



Marlin Cove II
Condominium
Council of
Unit Owners

By-Laws

Notes about the following By-Laws document:

- The following pages provide a reproduction of the “By-Laws of Marlin Cove II Condominium” recorded in Liber 990, pages 311-342 of the Land Records of Worcester County, Maryland.

While every effort has been made to present a faithful transcription of that document, any errors or differences in this document shall be resolved in favor of the document recorded in the Land Records.

- Acknowledgement and gratitude is extended to Marlin Cove II Condominium resident Jim Oarr for contributing this transcription.
- This transcription includes amendments that have been approved from time to time by the Marlin Cove II Condominium Council of Unit Owners. Such amendments are appropriately noted.

BY-LAWS OF

MARLIN COVE II CONDOMINIUM

ARTICLE I

PURPOSE, DEFINITIONS, AND APPLICABILITY

SECTION 1. Purpose. These are the By-Laws Of Marlin Cove II Condominium (hereinafter called “the Condominium”), which consists of certain land and improvements in the City of Ocean City, Worcester County, Maryland, that are subjected to a horizontal property regime pursuant to Title II of the Real Property Article of the Annotated Code of Maryland (1974, Cum. Supp. 1978) (hereinafter called “the Horizontal Property Act”) by a Condominium Declaration, dated June 20th, 1984, (hereinafter called “the Declaration”). As amended from time to time, these By-Laws shall govern the administration of the Condominium; and in the event that its Council of Unit Owners is or shall be incorporated, shall be the By-Laws of that corporation. The adoption of these By-Laws shall be effected by their recordation among the Land Records of Worcester County, Maryland, with the Declaration.

SECTION 2. Definitions. Unless otherwise stated herein or unless it is plainly evident from the context that a different meaning is intended, the terms used in these By-Laws shall have the meaning ascribed to them in the Declaration or the Horizontal Property Act.

SECTION 3. Applicability. All ownership of the Condominium or any unit therein, the holding or exercise of any right or interest therein and all use or occupancy thereof shall be subject to these By-Laws, which shall apply to all unit owners and their tenants, licensees, invitees, agents, employees, and all other persons and entities, regardless of whether they have notice or knowledge of these By-Laws.

ARTICLE II

FORM OF ADMINISTRATION

SECTION 1. Council of Unit Owners. The affairs and business of the Condominium shall be governed and managed by the entity described in Section 11-109 of the Horizontal Property Act, which shall be a legal entity having the name “Marlin Cove II Condominium Council of Unit Owners” (hereinafter called “the Council of Unit Owners”).

Section 2. Composition. The Council of Unit Owners shall be comprised of all unit owners.

Section 3. Powers and Functions. The Council of Unit Owners shall function in accordance with these By-Laws, the Declaration, and the Horizontal Property Act and shall have all powers therein provided, including the power to delegate its powers and duties to a Board of Directors, officers or a manager, except for such duties that are required to be taken by the full Council of Unit Owners by vote of its members or otherwise.

Section 4. Principal Office. The principal office of the Council of Unit Owners shall be Marlin Cove II Condominium, Edward L. Taylor Road, Ocean City, Maryland 21842.

Section 5. Mailing Address. The mailing address of the Council of Unit Owners shall be that stated above for its principal office.

Section 6. Resident Agent. The resident agent of the Condominium at the time of the adoption of these By-Laws is Richard T. LeCates, whose address is Post Office Box 1857, Montego Bay Station, Ocean City, Maryland, 21842. The Secretary shall insure that Section 11-116(a) of the Horizontal Property Act is complied with in the event of the change in the name or address of the Resident Agent. The Resident Agent will file the necessary documents as required by Section 11-119 of the Maryland Condominium Articles.

ARTICLE III

MEETINGS

Section 1. Place. All meetings of the Council of Unit Owners shall be held within ten (10) miles of the Condominium and unless otherwise decided by the Board of Directors, shall be held at the Condominium. The place of a meeting shall be stated in the notice thereof.

