

EXHIBIT A TO DECLARATION

BY-LAWS

COUNCIL OF UNIT OWNERS OF
BAY HILLS TOWNHOUSES CONDOMINIUM
OAKMONT REGIME, INC.

ARTICLE I

NAME AND LOCATION

SECTION 1. Name and Location. The name of the Council of Unit Owners or Corporation is as follows: COUNCIL OF UNIT OWNERS OF BAY HILLS TOWNHOUSES CONDOMINIUM OAKMONT REGIME, INC. Its principal office and mailing address is located at COMANCO, Inc., 2139 Defense Highway, Post Office Box 3637, Crofton, Maryland 21114.

ARTICLE II

DEFINITIONS

SECTION 1. Declaration. "Declaration" as used herein means that certain Declaration made the 12th day of October, 1981, by FAIRWAY LIMITED PARTNERSHIP, pursuant to Title II, Real Property Article of the Annotated Code of Maryland, by which certain described premises, including land, are submitted to a condominium property regime and which Declaration is recorded among the Land Records of Anne Arundel County, Maryland, immediately prior hereto and to which these By-Laws are appended as an Exhibit.

SECTION 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 Declaration or in Title II, Real Property Article of the Annotated Code of Maryland.

ARTICLE III

MEMBERSHIP

SECTION 1. Membership. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who are unit owners or unit co-owners and are the holders of interest record title to the fee simple interest to any condominium unit, or any common or joint interest therein if such unit is owned by more than one person or entity, shall be a member of the Corporation, 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 a member.

SECTION 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Corporation. In construing these By-Laws and the government of the Corporation pursuant thereto, the provisions of corporations and Associations Article of the Annotated Code of Maryland pertaining to the government of regular business corporation, shall be considered as governing to the extent not inconsistent with the provisions of Title II, Real Property Article of the Annotated Code of Maryland, (pertaining to condominiums), the Declaration and these By-Laws.

SECTION 3. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the corporation, each member of the Corporation shall be entitled to receive out of the assets of the Corporation available for distribution to the members an amount equal to that proportion of such assets which the value of his condominium unit bears to the value of the entire project, all as more fully provided- in the Horizontal Property Act.

ARTICLE IV

MEETING OF MEMBERS AND/OR UNIT OWNERS

SECTION 1. Place of Meetings. Meeting of the members and/or unit owners (hereinafter sometimes referred to as members) shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

SECTION 2. Annual Meetings. The first annual meeting of the members of the Corporation shall be held within 120 days after ninety percent (90%) of the condominium units, including all phases thereof, in the project have been sold and title to the same has been conveyed, or on the 1st day of July , 1984, whichever shall first occur. Thereafter, the annual meetings of the members of the Corporation shall be held on the 1st day of JULY of each succeeding year. At such meetings there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The members may also transact such other business of the Corporation as may properly come before them.

SECTION 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least twenty percent (20%) of the total votes of the project having been presented to the Secretary, provided, however, no special meeting shall be called prior to the first annual meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the members present either in person or by proxy. Should the President be unable or unwilling to call a special meeting any Officer of the Corporation may call such meeting after three (3) days

SECTION 4. Notice of Meetings. It shall be the duty of the Secretary to mail a written 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 member of record, at his address as it appears on the membership book of the Corporation, or if no such address appears, at his last known place of address at least fifteen (15) days, but not more than ninety (90) days prior to such meeting. Service may also be accomplished by the delivery of any such notice to the member at the address shown on the roster mentioned pursuant to Section 4 above. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the membership shall be a waiver of notice by him of the time, place and purpose thereof.

SECTION 5. Quorum. The presence, either in person or by proxy, of members representing at least twenty percent (20%) of the total votes of the project shall be requisite for, and shall constitute a quorum for the transaction of business at all meeting of members.

SECTION 6. Voting. At every meeting of the members, each of the members shall have the right to cast the number of votes appurtenant to his unit, as established in the Declaration. The majority of the members representing fifty-one percent (51%) of the total votes of the condominium project, in person or by proxy, shall decide any question brought before such meeting unless the question is one upon which, by express provision of statute or of the Declaration or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not

be counted for purposes of deciding the question. In the event any condominium unit is owned by a Corporation, then the vote for the membership appurtenant to such condominium unit shall be cast by a person designated in a certificate signed by the President or any vice President and attested by the Secretary of the Corporation prior to the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and unless any objection or protest by any other trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books or management accounts of the Corporation to be more than thirty (30) days delinquent in payment due the Corporation and a statement of Condominium Lien has been filed against the unit of that member.

SECTION 7. Proxies. A member may appoint any other member or the Declarant or Management Agent as his proxy. In no case may any member, except for the Declarant or the Management Agent, cast more than one vote by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary before the appointed time of each meeting. No proxy shall be effective for a period exceeding one hundred eighty (180) days following its issuance.

SECTION 8. Adjourned Meeting. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. In the event of any such adjourned meeting, no further notice of the adjourned date need be given to any of the members, and the members present in person or by proxy shall constitute a quorum at such subsequent meeting.

SECTION 9. Order of Business. The order of business at all regularly scheduled meetings of the members shall be as follows:

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

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

ARTICLE V

DIRECTORS

SECTION 1. Number and Qualification. The affairs of the Council of Unit Owners or the Corporation shall be governed by the Board of Directors composed of at least 3 persons and not more than 9 persons, a majority of whom, after the first annual meeting of members, shall be members of the Corporation. Until such time as the Declarant is divested of ninety-five percent (95%) of its membership interest in the total condominium, any one director appointed or elected through the Declarant may act in behalf of all such directors if they are unable to attend any meeting of the Board of Directors,

SECTION 2. Initial Directors. The initial Directors shall be selected by the Declarant and need not be members of the Corporation. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records of Anne Arundel County, Maryland, until the first annual meeting of the members or until such time as their successors are duly chosen and qualified are as follows:

HUGH H. GAMBRILL, ROBERT H. GAMBRILL and RICHARD N. GAMBRILL

SECTION 3. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Council of Unit Owners of the Corporation and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the unit owners and/or members. The powers and duties of the Board of Directors shall include but not be limited to the following:

