due within that fiscal year provided it does so in compliance with Section 11-110(e)(3) of the Maryland Condominium Act. All unpaid Assessments shall bear interest at the rate not to exceed eighteen percent (18%) per annum or such higher rate as permitted by the Maryland Condominium Act. The Council of Unit Owners may bring an action for damages against the member personally obligated to pay the same, or foreclose the lien against the member in the manner now or hereafter provided for in the foreclosure of mortgages, deeds of trust, or other liens on real property in the State of Maryland, containing a power of sale or an assent to a decree, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law; in either of which events, interest, costs, commissions and reasonable attorney's fees shall be added to the amount of each Assessment. Suit for any deficiency following foreclosure may be maintained in the same proceeding.

9.5.5. In the event any proceeding to foreclose the lien for any Assessment due the Council of Unit Owners pursuant to this Article 9 is completed with respect to any Unit(s) in the Condominium, then the Owner of such Unit(s), upon resolution of the Condominium Board, may be required to pay a reasonable rental for such Unit(s), and the Council of Unit Owners shall be entitled to appoint a receiver to collect the same.

9.5.6. The Condominium Board may post a list of members who are delinquent in the payment of any Assessment or other fees which may be due the Council of Unit Owners, including any installment thereof which becomes delinquent, in any prominent location within the Condominium.

9.6. Assessment Certificates. The Council of Unit Owners shall, upon demand at any time, furnish to any member liable for any assessment levied pursuant to these Condominium By-Laws (or any party legitimately interested in the same) a certificate in writing signed by an officer or agent of the Council of Unit Owners, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Twenty-Five Dollars (\$25.00) may be levied in advance by the Council of Unit Owners for each certificate so delivered, except that no charge shall be levied against any institutional mortgagee of any Unit in the Condominium which requests such a certificate.

9.7. Acceleration of Installments. Upon default in the payment of any one or more installment of any Assessments levied pursuant to the Condominium Declaration and/or these Condominium By-Laws, or any other installment thereof, the entire balance of said Assessment may be accelerated at the option of the Condominium Board and may be declared due and payable in full, provided the Condominium Board complies with the procedures for acceleration set forth in the Maryland Condominium Act.

9.8. Priority of Liens.

9.8.1. A lien established by the Council of Unit Owners by a Statement of Condominium Lien shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(a) a General Assessment or Special Assessment levied by the Neighborhood Association Board;

(b) a General Assessment and Special Assessments for real estate taxes on the Unit; and

(c) the lien of any bona fide deed of trust, mortgage, or other encumbrance duly Recorded and encumbering the Unit prior to the recordation of the Statement of Condominium Lien, or duly Recorded on the Unit after receipt by the holder of any such mortgage (or the holder of the indebtedness or note secured thereby) of a certificate or statement in writing signed by an officer or agent of the Council of Unit Owners stating that the payment on account of all assessments levied by the Council of Unit Owners against the Unit were current as of the date of recordation of such deed of trust, mortgage instrument or other encumbrance.

9.8.2. The lien established by the recordation of a Statement of Condominium Lien, as in this Article provided, shall be subordinate to the lien of any deed of trust, mortgage or other encumbrance duly Recorded on the Unit and made in good faith and for value received; provided, however, that such subordination shall apply only to assessments and installments thereof which have become due and payable prior to taking title under a sale or transfer of the Unit pursuant to a foreclosure or any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any other purchaser who acquired title shall take the Unit free of any claims for unpaid common expense assessments and carrying charges levied against the Unit which accrued prior to the time such holder comes into possession of the Unit, or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid common expenses assessments and carrying charges resulting from a re-allocation of the Units in the Condominium. Such foreclosure shall not relieve the mortgagee in possession or the purchaser who acquires title from any liability for any common expense assessments and carrying charges thereafter becoming due, or from the lien established by the recordation of a Statement of Condominium Lien with respect to any common expense assessments and carrying charges thereafter becoming due.

9.8.3. Notwithstanding any other provisions hereof to the contrary, the lien of any Assessment levied pursuant to the Condominium Documents upon any Unit in the Condominium shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any prior recorded First Mortgage; provided, however, that such subordination shall apply only to Assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the Unit from liability for any Assessment thereafter becoming due, nor from the lien of any such subsequent Assessments, which lien, if claimed, shall have the same effect and be enforced in the same manner as provided herein.