Section 2. Annual Meeting. The initial meeting of the Council of Unit Owners shall be held within six (6) months of the creation of the Condominium Regime or within sixty (60) days from the date that fifty percent (50%) of the percentage interests in the Condominium Regime have been conveyed by the developer to the initial purchasers of units, whichever first occurs. An annual meeting of the Council of Unit Owners shall be held at the hours of 10:00 a.m. on the first Saturday in the month of July of each year or at such other time or date in the month of July as the Directors may determine, beginning in the year 1984. Failure to hold such a meeting in one or more years shall not invalidate or affect the Condominium's existence or any act or action. Any business may be transacted at any annual meeting without being specifically stated in the notice of the meeting if (i) the notice indicates that it is an annual meeting and (ii) specific statement of such business in the notice of the meeting is not expressly required by these By-Laws, the Declaration, or by law.

Section 3. Special Meetings. Special meetings may be called by (i) the President (ii) a majority of the Board of Directors or (iii) Unit Owners of at least twenty-five percent (25%) of the units. If the Unit Owners shall call the meeting, they shall advise the Directors, who will decide upon a reasonable time and place for the meeting and cause notice stating such data and the business to be transacted at the meeting to be given as required. Business to be transacted at a special meeting must be stated in general terms in the notice thereof.

Section 4. Notices. Written notice of each annual or special meeting of the Council of Unit Owners shall be given at least ten (10) but not more than thirty (30) days prior to the meeting and shall state its date, time, and location, and for special meetings a general statement of the business to be transacted at the meetings. The Secretary shall give such notice to each unit owner who shall be entitled to such notice as of the record date for notice of the meeting. Notice will be deemed to have been given with regard to a unit if (and when) a copy thereof has been sent to each unit owner listed on

the roster of unit owners, addressed to the address listed for such unit owner on the roster, by regular U.S. mail, postage prepaid or otherwise delivered to each unit owner.

In the case of an adjourned meeting, notice shall be sufficient if it is posted in a conspicuous place used for the publication of notices of condominium business and rules of conduct at least ten (10) days before such meeting.

Section 5. Waiver of Notice. The notice of a meeting required by these By-Laws may be waived by any unit owner who or which is entitled to such notice by a written waiver of such notice signed by the unit owner and filed with the Secretary, who shall preserve it with the minutes of the meeting. In addition, if a unit owner or the voting representative of a unit owner shall attend the meeting in person, by voting representative or proxy and fail to protest the lack of such notice prior to the adjournment of the meeting, such unit owner shall be deemed to have waived notice thereof.

Section 6. Record Date. The unit owners who are entitled to notice of a meeting are those who are listed on the roster of unit owners thirty (30) days before the meeting, which shall be its record date, provided that the votes of a unit may be cast only by its actual owners at the time of the meeting or their duly designated voting representatives. The address for each unit owner listed on the roster on the record date shall be considered as proper for purposes of addressing notice for delivery by mail.

Section 7. Number of Votes. The number of votes that shall be cast for each unit is stated in the Declaration, at subparagraph 8G. Votes appurtenant to a unit owned entirely by the Council of Unit Owners shall not be cast or considered for any purpose, including quorum and required majority.

Section 8. Casting of Votes. Votes may be cast only by the owners of the unit to which the vote is appurtenant or by such other persons as may be authorized to cast such votes by the Declaration or these By-Laws. Unless otherwise provided therein, the holder of a lien or encumbrance on the unit shall not be entitled to cast such votes by virtue of such lien or encumbrance or any agreement made by the owners of a unit under the terms of such lien or encumbrance. If a unit is owned by more than one (1) owner, if only one (1) of the owners of the unit is present at a meeting in person or by proxy, then such owner may cast all votes allocated to the unit. If more than one (1) of the owners of the unit is present at the meeting in person, by voting representative or by proxy, then the votes appurtenant to that unit shall be cast by their unanimous agreement, which shall be deemed to exist if any owner of the unit casts the votes without protest in writing being made promptly to the person presiding at the meeting by any owner of the unit who is present at the meeting in person, by voting representative or by proxy. Owners who are not present in person, by voting representative or by proxy shall not be entitled to make such protest.