- (a) To provide for the care, upkeep and surveillance of the condominium and its general and limited common elements and services in a manner consistent with law and the provisions of these By-Laws and the Declaration.
- (b) The establishment, collection and use of the assessments from the members and for the assessment and/or enforcement of liens therefore in a manner consistent with law and the provisions of these By-Laws and the Declaration.
- (c) To provide for the designation, hiring and/or dismissal of the personnel necessary for the good working order of the condominium project and for the proper care of the general or limited common elements and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Declaration.
- (d) To promulgate and enforce such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the project and the use of the general and limited common elements by the members, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration.
- (e) To lease, grant licenses, easements, right-of-way and other rights of use in all or any part of the common elements of the condominium project.
- (f) To purchase condominium units in the condominium project and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration.
- (g) To enter into agreements whereby the members acquire leaseholds, memberships and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the unit owners and to declare expenses incurred in connection therewith to be common expenses of the Corporation.
- (h) To repair, restore or reconstruct all or any part of the condominium after any casualty loss in a manner consistent with law and the provisions of these By-Laws and to otherwise improve the condominium.
- (i) To purchase insurance upon the condominium in the manner provided for in these By-Laws.

SECTION 4. Management Agent. The Board of Directors shall employ for the Corporation a Management Agent at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize, including, but not necessarily limited to,

the duties set out in subsections (a) through (i) of Section 3 of this Article. The Corporation shall not employ any new Management Agent without thirty (30) days prior written notice to the holders of all institutional first mortgages on the condominium units and the corporation shall not undertake "self-management" or otherwise fail to employ a professional management agent without the prior written approval of all of the holders of such first mortgages. Any management agreement entered into by the Council of Unit Owners shall provide, *inter alia*, that such agreement may be terminated for cause upon thirty (30) days written notice thereof. The term of any such management agreement shall not exceed one year.

SECTION 5. Election and Term of Office. The term of the Directors named herein and in the Articles of Incorporation shall expire when their successors have been elected at the first annual meeting of members and are duly qualified. The election of Directors shall be by ballot, unless balloting is dispensed with by the unanimous consent of the members present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of the members, the term of office of the 3 Directors receiving the greatest number of votes shall be fixed for 3 years. The term of office of the 3 Directors receiving the next greatest number of votes shall be fixed at 2 years and the term of office of the other Director or Directors shall be fixed at one (1) years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of 3 years. In the Alternative, the membership may by resolution duly made and adopted at such first annual meeting, or at any subsequent annual meeting, elect to fix the term of each Director elected at such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first annual meeting.

SECTION 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term.

SECTION 7. Removal of Director. At a regular or special meeting duly called for such purpose, any Director may be removed with or without cause by the affirmative vote of the majority of the votes of the members present and voting and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than thirty (30) days delinquent in payment of any assessments and/or carrying charges due the Corporation, may be terminated and the remaining Directors shall appoint his successors as provided in Section 6 of this Article.

SECTION 8. Compensation. No compensation shall be paid to Directors for their services as Directors. Directors may be reimbursed for their actual out-of-pocket expenses necessarily and reasonably incurred in connection with the services as Directors.

SECTION 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within 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 Director in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present at such meeting.

SECTION 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined by a majority of the Directors, but at least 2 such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or my mail, telephone or telegraph, at least 6 days prior to the day named for such meeting.

SECTION 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on 3 days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one third (1/3) of the Directors.

SECTION 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

SECTION 13. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At such meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

SECTION 14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board of Directors.

SECTION 15. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Corporation handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

ARTICLE VI

OFFICERS

SECTION 1. Designation. The principal officers of the Council of Unit Owners and/or the Corporation shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The officers of the Corporation need not be members of the Corporation. 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.

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

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

SECTION 4. President. The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the members and

of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation including, but not limited to, the power to appoint committees from among the membership from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Corporation.

SECTION 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the 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 Board of Directors.

SECTION 6. Secretary. The Secretary shall keep the minutes and resolutions of all meetings of the Board of Directors and the minutes and resolutions of all meetings of the members of the Corporation; unless otherwise assigned to some other officer by the Board of Directors, the Secretary shall count all votes at meetings of the Council of Unit Owners, he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors, may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

SECTION 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit of, the Corporation, in such depositories as may from time to time be designated by the Board of Directors.

SECTION 8. Compensation. The Board of Directors shall have the power to fix the compensation for all officers of the Corporation provided the members at a duly convened meeting approve the rate of compensation.

ARTICLE VII

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

SECTION 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Corporation. No contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any corporation, firm or association, including the Declarant in which one or more of the Directors of this Corporation are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

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

Common or Interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction and may vote at such meeting to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII

MANAGEMENT

SECTION 1. Management and Common Elements. The Council of Unit Owners and/or the Corporation shall manage, operate and maintain the condominium project and, for the benefit of the condominium units and the owners thereof, shall enforce the provisions hereof and may payout of the common expense fund hereinelsewhere provided for, the following:

(a) The cost of providing water, sewer, garbage and trash collection, electrical, gas and other necessary utility services for the common elements and, to the extent that the same are not separately metered or billed to each condominium unit, for the condominium units.

(b) The cost of fire and extended liability insurance on the condominium project and the cost of such other insurance as the Corporation may effect.

(c) The cost of the services of a person or firm to manage the project to the extent deemed advisable by the Corporation together with the services of such other personnel as the Board of Directors of the Corporation shall consider necessary for the operation of the condominium project.

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

(e) The cost of repairs, and maintenance, service, repairs and replacement of equipment for central services, the maintenance of paved areas and, in general, the cost of painting, maintaining, replacing, repairing and landscaping the common elements and such furnishings and equipment for the common elements as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the

exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Corporation to paint, repair, replace, or otherwise maintain the interior of any condominium unit or any fixtures, appliances or equipment located therein.

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Corporation is required to secure to pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the common elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof in the manner provided in subsection (g) of Section 1 of this Article.

(g) The cost of the maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common areas or to preserve the appearance or value of the condominium project or is otherwise in the interest of the general welfare of all owners of the condominium units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the condominium unit proposed to be maintained and provided further that the cost thereof shall be assessed against the condominium 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 then owner of said condominium unit at which time the assessment shall become due and payable and a continuing lien and obligation of said owner in all respects as provided in Article IX of these By-Laws.