9.9. Additional Rights of Mortgagees – Notice.

9.9.1 The Council of Unit Owners shall promptly notify the holder of the first mortgage on any Unit for which any assessment levied pursuant to the Declaration or these Condominium By-Laws, or any installment thereof, becomes (i) delinquent for a period in excess of thirty (30) days, and (ii) the Unit with respect to which any provisions of the Declaration or

these Condominium By-Laws remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the priorities established by this Article, the validity of any assessment levied pursuant to the Declaration or these Condominium By-Laws, or the validity of any lien to secure the same.

9.9.2. No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration or these Condominium By-Laws except after ten (10) days written notice by first class mail, mailed to the holder of the first mortgage on the Unit which is the subject matter of such suit or proceeding. For the purpose of this Section 9, a notice shall be deemed mailed when it is postmarked and not when it is received.

9.10. Moderately Priced Dwelling Units. For so long as the County requires that one or more Units within the Condominium participate in the County's Moderately Priced Dwelling Unit ("MPDU") Program, which provides affordable new housing to people with moderate incomes, as such moderate incomes are determined by the County, then such MPDU shall be assessed at a lower rate than Units which are not MPDUs. Specifically, but without limitation, the Council of Unit Owners may require the owners of MPDUs to pay assessments which do not include and do not cover the use and maintenance of certain amenities; provided, however, in all instances the owners of such MPDUs shall be permitted to use such amenities immediately upon making a pro-rata payment for the use thereof.

ARTICLE 10 HEARING PROCEDURES

10.1. Statement of Purpose. It is the declared intention of the Council of Unit Owners that rules and regulations shall be adopted freely by the Condominium Board, and without the requirement of a vote of the Council of Unit Owners as a requisite to their adoption, provided that the rules and regulations shall be adopted in accordance with the requirements of the Maryland Condominium Act. All rules and regulations are intended to be adopted as supplements to, and not in lieu of, legally required provisions of these Condominium By-Laws. Should any adopted rules or regulations contradict any provisions of these Condominium By-Laws, as amended, such provisions of these Condominium By-Laws shall take precedence.

10.2. Rules and Regulations. All rules and regulations may be proposed by the Condominium Board provided that each Unit Owner shall be mailed or delivered:

10.2.1. a copy of the proposed rules and regulations;

10.2.2. notice that Unit Owners are allowed to submit written comments on the proposed rules and regulations; and

10.2.3. notice of the proposed effective date of the proposed rules and regulations.

Before a vote is taken on a proposed rule, an open meeting is held to allow each Owner or tenant to comment on the proposed rule and regulation.

10.3. Hearing and Comment.

10.3.1. The meeting held may not be held unless each Owner receives written notice at least fifteen (15) days before the meeting, a quorum of the Condominium Board is present, and after notice has been given to the Owners, the proposed rule and regulation is passed at a regular or special meeting by a majority vote of the Condominium Board.

10.3.2. The vote on the proposed rule and regulation shall be final unless:

(a) Within fifteen (15) days after the vote to adopt the proposed rule and regulation, 15% of the Council of Unit Owners signs and files a petition with the Condominium Board calling for a special meeting;

(b) A quorum of the Council of Unit Owners attends the meeting; and

(c) At the meeting, 51% of the Unit Owners present and voting disapprove the proposed rule and regulation, and the Unit Owners voting to disapprove the proposed rule are more than 33% of the total votes in the Condominium.

10.3.3. During the special meetings held under Subsection 10.3.2.(b), Unit Owners, tenants, and Mortgagees may comment on the proposed rule.

10.3.4. A special meeting held under Subsection 10.3.2.(b) shall be held:

(a) After the Unit Owners and any Mortgagees have at least fifteen (15) days' written notice of the meeting; and

(b) Within thirty (30) days after the day the petition is received by the Condominium Board.

10.3.5. Each Unit Owner or tenant may request an individual exception to a rule and regulation adopted while the individual was the Unit Owner or tenant of the Condominium. The request for an individual exception as set forth herein shall be (i) written; (ii) filed with the Condominium Board that voted to adopt the proposed rule; and (iii) filed within thirty (30) days after the effective date of the rule.