Section 9. Voting Representatives. An owner of a unit that is an organization shall designate a specifically identified person as its voting representative by written designation given to the Secretary, who shall preserve it in the records. If the owner is a corporation, the designation shall be signed by its president or vice-president; and if the owner is a partnership, it shall be signed by a general partner. Such designation shall be dated and state the capacity of the person signing it for the owner. In the case of more than one (1) such designation by a particular owner, the Council of Unit Owners may rely upon

the one having the most recent date. The organization shall be entitled to vote at meetings only by the voting representative named in a designation that has been given to the Secretary or by proxy executed by such voting representative or by the organization. Unit owners who are natural persons shall not be entitled to vote by voting representative, but may vote by proxy, as elsewhere herein provided. This Section may not be amended except by unanimous vote of the Council of Unit Owners.

Section 10. Voting by Proxy. The owner of a unit may attend a meeting and vote by any person authorized to do so by a written proxy duly executed by the unit owner, provided that a proxy by an organization that is a unit owner must be executed either by a person who may designate a voting representative for the organization or by its duly designated voting representative. A proxy may not be revoked except by written notice of revocation given to the person presiding over the meeting. A proxy shall be void if it is not dated or purports to be revocable without notice, and shall expire at the earliest of the following times: (i) one (1) year after its date, (ii) such earlier time as may be specified in the proxy, or (iii) such earlier time as may be provided by law.

Section 11. Quorum. No official or binding vote or action may be taken at any meeting unless a quorum is present. A quorum shall exist if there is present, in person or by proxy, unit owners or their voting representatives together entitled to cast more than fifty percent (50%) of the total votes of all unit owners. The subsequent joinder of a unit owner or his voting representative in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such unit owner for the purpose of determining a quorum. When a quorum is present at a meeting, it cannot be broken by the subsequent withdrawal of unit owners or their proxies or voting representatives. In the absence of a quorum, a meeting may be adjourned from time to time until a quorum is present. At any such adjourned meeting, any business may be transacted that could have been transacted at such meeting as initially noticed, provided that notice of such adjourned meeting has been properly given.

Section 12. Required Majority. Unless otherwise required by these By-Laws, the Declaration, or law, a simple majority of the votes cast shall be sufficient to take or authorize any action that has properly come before the meeting. Unless the resolution authorizing an action shall expressly provide to the contrary, for a period of five (5) days after any vote taken at a meeting, the vote appurtenant to units of which no owner or voting representative was present at the meeting by person or by proxy may be cast by written ballot executed by the unit owner or voting representative in the same manner as required for a valid proxy and delivered to the Secretary or to the principal office of the Council of Unit Owners, marked to the attention of the Secretary, before 12:00 p.m. on the fifth (5th) day after the vote was taken at a meeting.

Section 13. Minutes. Accurate and complete minutes of each action that is taken or discussed at a meeting shall be taken during the meeting and reviewed at the next meeting.

Section 14. Roster. The Secretary shall maintain a current roster of the names and addresses of each unit owner for the purpose of addressing notices of meetings and determining the owners entitled to notice on the record date. In keeping such roster, the Secretary shall be entitled to reasonable evidence of ownership but may rely upon such information as may be given by a person claiming to be a

unit owner. A unit owner who has failed to inform the Secretary of such unit owner's name and address shall not be entitled to any objection or protest of the roster or of any information shown thereon or action taken as a result of such information and shall not be entitled to vote at meetings of the Council Of Unit Owners.

Section 15. Record of Attendance. A record of all persons who attend the meetings shall be made at the time of the meeting and preserved with the minutes of such meeting. The record shall disclose the name of each person present as a unit owner, proxy, or voting representative for any unit and shall indicate for each unit the name and status of each such person. In the case of a proxy or voting representative, the record shall indicate the identity of the unit owner for whom such proxy or voting representative is acting.