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

SECTION 2. Management Agent. The Corporation may delegate any of its duties, powers or functions to the Management Agent. The Corporation and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

SECTION 3. Right of Entry. The Council of Unit Owners or the Corporation shall have an irrevocable right and an easement to enter units to make repairs to common elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium. Except in cases involving manifest danger to public safety or property, the Corporation shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of such repairs. No entry by the Corporation for the purposes specified in this Article VIII, Section 3, may be considered a trespass.

SECTION 4. Easements for Utilities and Related Purposes. The Corporation is authorized and empowered to grant, 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, underground conduits, Cable TV and/or such other purposes related to the provision of public utilities to the condominium project or other similar condominium projects as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the common elements or for the preservation of the health, safety, convenience and/or welfare of the owners of the condominium units provided that the grant is approved by the affirmative vote of unit owners having fifty-one percent (51%) or more of the votes of the Corporation.

SECTION 5. Limitation of Liability. The Corporation shall not be liable for any failure of water supply or other services to be obtained by the Corporation or paid for out of the common expense funds, or by the owner of any condominium unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common elements or from any pipe, drain, conduit, appliance, or equipment. The Corporation shall not be liable to the owner of any condominium unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of common expense assessments as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or to any condominium unit, or from any action taken by the Corporation to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority, or for dispossession of the unit owner by reason of fire or other casualty, except to the extent covered by insurance.

SECTION 6. Corporation as Attorney-In-Fact. The Corporation is hereby irrevocably appointed as attorney-in-fact for the owners of all condominium units in the project, and for each of them, to manage, control and deal with the interests of such owners in the common elements of the project so as to permit the Corporation to fulfill all of its powers, functions and duties under the provisions of the Horizontal Property Act, the Declaration, and the By-Laws, and to exercise all of its rights thereunder and to deal with the condominium project upon its destruction and/or the proceeds of any insurance indemnity as hereinafter provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity to any interest in any condominium unit shall constitute an appointment of the Corporation as attorney-in-fact as aforesaid.'

SECTION 7. Duty to Maintain. Repair and Replace. Except for maintenance, repair and replacement requirements herein imposed upon the Corporation, if any, the owner of any condominium unit shall, at his own expense, maintain, repair and replace the interior and exterior of his condominium unit and any and all equipment, appliances, fixtures, windows or doors therein situate, and its other appurtenances, including, without limitation, any balcony, terrace, patio, fences or garden appurtenant to such condominium and designated on the Condominium Plat as a limited common element reserved for exclusive use by the owner of a particular condominium unit, and shall maintain the same in good order, condition and repair free and clear of ice and snow, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his condominium unit and such appurtenances. In addition to the foregoing, the owner of any condominium unit shall at his own expense, maintain, repair or replace any plumbing and electrical fixtures, heating and air conditioning equipment, whether within or without the unit so long as it serves one unit, light fixtures, refrigerators, freezers, dishwashers, disposals ranges and/or other equipment that may be in or appurtenant to such condominium unit. The owner of any condominium unit shall also, at his own expense, repair, replace and maintain any other limited common elements which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly and sanitary condition. Fences between adjacent owners are to be jointly maintained, repaired and replaced by said owners, who will equally bear all expenses for such maintenances, unless the negligence of one such owner is the primary cause for damage to the fence, in which case that owner will alone pay the cost of replacing or repairing the fence. Notwithstanding any of the above, the corporation will mow and maintain any lawn within a limited common element that is accessible.

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ARTICLE IX

ASSESSMENTS AND CARRYING CHARGES

SECTION 1. Annual assessments and Carrying Charges. Each member shall pay to the Council of Unit Owners or the Corporation in advance, on or before the first day of each month, an annual sum, payable monthly (hereinsewhere sometimes referred to as "assessments" or "carrying charges") equal to one-twelfth (1/12) of the member's proportionate share of the sum required by the Corporation, as estimated by its Board of Directors, to meet its annual common expense, including, but in no way limited to the following:

(a) The cost of all operating expenses of the condominium project and services furnished; including charges by the Corporation for facilities and services furnished by it; and

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

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

(d) The cost of fire and extended liability insurance on the project and the cost of such other insurance as the Corporation may effect; and

(e) The cost of furnishing water, electricity, heat, garbage and trash collection and/or other utilities, to the extent furnished by the Corporation; and

(f) The cost of funding contributions to the "Paid-in-Surplus" account and all necessary replacements established by the Corporation, including, when appropriate, general operating allocations and/or replacement disbursements; and

(g) The estimated cost of repairs, maintenance and replacements of the condominium project to be made by the Corporation.

The Board of Directors shall determine the amount of the assessment annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of both the Board of Directors and the members representing more than fifty percent (50%) of the total votes of the condominium project, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinabove provided for.

The Board of Directors of the Corporation shall make reasonable efforts to fix the amount of the assessment against each condominium unit for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the membership and assessments applicable thereto which shall be kept in the office of the Corporation and shall be open to inspection by any member upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the members. The omission of the Board of Directors, before the expiration of any assessment period, to fix assessments for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any member from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period, but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him.

Section 2. Special Assessments. In addition to the regular assessments authorized by this Article, the corporation may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate, provided that any such assessment shall have the assent of the members representing at least two thirds (2/3) of the total of the Council of Unit Owners. A meeting of the members shall be duly called for this purpose written notice of which shall be sent to all members at least fifteen (15) days but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 3. Repair and Replacement Reserve. The Corporation shall obtain from the members contributions to capital on a regular monthly basis, which contributions will be used to establish a replacement and repair reserve. Such contributions shall be paid monthly and be in an amount to be designated from time to time by the Board of Directors and which shall not be less than five percent (5%) of the aggregate monthly installments levied pursuant to the provisions of this Article IX. Such fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The replacement reserve may be expended only for the purpose of effecting the replacement and repair of the common elements and equipment of the condominium as designated by the Board of Directors of the Corporation utilizing prescribed corporate accounting procedures. The amounts required to be allocated to the replacement reserve may be reduced, by appropriate resolution of the Board of Directors, upon the accumulation in such replacement reserve of a sum equal to the full replacement value of the items required for repair and replacement. Full replacement value shall be annually determined by the Board of Directors for casualty insurance purposes. The proportionate interest of any member in any replacement reserve shall be considered an appurtenance of his condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the condominium unit to which it appertains and shall be deemed to be transferred with such condominium unit.