10.3.6. Each rule adopted under this Section shall state that the rule and regulation was adopted under the provisions of Section 11-111 of the Maryland Condominium Act.

10.4. Right of Appeal.

10.4.1. Each Unit Owner shall have a right to appeal to the Condominium Board for an individual exception to any rules or regulations adopted by the Condominium Board.

10.4.2. The appeal period shall begin on the effective date of the rules and regulations and shall run for a period of thirty (30) days.

10.4.3. No appeals shall be considered, except by permission of the Condominium Board, if filed after the expiration of the appeal period.

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

10.4.5. If the Condominium Board shall uphold any appeal, thus granting an individual exception to an adopted rule, the Condominium Board shall publish or communicate in a reasonable manner to the Council of Unit Owners an explanation of the reasons for granting the exception.

ARTICLE 11 INSURANCE

11.1. The Condominium Board, acting on behalf of the Council of Unit Owners, shall obtain and maintain, to the extent reasonably available, the following insurance as a Condominium Insurance Policy, which shall be an item of Common Expenses:

11.1.1. Property insurance on the General Common Elements and Limited Common Elements, and Units, exclusive of improvements and betterments installed in Units by Unit Owners, insuring against all risks of direct physical loss commonly insured against or such other insurance as deemed appropriate to protect the Council of Unit Owners, the individual Owners, and the Condominium from risks customarily associated with projects similar in construction, location and use. The total amount of insurance after application of any deductibles may not be less than 80% of the actual cash value of the insured property, exclusive of land, excavations, foundations, and other item normally excluded from property policies; and

11.1.2. Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Condominium Board, but not less than One Million Dollars (\$1,000,000.00), covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

11.1.3. The Council of Unit Owners shall give notice to all Unit Owners of the termination of any insurance policy within ten (10) days of termination. The Council of Unit Owners, in any event, may carry any other insurance it deems appropriate to protect the Council of Unit Owners or the Unit Owners.

11.2. Insurance policies carried pursuant to Section 11.1 shall provide that:

11.2.1. Each Unit Owner is an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or membership in the Council of Unit Owners;

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11.2.2. The Insurer waives its right to subrogation under the policy against any Unit Owner or members of his household;

11.2.3. Any act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Council of Unit Owners, does not void the policy and is not a condition to recovery under the policy; and

11.2.4. If, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

11.3. Any loss covered by the property policy under Subsection 11.1.1 shall be adjusted with the Council of Unit Owners, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Council of Unit Owners, and not to any Mortgagee. The insurance trustee or the Council of Unit Owners shall hold any insurance proceeds in trust for Unit Owners and lienholders as their interests may appear. Except as otherwise provided herein, the proceeds shall be disbursed for the repair or restoration of the damaged Common Elements and Units, and the Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements and Units have been completely repaired or restored, or the Condominium is terminated.

11.4. Any insurance policy issued to the Council of Unit Owners does not prevent a Unit Owner from obtaining insurance for his own benefit.

11.5. An Insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Council of Unit Owners and, upon request, to any Unit Owner, Mortgagee, or beneficiary under a deed of trust. The insurance may not be canceled until thirty (30) days after the notice of the proposed cancellation has been mailed to the Council of Unit Owners, each Unit Owner, and each Mortgagee to whom certificates of insurance have been issued.

11.6. It is recommended by the Condominium Board that each Unit Owner should obtain his own insurance policy on his Unit in the HO-6 form with an "improvements and betterments," "alterations and additions", or similar endorsement. NOTICE IS HEREBY GIVEN BY THE DECLARANT THAT THE CONDOMINIUM POLICY REFERRED TO IN SECTION 11.1 DOES NOT INSURE ANY ADDITIONS, ALTERATIONS, IMPROVEMENTS, BETTERMENTS OR MODIFICATIONS TO ANY UNIT AS SOLD BY THE DECLARANT.