Section 16. Cumulative Voting. Cumulative voting shall be required and permitted only as provided in the Declaration or by law.

Section 17. Order of Business. The order of business at all regularly scheduled meetings of the members shall be as follows:

- (a) Roll Call; identification and certification of proxies and voting representatives.
- (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 (if required).
- (i) Election of directors.
- (j) Adjournment.

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

Section 18. Action by Unanimous Written Consent. Action may be taken without a meeting at which a quorum is present if a document is filed in the records stating the action taken and containing the written consent of all unit owners at the time when the document is filed in the records. The Secretary shall promptly note on the document the time when it was filed and shall preserve it in the minutes.

Section 19. Rights of Mortgagees. Any institutional mortgagee of a unit in the Condominium who desires notice of the annual and special meetings of the Council of Unit Owners shall notify the Secretary to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the unit owners should be addressed. The Secretary shall maintain a roster of all institutional mortgagees from whom such notices are received and shall mail or

otherwise cause the delivery of a notice of each annual or special meeting of the unit owners to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are provided for notice to the unit owners. Any institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Council of Unit Owners and such representative may participate in the discussion at any such meeting and may address the unit owners present at any such meeting. Unless otherwise provided herein, such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Council of Unit Owners upon request made in writing to the Secretary.

ARTICLE IV

BOARD OF DIRECTORS

MEMBERS AND MEETINGS

Section 1. General. The business and affairs of the Condominium and its Council of Unit Owners shall be managed to the greatest extent permitted by law by the Board of Directors, which is hereby delegated all powers and duties that are necessary and proper.

Section 2. Number and Qualifications. By vote of a majority of the Directors, the number of Directors may be set at any number not less and three (3) nor more than seven (7), and unless otherwise determined by the Board of Directors shall be set at three (3). Each person elected as a director by the Council of Unit Owners shall be a natural person at least twenty-five (25) years old and an owner of a unit in the Condominium or a voting representative designated by a unit owner and shall immediately become ineligible to serve as a director if he or she shall cease to have such status, in which event such directorship shall be considered to be vacant.

Section 3. Initial Directors. Until directors elected by the Council of Unit Owners shall qualify, the initial directors shall be Richard T. LeCates, Larry A. Sawyer and Douglas R. Lucas, who shall not be required to be unit owners to serve as the initial directors.

Section 4. Term and Election. The term of each director shall run from the time of the election for a term of one (1) year or such shorter or longer period as shall be determined by the time when the successor to such directorship has been duly elected and qualified. Each directorship shall be filled by election at each annual meeting of the Council of Unit Owners, unless these By-Laws shall be amended to change the term or any directorship. Cumulative voting shall be used for the election of directors.

Section 5. Removal. By the affirmative vote a majority of the votes cast at any special meeting called for the purpose of annual meeting, the Council of Unit Owners may remove any director, with or without cause, and elect another person to the directorship for the remainder of its term. If a director shall be removed without the election of any person to the directorship, it shall be considered to be vacant.

Section 6. Vacancies. Any vacancy occurring in the Board of Directors for any cause other than by reason of an increase in the number of directors may be filled by a majority of the remaining

members of the Board of Directors, although such majority is less than a quorum. Any vacancy occurring by reason of an increase in the number of directors may be filled by action of a majority of the entire Board of Directors. A director elected by the Board of Directors to fill a vacancy shall be elected to the directorship for the remainder of its term.