Section 4. Non-Payment of Assessments - Statement of Condominium Lien. Any assessment levied pursuant to the Declaration or these By-Laws, and any installment thereof, which is not paid on the date when due shall be delinquent and shall entitle the Corporation to claim the amount of such assessment, together with interest thereon and the actual costs of collection thereof, as a lien on the condominium 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 Anne Arundel County, Maryland stating the description of the condominium unit, the name of the unit owner of record, the amount due and the period for which the assessment is due. Any such Statement of Condominium Lien shall be in substantially the following form or as may otherwise be required by Title II, Real Property Article of the Annotated Code of Maryland:

STATEMENT OF CONDOMINIUM LIEN

This is to certify that _____ owner(s)
of Unit No. _____ in “ _____ ”,
(is) (are) indebted to the Council of Unit Owners in
the amount of \$ _____ as of
19 _____, for (his) (her) (their) proportionate share of
common expenses of the condominium for the period from
19 _____, to 19 _____,

plus interest thereon at the rate of eighteen percent (18%) costs of collection and reasonable attorney's fees.

COUNCIL OF UNIT OWNERS OF
BAY HILLS TOWNHOUSES CONDOMINIUM
OAKMONT REGIME, INC.

By:
Officer's Title (or Agent)
Address
Telephone Number

I HEREBY AFFIRM Under the penal ties of perjury that the information contained in the foregoing Statement of Condominium Lien is true and correct to the best of my knowledge, information and belief.

Officer (or Agent)

The Statement of Condominium Lien shall be signed and verified as required in, Title II, Real Property Article of the Annotated Code of Maryland by any officer of the Council of Unit Owners, or by the Management Agent or any duly authorized representative thereof, or by any agent, attorney, or other person duly authorized by the Board of Directors of the Council of Unit Owners for such purpose.

Upon recordation of the Statement of Condominium Lien as aforesaid, the lien shall bind the condominium unit described in the Statement of Condominium Lien in the hands of the unit owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the unit owner 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 Declaration or these By-Laws, or any installment thereof, may be maintained without foreclosing 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 the unit owner shall be entitled to a recordable satisfaction of the lien.

Any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, which is not paid within ten (10) days after it is due, shall be subject to a late charge of not less than \$10.00 per month as the Board of Directors may fix and may, upon resolution of the Board of Directors, bear interest at the rate not to exceed eighteen percent (18%) per annum, and the Corporation may bring an action at law against the member personally obligated to pay the same, or foreclose the lien against the condominium unit or units then belonging to said member in the manner now or hereafter provided for the foreclosure of mortgages, deeds of trust or other liens, on real property in the State of Maryland, 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 and reasonable attorney's fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment. Suit for any deficiency following foreclosure may be maintained in the same proceeding. No suit may be brought to foreclose in the lien except after 10 days written notice to the unit owner given by registered mail - return receipt requested to the address of the unit owner shown on the roster of unit owners maintained by the Corporation.

In the event any proceeding to foreclose the lien for any assessment due the Corporation pursuant to this Article is commenced with respect to any condominium unit or units in the condominium project, then

the owner of such condominium unit or units, upon resolution of the Board of Directors, may be required to pay a reasonable rental for such unit or units, and the Corporation shall be entitled to the appointment of a receiver to collect the same.'

The Board of Directors may post a list of members who are delinquent in the payment of any assessment or other fees which may be due the Corporation, including any installment thereof which becomes delinquent in any prominent location within the condominium project.

SECTION 5. Assessment Certificates. The Corporation shall, upon demand at any time, furnish to any member liable for any assessment levied pursuant to these By-Laws (or any party legitimately interested in the same) a certificate in writing signed by an officer or agent of the Corporation, 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 Thirty Dollars (\$30.00) may be levied in advance by the Corporation for each certificate so delivered except that no charge shall be levied against any institutional mortgage of any condominium unit in the condominium who requests such a certificate.

SECTION 6. Acceleration of Installments. Upon default in the payment of any one or more monthly installments of any assessment levied pursuant to the Declaration and/or these By-Laws, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

SECTION 7. Priority of Lien. The lien established by the recordation of a Statement of Condominium Lien, as hereinbefore provided, shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(a) General and special assessments for real estate taxes on the condominium unit; and

(b) The lien of any bona fide deed of Trust, mortgage or other encumbrance duly recorded on the condominium unit prior to the recordation of the Statement of Condominium Lien, or duly recorded on the condominium 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 Corporation stating the payments on account of all assessments levied by the Corporation against the condominium unit were current as of the date of recordation of such deed of trust, mortgage instrument or other encumbrance.

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 condominium 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 a sale or transfer of the condominium unit pursuant to a foreclosure on any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust, mortgage or other encumbrance duly recorded on the condominium unit and made in good faith and for value received who comes into possession of the condominium unit pursuant to a foreclosure on any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the condominium unit free of any claims for unpaid common expense assessments and carrying charges levied against the condominium unit which accrue prior to the time such holder comes into possession of the condominium unit or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid common

expense assessments and carrying charges resulting from a reallocation of the condominium units in the condominium. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not relieve the mortgagee in possession or the purchaser at any foreclosure sale 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.

No amendment to this Section shall affect the rights of the holder of any such deed of trust, mortgage or other encumbrance recorded prior to the recordation of such amendment unless the holder of such deed of trust, mortgage or other encumbrance shall join in the execution of such amendment.

SECTION 8. Additional Default. Any recorded first mortgage secured on a condominium unit in the condominium shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness or note secured thereby). Such mortgages shall also provide that, in the event of any default thereunder, the mortgagee shall have the right, at its option exercised by notice in writing to the mortgagor and the Secretary of the Corporation, to cast the votes appurtenant to the condominium unit which is security for the repayment of the mortgage debt at all meetings of the unit owners. Failure to include such provisions in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the holder of the indebtedness or note secured thereby) by reason of the provisions of this Article shall not be altered, modified, or diminished by reason of any such failure.

SECTION 9. Additional Rights of Mortgagees - Notice. The Corporation shall promptly notify the holder of the first mortgage on any condominium unit for which any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days and the Corporation shall promptly notify the holder of the first mortgage on any condominium unit with respect to which any provision of the Declaration or these 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 By-Laws or the validity of any lien to secure the same.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days written notice to the holder of the first mortgage on the condominium unit which is the subject matter of such suit or proceeding.