ARTICLE 12 CASUALTY DAMAGES/USE OF PROCEEDS

12.1. Any portion of the Condominium damaged or destroyed shall be repaired or replaced promptly by the Council of Unit Owners unless:

12.1.1. The Condominium is terminated;

12.1.2. Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or

12.1.3. Eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild.

12.2. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds. If the cause of any damage to or destruction of any portion of the Condominium originates from the Common Elements or a Unit, the Council of Unit Owners' property insurance deductible is a common expense; provided, however, that an Owner of a Unit where the cause of the damage or destruction originated is responsible for the Council of Unit Owner's property insurance deductible up to a maximum of One Thousand Dollars (\$1,000.00) or such other limit as may be prescribed from time to time by the Maryland Condominium Act; and further, provided, that the Council of Unit Owners' property insurance deductible amount exceeding One Thousand Dollars (\$1,000.00) or such limit set by the Maryland Condominium Act, is a common expense. The Council of Unit Owners may make an annual assessment against the Owner responsible under the preceding sentence in accordance with Section 11-110 of the Maryland Condominium Act.

12.3. If the entire Condominium is not repaired or replaced:

12.1.1. The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;

12.1.2. The insurance proceeds attributable to the Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were assigned; and

12.1.3. The remainder of the proceeds shall be distributed to all the Unit Owners in proportion to their Common Element interest.

12.4. If the Unit Owners vote not to rebuild any Unit, that Unit's entire Common Element interest, votes in the Council of Unit Owners, and Common Expense liability are automatically reallocated upon the vote as if the Unit had been condemned, and the provisions of the Condominium Declaration shall govern; and the Council of Unit Owners shall promptly prepare, execute and record an amendment to the Condominium Declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, Section 11-114 of the Maryland Condominium Act governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE 13
MAINTENANCE, REPAIR AND REPLACEMENT

13.1. Maintenance by Owners.

13.1.1. Except as otherwise provided in Section 13.2, each Unit Owner shall maintain, repair and replace all portions of his Unit and the Limited Common Elements appurtenant thereto, and each improvement thereon or therein, except those portions of or duties with respect to the Limited Common Elements or Units which are, under the provisions of the Condominium Declaration or these Condominium By-Laws, to be undertaken by the Council of Unit Owners. Each Unit Owner shall keep his Unit and the Limited Common Elements appurtenant to his Unit in an orderly, neat and clean condition. By way of example and not as a limitation, the following items of maintenance, repair and replacement shall be performed by the Unit Owners and such maintenance, repair and replacement shall not be the responsibility of the Council of Unit Owners or an item of Common Expense:

(a) Any heating and air conditioning systems, hot water heaters, smoke detectors, fixtures, equipment and appliances and all chutes, flues, ducts, conduits, wires, pipes or other apparatus installed or contained within the Unit or located in the Limited Common Elements. Additionally, to prevent freezing of any water in any pipe, plumbing fixture or other facility in the Condominium, and to minimize the heating costs of any adjacent Units and Common Elements, each Unit Owner, at his own expense, shall maintain the temperature inside his Unit at not less than 62 degrees Fahrenheit throughout each calendar year. Furthermore, each Unit Owner shall shut off any water main serving such Unit if the Unit Owner will not be residing in the Unit for more than five (5) consecutive days.

(b) All windows, storm windows, screens and the exterior door, storm door and exterior door and window frames including any sliding glass doors and the seals or glazing thereof (and further provided, any replacements of windows and doors may only be replaced with similar materials);

(c) The washing of all exterior windows and the replacement of all glass;

(d) Fireplaces, including the regular inspection of all fireplaces;

(e) All chutes, flues, ducts, conduits, wires, water pipes, sewer pipes, sprinkler pipes and condensate lines or other apparatus whether or not installed or contained within the Unit, but serving only that one Unit, including the inspection, cleaning or flushing of all such items at least once annually;

(f) The Limited Common Elements appurtenant to the Unit, including decks, patios, rear and front yards and gardens; and

(g) Any alteration or modification to a Unit or to the Limited Common Elements appurtenant thereto unless such responsibility is expressly assumed by the Council of Unit Owners in the architectural approval of same.

13.1.2. Each Owner shall perform such maintenance, repairs and replacements in such manner and at such hours as to not unreasonably disturb any other Unit Owner.

13.1.3. In the event any Owner fails to maintain, repair or replace all portions of his Unit or Limited Common Elements as set forth herein, it shall be deemed a violation of these Condominium By-Laws, and, in addition to the right of entry by the Council of Unit Owners to remedy the violation, the Council of Unit Owners may assess the Owner for any expenses incurred by the Council of Unit Owners (including but not limited to administrative costs and attorneys' fees relating to pursuit of the violation) for maintenance, repair or replacement of the Unit, the Limited Common Elements or for repairs or replacements to other Units or the Common Elements resulting from the negligent act, the failure to act, or the failure of such Owner, his family members, tenants, invitees or other user of the Unit to maintain, repair or replace all portions of the Unit. Such expenses may be levied and the collection of such expenses may be enforced against the Owner in the same manner as regular Assessments.