Section 7. Regular Meetings. After each annual meeting of the Council of Unit Owners at which a director has been elected, the Board of Directors so elected shall meet as soon as practicable for the purpose of organizing and transacting business, at such time as may be designated by the owners at such meeting; and in the event that no other time is designated by the owners, the Board of Directors shall meet at 12:00 o'clock noon on the day of such meeting. Such first meeting shall be held at such place within or without the State of Maryland as may be designated by the owners, or in default of such designation at the place designated by the Board of Directors for such first regular meeting. No notice of such first meeting shall be necessary if held as hereinabove provided. Other regular meetings of the Board of Directors shall be held at least once every three (3) months, on such dates and at such places within or without the State of Maryland as may be designated from time to time by the Board of Directors. All meetings of the Board of Directors shall be open, unless closed pursuant to authority contained in the Maryland Condominium Act. A Notice of Meeting of the Board meetings shall be sent to each Condominium Owner at least once annual.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or by the Board of Directors by vote at a meeting, or by a majority of the directors in writing with or without a meeting. Such special meetings shall be held at such place or places within or without the State of Maryland as may be designated from time to time by the Board of Directors. In the absence of such designation, such meetings shall be held at such places as may be designated in the notice.

Section 9. Notice of Meetings. Except as provided in Section 6 of this Article, notice of the place, day and hour of every regular and special meeting shall be given to each director at least two (2) days before the meeting, by delivering the same to him personally, or by sending the same to him by telegraph, or by leaving the same at his residence or usual place of business, or, in the alternative, by mailing such notice at least three (3) days before the meeting., postage prepaid, and addressed to him at his last known post office address, according to the records of the Condominium. Unless required by these by-laws or by resolution of the Board of Directors, no notice of any meeting of the Board of Directors need state the business to be transacted thereat. No notice of any meeting of the Board of Directors need be given to any director who attends, or to any director who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

Section 10. Quorum. At all meetings of the Board of Directors, one-half (1/2) of the entire Board of Directors, but in no case less than two (2) directors, shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by the Declaration or by these By-Laws

otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to elect and pass any measure. In the absence of a quorum, the directors present by majority vote and without notice other than by oral announcement may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present,, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 11. Compensation. By resolution of the Board of Directors expenses of attendance, if any, may be allowed to directors for attendance at each regular or special meeting of the Board of Directors or of committees thereof, but directors as such shall not receive any compensation for their services except such as may be authorized or permitted by vote of the Council of Unit Owners. A director who serves the Condominium in any other capacity, however, may receive compensation therefor without such vote.

Section 12. Informal Action By Directors. Any action, with the exception of the adoption of the budget, required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee. The time when it was filed shall be promptly noted thereon.

Section 13. Committees. The Board of Directors may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the Board of Directors.

Section 14. Rights of Mortgagees. Any institutional mortgagee of a unit in the condominium who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary shall maintain a roster of all institutional mortgagees from whom such notices are received and shall mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are provided for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may address the members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

ARTICLE V

BOARD OF DIRECTORS

POWERS AND DUTIES

Section 1. General 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 and the Condominium 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. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

- (a) the care, upkeep and surveillance of the Condominium and its general and limited common elements and services;
- (b) the establishment, collection, use and expenditure of assessments for common expenses and for the filing and enforcement of Statements of Condominium Lien;
- (c) the designation, hiring and dismissal of the personnel necessary for the good working order of the Condominium and for the proper care of the common elements and to provide services for the project;
- (d) the promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the Condominium and the use of the general and limited common elements in order to prevent unreasonable interference with the use and occupancy of the Condominium and of the general and limited common elements by the unit owners and others;
- (e) all other functions and responsibilities provided by law, the Declaration or these By-Laws;

AND the Board of Directors shall have all powers provided by law, including the power:

- (f) to enter into agreements whereby the Council of Unit Owners acquires 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 Council of Unit Owners;
- (g) to purchase insurance in the manner provided for in these By-Laws; and
- (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; and
- (i) to lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the Condominium; and
- (j) to purchase units in the Condominium and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration; and

(k) to take all actions that are necessary and proper to carry out its functions and responsibilities.