ARTICLE X

USE RESTRICTION

SECTION 1. Residential Use. All condominium units shall be used for private residential purposes exclusively except for such nonresidential uses as may be permitted by the Board of Directors, the applicable zoning ordinance and recorded covenants and restrictions. Nothing in this Section, or hereinelsewhere, shall be construed to prohibit the Declarant from the use of any condominium units which Declarant owns for promotional or display purposes as "model units"

or from leasing any unit or units which Declarant owns except that Declarant shall nevertheless be bound by the provisions of Section 2 of this Article.

SECTION 2. Leasing. No portion of any condominium unit (other than the entire unit) shall be leased for any period. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the condominium unit shall be subject and subordinate in all respects to the provisions of the Declaration and these By-Laws and to such other reasonable rules and regulations relating to the use of the common elements, or other "house rules" as the Board of Directors may from time to time promulgate. The provisions of this Section shall not apply to any institutional mortgagees of any condominium unit who comes into possession of the unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale of as a result of any proceeding arrangement, or deed in lieu of foreclosure.

SECTION 3. Prohibited Uses and Nuisances. Except for the activities of the Declarant and its agents in connection with the original construction of the condominium project, and except as may be reasonable and necessary in connection with the repair and reconstruction of any portion of the condominium project by the Corporation:

(a) No noxious or offensive trade or activity shall be carried on within the project or within any condominium unit situate or become an annoyance to the neighborhood or the other owners. No nuisances shall be permitted within the condominium project, nor shall any use or practice be permitted within the condominium project, nor shall any use or practice be permitted which is or becomes a source of annoyance to the members or which interferes with the peaceful use and possession thereof by the members.

(b) There shall be no obstruction of any common elements. Nothing shall be stored upon any common elements (excepting those areas designated for storage of personal property by the owners of the condominium units), or within or upon any parking unit (except for motor vehicles), without the approval of the Board of Directors. Vehicular parking upon general common elements may be regulated by the Board of Directors. Parking spaces and bicycle storage upon the general common elements may be assigned by the Board of Directors for use by the owners of particular condominium units.

(c) Nothing shall be done or maintained in any condominium unit or upon any common elements which will increase the rate of insurance on any condominium unit or common elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any condominium unit which would be in violation of any law. No waste shall be committed upon any common elements.

(d) No structural alteration, construction, addition or removal of any condominium unit or common elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws.

(e) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon any common elements, except that this shall not prohibit the keeping of an orderly dog, cat and/or caged birds as domestic pets provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the common areas of the condominium project unless accompanied and unless they are carried or leashed. Any member who keeps or maintains any pet upon any portion of the condominium project shall be deemed to have indemnified

and agreed to hold the Corporation, each of its members and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the condominium project. All pets shall be registered and inoculated as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the premises.

(f) Except for such signs as may be posted by the Declarant or the Corporation for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any condominium unit or common elements without the prior consent in writing of the Board of Directors and under such conditions as they may establish. Under no circumstances will signs offering the units for rent be posted on the outside of the units or upon the common elements. The provisions of this subsection shall not be applicable to the institutional holder of any first mortgage which comes into possession of any condominium unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sales or other proceeding, arrangement or deed in lieu of foreclosure.

(g) Except as hereinelsewhere provided, no junk vehicle or other vehicle on which current registration plates are not displayed, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon any of the general common elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out on any of the common elements or within or upon any condominium unit.

(h) No part of the common elements shall be used for commercial activities of any character. This subsection shall not apply to the use of common elements and of condominium units by the Declarant for display, marketing, promotional or sales purposes or as "Model" condominium units.

(i) No burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any condominium unit or upon any common elements. Trash and garbage containers shall be deposited with care in containers or trash chutes designated for such purpose during such hours as may from time to time be designated by the Board of Directors.

(j) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any common elements at any time. Outside clothes dryers or clothes lines shall not be maintained upon any common elements at any time. No clothing, laundry or the like shall be hung from any part of any condominium unit or upon any of the common elements or from or upon any-balcony or patio.

(k) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any condominium unit or upon any common elements without the prior written consent of the Board of Directors.

(l) No member shall engage or direct any employee of the Corporation on any private business of the member during the hours such employee is employed by the Corporation or the Management Agent nor shall any member direct, supervise or in any manner attempt to assert control over any such employee.

(m) There shall be no violation of any rules for the use of the common elements or other "house rules", which may from

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time to time be adopted by the Board of Directors and promulgated among the membership by them in writing and the Board of Directors is hereby and elsewhere in these By-Laws authorized to adopt such rules.

(n) No unlawful use shall be made of any condominium unit or any portion of the common elements and all laws, zoning and other ordinances, regulations of governmental and other municipal bodies and the like shall be observed at all times.

ARTICLE XI

ARCHITECTURAL CONTROL

SECTION 1. Architectural Control Committee. Except for the original construction and except for purposes of proper maintenance and repair or as otherwise in these By-Laws provided, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, plant, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, hedges, landscaping features, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever to the exterior of any condominium unit or upon any of the common elements within the project or to combine or otherwise join two or more condominium units, or to partition the same after combination, or to remove or alter any windows or exterior doors of any condominium unit, or to make any change or alterations within any condominium unit which will alter the structural integrity of the building or otherwise affect the property, interest or welfare of any other unit owner, materially increase the cost of operating or insuring the condominium project or impair any easement, until the complete plans and specifications, showing the location, nature, shape, height, form of change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the cost of maintaining and insuring the condominium project and harmony of design, color and location in relation to surrounding structures and topography by the Board of Directors of the Corporation, or by an architectural control committee designated by it.

SECTION 2. Architectural Control Committee – Operation. The Architectural Control Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Corporation and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article. In no event shall the powers and duties herein provided in any way alter or effect the ultimate control or powers of the Board of Directors as provided in these By-Laws.

SECTION 3. Approvals, etc. Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee

fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article, within sixty (60) days after such plans and specifications (and all materials and information required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

SECTION 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural Control Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural Control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural Control Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural Control Committee without the prior consent in writing of the Architectural Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Control Committee to disapprove such plans and specifications or any elements or features thereof in the event such plans and specifications are subsequently submitted for use in any other instance.