13.2. Maintenance by the Council of Unit Owners. Except as provided elsewhere in the Condominium Declaration or these Condominium By-Laws, the Council of Unit Owners shall maintain, repair, and replace all Common Elements, the costs of which shall be a Common Expense; provided, however, the Council of Unit Owners shall not be responsible for replacement of any Limited Common Elements. By way of example and not as a limitation, the following items of maintenance, repair and replacement shall be performed by the Council of Unit Owners and such maintenance, repair and replacement shall be an item of Common Expense:

13.2.1. All maintenance, repair and replacement of the General Common Elements, if any;

13.2.2. All landscaping and maintenance of lawns in the General Common Elements, if any.

13.3. Additions, Alterations, Improvements and Decorations.

13.3.1. Except as otherwise provided herein or in the Condominium Declaration, or in Subsection 13.3.2, no Unit Owner, except the Neighborhood Declarant and the Condominium Declarant, shall make (i) any structural addition, alteration or improvement to his Unit or any Limited Common Element which he has the right to use, or (ii) any non-structural addition, alteration, improvement or decoration to or upon the windows and doors enclosing his Unit, or to or upon any Limited Common Element which he has the right to use including, without limitation, the addition of any awning or screen to any window, door, patio or balcony, unless and until plans and specification, in duplicate, showing the nature, kind, shape, height, color, materials, location and approximate cost of such addition, alteration, improvement or decoration shall have been submitted to and approved in writing by the Architectural Review Committee; provided, however, that if such authority was delegated to the Condominium Board, then such request shall be submitted to and approved in writing by the Condominium Board, which shall have the right to refuse to approve any such plans or specifications which it deems unsuitable or undesirable, whether based on aesthetic or other reasons, except that (a) the Condominium Board shall not refuse to permit a Unit Owner to make reasonable modifications

to his Unit or to any Limited Common Element which he has the right to use, if such modifications are necessary under the Federal Fair Housing Act (as heretofore and hereafter amended) to afford one (1) or more Person(s) with a disability who is residing at or intending to reside at such Unit the full enjoyment of such Unit and/or the Limited Common Elements appurtenant thereto, and (b) if the Condominium Board fails to deny any requested addition, alteration, improvement or decoration within ninety (90) days after receipt of two (2) complete sets of plans and specifications therefor and a processing fee of Fifteen Dollars (\$15.00) of the review thereof, such request shall be deemed approved. The Condominium Board may delegate its authority under this Subsection 13.3.1 to an architectural committee appointed by the Condominium Board. The plans and specifications for any addition, alteration, improvement or decoration approved by the Condominium Board or the architectural committee and actually constructed or installed shall be filed and maintained at the principal office of the Condominium, and, if appropriate, the Condominium Plat shall be amended to reflect any such addition, alteration or improvement.

13.3.2. The Condominium Board may adopt reasonable rules and regulations as provided herein establishing general standards for the making of one or more types of non-structural addition, alteration, improvements or decorations to or upon the windows and doors enclosing the Units or to or upon the Limited Common Elements. Such rules and regulations may provide that to the extent any particular addition, alteration, improvement or decoration is made in compliance with such general standards, such addition, alteration, improvement or decoration may be made without the submission of plans and specifications therefor to the Condominium Board and without written approval by the Condominium Board of said plans and specifications.

13.3.3. For the purposes of the Condominium Declaration, and of this Section 3, a structural addition, alteration or improvement to a Unit shall include, without limitation, any addition, alteration or improvement involving any portion of the Unit (such as a utility line or duct serving that Unit) located above the top surface of any sheetrock ceiling within the Unit, whether such ceiling is a drop ceiling or is located at the upper boundary of the Unit.

13.4. Water, Gas and Electricity. Water, electricity and gas are furnished to the General Common Elements through a separate meter or meters designed for the property held in common, and the Condominium Board shall pay, as a Common Expense, the cost of all water, electricity and gas furnished through said meter or meters. Water, gas and electricity are furnished to the Units (and to certain Limited Common Elements appurtenant to each Unit) through separate meters, and each Unit Owner shall pay for all water, gas and electricity furnished through a separate meter to his Unit and to the Limited Common Elements appurtenant thereto.