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

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

ARTICLE XII

INSURANCE

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

(a) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e. 100% of the "replacement" cost exclusive of land, foundation and excavation) of the condominium project (including all building service equipment and the like) with and "agreed amount" endorsement, a "condominium replacement cost" endorsement, an "Increased Cost of Construction Endorsement" and a "contingent liability from operation of building laws" endorsement or any equivalents for said endorsements without deduction or allowance for depreciation (as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

(i) Loss or damage by fire or other hazards covered by the standard extended coverage endorsement;
and

(ii) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, cost of demolition, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and flood insurance coverage (if the property is in an area identified as having special flood hazards and the sale of flood insurance is available under the National Flood Insurance Act of 1968) and such other insurance as the Board of Directors may from time to time determine; and

(b) Public liability insurance with a "severability of interest" endorsement in such amounts and in such forms as may be considered appropriate by the Board of Directors including, but not limited to, medical payments insurance, death, bodily injury, water damage, legal liability, hired automobile, non-owned automobile, liability for property of others, and any and all other liability incident to the ownership and/or use of the condominium project or any portion thereof; and

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

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

(e) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by Section 15 of Article V of these By-Laws, as are or shall hereafter be considered appropriate by the Board of Directors.

(f) The Board of Directors shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and directors of the Corporation, trustees for the Corporation and such employees and agents of the Corporation who handle or are responsible for the handling of funds of the Corporation.

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

(a) All policies shall be written with a company or companies licensed to do business in the State where the condominium project is located and holding a rating of "A + AAAA" or better in Best's Insurance Guide.

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

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

(d) Such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of any condominium unit, and/or their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of neglect or negligence on the part of any of them.

(e) All policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insureds named thereon, including any and all mortgagees of the condominium units.

(f) All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash payment, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Corporation may be a party.

(g) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Corporation, the Board of Directors, the owner of any condominium unit and/or their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

SECTION 3. Individual policies - Recommendation of Declarants. The owner of any condominium unit (including the holder of any mortgage thereon) may obtain additional insurance (including a "condominium unit-owner's endorsement" for improvements and betterments to the condominium unit made or acquired at the expense of the owner) at his own expense. Such insurance shall contain the same waiver of subrogation provisions as that set forth in Section 2 (g) of this Article.

The Declarant recommends that each owner of a condominium unit in the project obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the condominium unit additional living expense, vandalize or malicious mischief theft personal liability and the like. Such latter policy should include a "condominium unit-owner's endorsement" covering losses to improvements and betterments to the condominium unit made or acquired at the expense of the owner.

SECTION 4. Endorsements, etc. The Board of Directors, at the request of any owner of any condominium unit in the project or at the request of the mortgagee of any such condominium unit, shall promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article XII showing the interest of such owner or mortgagee as it appear; and (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

ARTICLE XIII

CASUALTY DAMAGE - RECONSTRUCTION OR REPAIR

SECTION 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, if any. The insurance proceeds for any loss shall be payable to any Insurance Trustee designated for that purpose, or otherwise to the Board of Directors, and not to any mortgagee. The Insurance Trustee or the Board of Directors shall hold any insurance proceeds in trust for unit owners and lien holders as their interests may appear. Subject to the provisions of Section 3, the proceeds shall be disbursed first for the repair or restoration of the damaged common elements and units, and the unit owners and lien holders 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.

SECTION 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished promptly by the Corporation at its common expense, pursuant and subject to such condition and subject to such controls as the mortgagee, as defined in Section 4 of this Article, may require. The ratable share of the expense of such repairs or reconstruction may be assessed and, in the event any Statement of Condominium Lien is recorded with respect to such assessments, then the lien shall have all the priorities provided for in Article IX of these By-Laws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the unit owners of the condominium units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

SECTION 2(a). Proceeds Insufficient/General Common Elements. In the event that the proceeds of insurance are not sufficient to repair damage or destruction to general common elements of the condominium by fire or other casualty, or in the event such damage or destruction to the general common elements is caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished promptly by the Corporation at its common expense, pursuant and subject to such condition and subject to such controls as the mortgagee, as defined in Section 4 of this Article, may require. The ratable share of the expense of such repairs or reconstruction may be assessed and, in the event any Statement of Condominium Lien is recorded with respect to such assessments, then the lien shall have all the priorities provided for in Article IX of these By-Laws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the unit owners of the condominium units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

SECTION 2(b). Proceeds Insufficient/Units and Limited Common Elements. In the event that the proceeds of insurance are not sufficient to repair damage or destruction to a unit or units or to limited common elements within the condominium by fire or other casualty, or in the event such damage or destruction to a unit or units or to limited common elements is caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished promptly by the unit owner whose unit is damaged or by the unit owner or owners whose unit or units the damaged limited common elements are appurtenant. If the repair to a unit or limited common element is required as a result of an insured

loss, the amount of the deductible shall be payable by the unit owner or owners whose unit or units or limited common elements must be repaired.

SECTION 3. Restoration Not Required. In the event more than two-thirds (2/3) of the entire project is substantially damaged or destroyed by fire or other casualty and the members do not promptly and unanimously

resolve to proceed with repair or reconstruction, then and in that event the condominium shall be deemed to be owned in common by the owners of all of the condominium units in the same proportion as that previously established for ownership of appurtenant undivided interests in the common elements and the project shall be subject to an action for partition at the suit of the owner of any condominium unit or the holder of any lien thereon, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Corporation or its members in common, shall be considered as one fund and shall be divided among the owners of all of the condominium units in the same proportion as that previously established for ownership of appurtenant undivided interests in the common elements, after first paying out of the share of the owner of any condominium unit, to the extent such share is sufficient for the purpose, all liens upon said condominium unit in accordance with the priority of interests in each unit.

SECTION 4. Insurance Trustee. Except for losses involving the substantial damage or destruction of more than two-thirds (2/3) of the condominium project, where the members do not resolve to proceed with repair or reconstruction, as in Section 3 of this Article provided for, in the event the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to five percent (5%) of the full replacement value of the condominium project, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1 of this Article for the period during which such loss was sustained, and the institutional holder of any mortgages or other obligation secured by any condominium unit or units in the aggregate principal sum of more than \$150,000.00 (hereinafter in this Section 4 called the "mortgagee") shall so require, all proceeds of insurance shall be paid over to a trust company or bank wherein with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which contain, inter alia the following provisions:

(a) The reconstruction or repair shall be in charge of an acceptable builder, architect or engineer, who may be an employee of the Corporation, satisfactory to the mortgagee, and hereinafter in this Section 4 called the "architect".

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

(c) Unless otherwise required by the mortgagee, each request for an advance of the proceeds of insurance shall be made to the mortgagee at least ten (10) days prior to delivery to the Insurance Trustee and shall be accompanied by a certificate from the architect to the effect that (i) all work then completed has been performed in accordance with the plans and specifications and all building codes or other similar governmental requirements; and (ii) the amount requested to be advanced is required to reimburse the Board of Directors for payments previously made by the Board of Directors or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request.

(d) Each request for an advance of the proceeds of insurance shall, if required by the mortgagee, be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the condominium project any mechanic's or other lien, or notice of intention to file the same, which has not been dismissed or satisfied of record.

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

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Board of Directors and shall be considered as one fund and shall be divided among the owners of all of the condominium units in the same proportion as that previously established for ownership of appurtenant undivided interests in the common elements, after first paying out of the share of the owner of any condominium unit to the extent such payment is required by any lienor and to the extent the same is sufficient for the purpose, all liens upon said condominium unit, in accordance with the priority of interest in each unit.

ARTICLE XIV

FISCAL MANAGEMENT

SECTION 1. Fiscal Year. The fiscal year of the Council of Unit Owners or the Corporation shall begin on the first day of January every year, except for the first fiscal year of the Corporation which shall begin at the date of incorporation or the date of recording of Declaration, whichever occurs first. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should condominium practice subsequently dictate.

SECTION 2. Books and Accounts. Books and accounts of the Corporation shall be kept under the direction of the Treasurer in accordance with good accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the condominium project 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 expenditure of the Corporation may, in the discretion of the Board of Directors, be credited upon the books of the Corporation to the "Paid-in-Surplus" account as a capital contribution by the members.

SECTION 3. Auditing. At the close of each fiscal year, on the request of at least five percent (5%) of the unit owners, the books and records of the Corporation shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. The Corporation shall furnish its members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Corporation.

SECTION 4. Inspection of Books. The books and accounts of the Corporation, vouchers accrediting the entries made thereupon and all other records maintained by the Corporation shall be available for examination by the unit owners and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any condominium unit

and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

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

ARTICLE XV

PARKING

SECTION 1. General Requirements. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris. Each unit owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these By-Laws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the condominium and the Board of Directors is hereby, and elsewhere in these By-Laws authorized to adopt such rules and regulations. In the event the Board of Directors elects to assign parking spaces within the condominium, the Board of Directors may make reasonable efforts to assign parking spaces in a manner calculated to make reasonable adjustments to accommodate the elderly and handicapped.

ARTICLE XVI

AMENDMENT

SECTION 1. Amendments. These By-Laws may be amended by the affirmative vote of unit owners representing seventy five percent (75%) of the total votes of the Corporation at any meeting of the members duly called for such purpose in accordance with the provisions of Title II, Real Property Article of the Annotated Code of Maryland effective only until the recordation among the Land Records of Anne Arundel County, Maryland together with a certificate in writing of the President of the Corporation stating that the amendment was approved as aforesaid. Amendments may be proposed by the Board of Directors or by petition signed by unit owners representing at least thirty percent (30%) of the total votes of the condominium project. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE XVII

RULES AND REGULATIONS

SECTION 1. Rules and Regulations. Rules and regulations may be adopted freely by the Board of Directors, and without the requirement of a seventy five percent (75%) or greater vote of the members of the Corporation as a requisite to their adoption. All rules and regulations shall be adopted as supplements to, and not in lieu of, legally required provisions of the By-Laws. Should any adopted rules or regulations contradict any provisions of the By-Laws, as amended, the provisions of the By-Laws shall take precedence. All rules and regulations proposed by the Board of Directors or by any committee, appointed by the Board of Directors to act on its behalf shall be dated as of the date of the meeting at which they were considered, and shall be communicated to the Corporation by

published form, or by any reasonable manner, within fourteen (14) days after the meeting date. They shall be put forward before the Corporation for consideration and review by the process of hearing and comment.

(a) Any notices of hearings so required shall include the date, time, location, and agenda of the hearings. They shall be communicated by the Board of Directors, to the Corporation by published form, or by any reasonable manner, no later than fourteen (14) days after the regularly scheduled meeting of the Board of Directors.

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

(c) A member of the Board of Directors shall preside over any hearings so convened and shall limit discussions with the parameters of the published agenda. Any unit owners may appear and speak at these hearings, or be present by written statement.

(d) The Board of Directors shall reconvene on a date no later than its next regularly scheduled meeting following a public hearing for the purpose of considering the relevant issues. Upon majority vote, the Board of Directors may modify, adopt, or annul the previously proposed rules and regulations. Any modification, adoptions or annulments, or rules or regulations, by this process, shall require a republication by the Board of Directors, within seven (7) days after the meeting, but are not subject again to the hearing and comment process. The effective date of any rules and regulations adopted through this process shall be fourteen (14) days after republication is accomplished.

(e) Each unit owner has a right to appeal to the Board of Directors for an individual exception to any rules or regulations adopted by the Board of Directors.

(f) The appeal period shall begin on the effective date of the rules and regulations, and shall run for a period of fourteen (14) days.

(g) Appeals filed after the expiration of the appeal period may not be considered, except by permission of the Board of Directors. However, any new unit owner shall have a like right of appeal, regardless of when a rule was adopted, if the appeal is made within one year of his settlement date.

(h) All appeals shall be in writing, shall be signed and dated by the unit owner or owners making the appeal, and shall be delivered to a member of the Board of Directors. The Board of Directors shall consider all appeals and shall render a decision at its next regularly scheduled meeting. The decision shall be in writing, and shall be addressed to the unit owner or owners making the appeal. If the Board of Directors denies an appeal, publication as to the denial is not required.

(i) If the Board of Directors upholds an appeal and grants an individual exception to an adopted rule, the Board of Directors shall publish, or communicate in a reasonable manner, to the Corporation an explanation of the reasons for granting the exception.

(j) Any unit owner may appeal any rules and regulations adopted by the Board of Directors or the denial of any appeal for an individual exception to the Courts of Maryland.

(k) Any rules and regulations, when adopted in accordance with the above procedures, have the same force and effect as if they were incorporated in the By-Laws by direct reference. The rules and regulations, upon proper adoption under the above procedures, shall be enforced in the same manner as all other provisions of the By-Laws.