13.5. Neighborhood Declaration. The Neighborhood Association will perform certain maintenance of the lawns surrounding the Buildings and parking areas serving the Units as well as the sidewalks, as more particularly described in the Neighborhood Declaration.

ARTICLE 14
DISPUTE RESOLUTION

14.1. Fine Imposition Procedure. The Council of Unit Owners shall be entitled to impose a reasonable fine against a Unit Owner, Tenant or resident of a Unit for the violation of any of the use restrictions or any of the rules and regulations adopted by the Council of Unit Owners pursuant to the Condominium Declaration and these Condominium By-Laws, provided the Council of Unit Owners follows the procedure set forth in Section 11-113 (or any successor provision) of the Maryland Condominium Act for the imposition of fines for rules violations (the "**Fine Imposition Procedure**"), except that notwithstanding Section 11-113(b)(4) of the Maryland Condominium Act, a decision rendered by or on behalf of the Council of Unit Owners pursuant to the Fine Imposition Procedure shall be appealable to an arbitration panel pursuant to Section 2 of this Article, rather than being appealable to the Courts of Maryland. Any such appeal by a Unit Owner or Tenant must be initiated by written notice delivered to the Secretary of the Council of Unit Owners within thirty (30) days after the Council of Unit Owners gives the Unit Owner or Tenant written notice of the decision rendered pursuant to the Fine Imposition Procedure. Any such notice of appeal shall comply with the requirements set forth in Section 2 of this Article for a Notice Invoking Arbitration.

14.2. Arbitration. If there is any dispute concerning rules and regulations or any other matter related to the Condominium, between the Council of Unit Owners, the Condominium Board or the manager, on the one part, and any Unit Owner, Tenant or resident of a Unit, on the other part, which is not governed by Section 14.1, or if any decision rendered by or on behalf of the Council of Unit Owners pursuant to the Fine Imposition Procedure referred to in Section 14.1 is appealed, such dispute or such appeal, as applicable, shall be submitted to arbitration. Either party shall have the right to notify the other party that it is invoking the arbitration provisions of these Condominium By-Laws, as herein provided. The party initiating the arbitration shall set forth in its written notice (the "**Notice Invoking Arbitration**") the desire to invoke the arbitration provisions of this Article, and shall specify the name and address of the arbitrator selected to represent the party initiating the arbitration and the matter to be arbitrated. Within ten (10) days after receipt of such notice, the other party to the dispute shall specify by written notice to the party invoking arbitration, the name and address of the arbitrator to represent it. Within seven (7) days after the designation of the second arbitrator, the two (2) arbitrators so designated shall name the third arbitrator by their joint agreement. If the party requested to name its arbitrator fails to do so within the time limited, or if the two (2) arbitrators fail to agree within seven (7) days after appointment of a second arbitrator, as to a third arbitrator, then the one or two designated arbitrators, as the case may be, shall then request the then Chief Judge of the Circuit Court for Queen Anne's County to designate an arbitrator or arbitrators so that there will be three (3) arbitrators. Such arbitration shall be conducted in accordance with all applicable arbitration laws of the State of Maryland, except that in the event of any conflict between said laws and the provisions of this Article, the provisions of this Article shall be controlling, unless otherwise required by law. A decision of the majority of the arbitrators shall be final, conclusive and binding upon both parties. The controlling decision shall be in writing, signed by the arbitrators making same, shall briefly state the grounds therefor and shall fix and allocate the cost of the proceedings between the parties. Notwithstanding the above provisions of this Section 14.2, any dispute between the Council of Unit Owners, the Condominium Board or the manager, on the one part, and the Condominium Declarant, on the other part, involving the Condominium

Declarant in its role as the Condominium Declarant (rather than its role merely as a Unit Owner or Tenant) shall be resolved without the use of arbitration unless the parties to the dispute mutually agree in writing to submit such dispute to arbitration.