(l) The rules and regulations apply to unit owners, tenants, residents, and occupants at the time of promulgation and subsequent owners, tenants, residents and occupants.

ARTICLE VIII

MORTGAGES - NOTICE

SECTION 1. Notice to Board of Directors . Any owner of any condominium unit in the condominium project who mortgages such unit shall promptly notify the Board of Directors of the name and address of his mortgagee, and, if requested to so do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

SECTION 2. Consents. Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding, the Corporation shall not, and neither the members nor the Board of Directors shall institute any proceeding without the prior written consent of seventy five percent (75%) of the first mortgagees of record, to take any of the following actions:

(a) Abandon or terminate the condominium except for abandonment or termination provided in the Condominium Act in the case of substantial damage or destruction of the condominium by fire or other casualty or in the case of a taking by condemnation or eminent domain; or

(b) Modify or amend any material provision of the Declaration or of these By-Laws, including, but without limitation, any amendment which would change the percentage interests of the unit owners in the common expenses and common profits of the condominium or the voting rights of the unit owners; or

(c) Modify the method of determining and collecting common expense assessments or other assessments as provided in Article IX of these By-Laws; or

(d) By act or omission seek to abandon, partition, subdivide, transfer, encumber, sell, or otherwise dispose of any of the common elements of the condominium project; the granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed a transfer within the meaning of this clause; or

(e) Resolve to use the proceeds of casualty insurance for any purpose other than the repair or restoration of the condominium; or

(f) Fail to employ a professional manager for the condominium.

SECTION 3. Subdivision or Partition. No condominium unit in the condominium shall be subdivided or partitioned without the prior written approval of the holder of any first mortgage on such condominium unit.

SECTION 4. Casualty losses. In the event of substantial damage or destruction of any condominium unit or any part of the common element of the condominium, the Board of Directors of the Corporation shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the condominium units. No provision of the Declaration or these By-Laws shall entitle any owner to

any priority over the holder of any first mortgage of record on his condominium unit with respect to the distribution to such unit owner of any insurance proceeds. The Corporation shall give the first mortgagees notice of any casualty loss exceeding Ten Thousand Dollars (\$10,000.00).

SECTION 5. Condemnation or Eminent Domain. In the event any condominium unit or any part of the common elements of the condominium is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority then the Board of Directors of the Corporation shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the condominium units. No provision of the Declaration or these By-Laws shall entitle any unit owner to any priority over the holder of any first mortgage of record on his condominium unit with respect to the distribution to such unit owner of the proceeds of any condemnation award or settlement. The Corporation shall give FHLMC notice (c/o Servicer at Servicer's address) in writing of any loss to, or taking of, the common elements of the condominium project if such loss or taking exceeds \$10,000.00 or damage to a condominium unit covered by a mortgage purchased in whole or in part by FHLMC exceeds \$1,000.00.

SECTION 6. Exemption. Any holder of the mortgage which comes into possession of the unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

SECTION 7. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgages and the term "mortgage" shall include a deed of trust. As used generally in these By-Laws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds, FNMA, FHLMC, all corporations and any agency or department of the United States Government or of any state or municipal government.

ARTICLE XVIII

COMPLIANCE - INTERPRETATION - MISCELLANEOUS

SECTION 1. Compliance. These By-Laws are set forth in compliance with the requirement of Title II, Real Property Article of the Annotated Code of Maryland.

SECTION 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of Title 11, Real Property Article of the Annotated Code of Maryland. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid statute. In the event of any conflict between these By-Laws and the Declaration, the provision of the Declaration shall control; and in the event of any conflict between the aforesaid Declaration and Title II, Real Property Article of the Annotated Code of Maryland, the provisions of the statute shall control.

SECTION 3. Liability of Unit Owners. Except in proportion to his percentage, interest in the common elements, no unit owner personally is liable (1) for damages as a result of injuries arising in connection with the common elements solely by virtue of his ownership of a percentage interest in the common elements; or (2) for liabilities incurred by the Corporation.

SECTION 4. Remedies for Violations Against Unit Owners and/or Members. If any unit owner fails to comply with the provisions of Real. Property

Article II, the Declaration, By-Laws or the Rules and Regulations of the corporation, the unit owner may be sued for damages caused by such failure or for injunctive relief, or both, by the Corporation and by any other unit owner, provided that the Board of Directors may not impose a fine, suspend voting or infringe upon any other rights of a member or other occupant for violations until:

(a) Written demand to cease and desist from an alleged violation is served upon the alleged violator specifying the alleged violation, the action required to abate the violation; and a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(b) Within twelve (12) months of the demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is violated subsequently, the Board of Directors serves the violator with written notice of a hearing to be held by the Board of Directors in session. The notice shall contain the nature of the alleged violation; the time and place of the hearing, which time may be not less than ten (10) days from the giving of the notice; an invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf, and the proposed sanction to be imposed.

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

(d) A decision pursuant to these procedures shall be appealable to the Courts of Maryland.

The unit owner shall be responsible for reasonable attorneys fees and court costs for any violations of these By-Laws.

SECTION 5. Notices. Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

SECTION 6. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

SECTION 7. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be determined to have been abrogated or waived by reason of any failure or failures to enforce the same.

SECTION 8. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

SECTION 9. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

EXHIBIT B TO THE DECLARATION

PERCENTAGE INTERESTS IN COMMON ELEMENTS AND
PERCENTAGE INTERESTS IN COMMON EXPENSES AND
COMMON PROFITS AND VOTING RIGHTS

A. Each unit shall have the same Percentage Interest in the Common Elements and the Common Expenses and Common Profits. The Percentage Interest of each unit in the Condominium Regime, expressed as a fractional formula, always shall have as its' numerator, the number one (1); and the denominator thereof shall be the total number of units from time to time submitted to the Condominium Regime, beginning with the total number of units in Phase 1 with the addition thereof of the total number of units in future phases (additional phases) as may be submitted from time to time to the Condominium Regime.

B. Each unit owner shall be authorized to cast one (1) vote for each unit owned by said unit owner. However, no more than one (1) vote shall be cast per unit.

BOOK 7 PAGE 0565

AMENDMENT TO THE BY-LAWS

FOR BAY HILLS TOWNHOUSES, A CONDOMINIUM

OAKMONT REGIME, INC.

NOTE: Amendments have been included in the designated sections herein.