14.3. Failure to Comply. If either party to an arbitration proceeding shall fail to comply with the decision of the arbitrators, the other party may seek enforcement by appropriate judicial proceedings, either an action at law for damages, or a suit in equity to enjoin a breach or violation, or enforce performance, of any rule, regulation or other obligation. The prevailing party in any such proceeding shall be entitled to an award for counsel fees and other litigation expenses at the discretion of, and to the extent determined by, the court.

14.4. Enforcement. All of the use restrictions and all of the rules and regulations adopted by the Condominium Board pursuant to the Condominium Declaration and these Condominium By-Laws shall be held and construed to run with and bind the Common Elements and all Units located within the Condominium and all Unit Owners and Tenants of such Units, their respective heirs, personal representatives, successors and assigns, forever, all except as otherwise expressly set forth in said rules and regulations. Said limitations and rules and regulations shall inure to the benefit of and be enforceable by the Council of Unit Owners, Condominium Board and manager in accordance with the procedures set forth in Sections 14.1, 14.2 and 14.3 against anyone violating or attempting to violate any of said rules and regulations, provided, however, that if the person who commits or attempts such a violation is not a Unit Owner, Tenant or resident of a Unit (or if, for any reason, such person is not subject to the procedures set forth in Sections 14.1 and 14.2 notwithstanding that such person is a Unit Owner or Tenant), the Council of Unit Owners, Condominium Board or manager may enforce such limitation, rule or regulation in accordance with the procedure set forth in Section 3 of this Article, without resort to the procedures set forth in Sections 14.1 and 14.2. Furthermore, and in any event, the Council of Unit Owners, for itself, its agents, servants, employees and contractors, after notice to a Unit Owner of any breach or violation of any rule or regulation within his Unit or within or upon any Limited Common Element which he has the right to use, and the failure of said Unit Owner to correct the same within a reasonable time thereafter, shall have the right to enter said Unit or Limited Common Element and, at the expense of said Unit Owner, summarily abate or remove the breach or violation occurring in said Unit or Limited Common Element, provided, however, that appropriate judicial proceedings shall be instituted before any item of construction can be altered or demolished.

ARTICLE 15 FISCAL MANAGEMENT

15.1. Fiscal Year. The fiscal year of the Council of Unit Owners shall begin on the first day of January every year and shall end on the 31st day of December, except that the first year of the Council of Unit Owners shall begin on the date of the recording of the Condominium Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board in its discretion.

15.2. Books and Accounts.

15.2.1. Books and accounts of the Council of Unit Owners shall be kept under the

direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of the receipts and expenditures affecting the Condominium and its administration and shall specify the maintenance and repair expenses of the General and Limited Common Elements and services and any other expenses incurred. That amount of any assessment required for payment on any capital expenditures of the Council of Unit Owners shall be a credit upon the books of the Council of Unit Owners as a capital contribution by the Unit Owners.

15.2.2. The Council of Unit Owners shall be required to make available to all Owners, Lenders and the Eligible Holders or Insurers of the First Mortgage on any Unit, current copies of the Condominium Declaration, the Condominium By-Laws and other rules governing the Condominium (if any), and any other books, records and financial statements of the Council of Unit Owners. The Council of Unit Owners shall also be required to make available to prospective purchasers current copies of the Condominium Declaration, Condominium By-Laws, any rules governing the Condominium and the most recent annual audited financial statement, if the same has been prepared. "Available" for purposes of this Section shall mean available for inspection upon request during normal business hours or under other reasonable circumstances.

15.3. Auditing. At the close of each fiscal year, the books and records of the Condominium shall be audited, and if such audit is by an independent Certified Public Accountant, his report shall be prepared and may be certified in accordance with generally accepted auditing standards. Based upon such audit or report, the Council of Unit Owners shall furnish the Unit Owners with an annual financial statement, including the income and disbursements of the Council of Unit Owners. Upon request of Unit Owners of at least 5% of the Units, an audit of the Condominium shall be made by an independent Certified Public Accountant, provided an audit shall not be made more than once in any consecutive twelve (12) month period. The cost of the audit shall be a Common Expense. In addition, upon written request from any entity which has an interest or prospective interest in the Condominium, the Council of Unit Owners may be required to furnish within a reasonable time an audited financial statement of the Council of Unit Owners for the immediately preceding fiscal year.

ARTICLE 16 AMENDMENTS

These Condominium By-Laws may be amended only as set forth in the Condominium Declaration or as otherwise provided for under the Maryland Condominium Act.