Section 2. Employment of Manager. The Board of Directors may employ for the Council of Unit Owners a manager at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Directors shall provide, inter alia, that such agreement may be terminated by the Council of Unit Owners, without cause, at any time

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Council of Unit Owners shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the first annual meeting of the Council of Unit Owners, the officers need not be unit owners. Thereafter, except for the President, the officers of the Council of Unit Owners need not be unit owners. 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 Council of Unit Owners shall be elected annually by the Board of Directors at its first meeting after the annual meeting of the Council of Unit Owners, beginning in 1984, provided that persons to serve as initial officers may be elected by the Initial Directors before the first annual meeting of the Council of Unit Owners. The term of each office shall run until the next person elected to such office shall have been elected and qualified. Officers 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. Such removal shall be without prejudice to contract rights and regard to the office.

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

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Council of Unit Owners for the recording of the resolutions of the Council of Unit Owners. The Secretary shall give notice of all annual and special meetings of the Council of Unit Owners in conformity with the requirements of these By-Laws. The Secretary shall have custody of the seal of the Council of Unit Owners, if any. The Secretary shall have charge of the roster of unit owners and of such other books and papers as the Board of Directors may direct. He shall, in general, perform all of the duties incident to the office of Secretary, and such other duties as may be delegated to him by law, the Declaration or these By-Laws.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of the Council of Unit Owners and shall be responsible for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Council of Unit Owners. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit, of the Council of Unit Owners in such depositories as may from time to time be designated by the Board of Directors. He shall, in general, perform all the duties incident to the office of Treasurer and such other duties as may be delegated to him by law, the Declaration or these By-Laws.

Section 8. Assistant Officers. The Assistant Secretary shall have such duties as may from time to time be assigned to him by the Board of Directors or the Secretary. The Assistant Treasurer shall have such duties as may from time to time be assigned to him by the Board of Directors or the Treasurer.

Section 9. Compensation. Officers of the Condominium, as such, shall not receive any compensation for their services except such as may be authorized or permitted by vote of the owners. An officer who serves the Condominium in any other capacity, however, may receive compensation therefor without such vote of the owners.

ARTICLE VII

ASSESSMENTS FOR THE COMMON EXPENSES—

PROCEDURES, ENFORCEMENTS, AND LIENS

Section 1. Regular Assessments. The owners of each unit shall pay to the Council of Unit Owners, in advance, a monthly sum equal to one-twelfth (1/12) of the unit's proportionate share (determined in accordance with the percentage interests in common expenses and common profits of the Condominium set forth in the Declaration) of the sum estimated to be

required by the Board of Directors from time to time, for common expenses, including but not limited to the following:

- (a) The cost of all current and operating expenses of the Condominium and the Council of Unit Owners;
- (b) The cost of necessary management and administration, including fees paid to any managers, agents, attorneys, accountants and other advisors;
- (c) The amount of all taxes and assessments levied against the Council of Unit Owners or upon any property which it may own or which it is otherwise required to pay, if any;
- (d) The cost of Condominium insurance as the Council of Unit Owners may effect pursuant to these By-Laws;
- (e) The cost of furnishing water, electricity, heat, gas, garbage and trash collection, and other utilities to the extent furnished by the Council of Unit Owners.
- (f) The cost of funding all reserves established by the Council of Unit Owners, including, when appropriate, a general operating reserve and a reserve for replacements; and
- (g) The cost of repairs, maintenance and replacements of the common elements of the Condominium.

The Board of Directors shall establish the amount of the regular assessment at least annually but may do so at more frequent intervals should circumstances so require. Assessment periods shall commence on the first day of a calendar month and shall continue until a new assessment is set by the Board of Directors, each monthly assessment shall be due on the fifth (5th) day of each month. Upon resolution of both the Board of Directors and the unit owners representing at least fifty-one percent (51%) of the total votes of the unit owners, installments of regular 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 shall make reasonable efforts to establish the amount of the regular assessment for each assessment period at least thirty (30) days in advance of the commencement of such period and shall, at that time, prepare a schedule of the units and proportion applicable thereto which shall be kept in the office of the Council of Unit Owners and shall be open to inspection by the owner or mortgagee of any unit, and by their respective duly authorized agents and attorneys, upon reasonable notice to the Board of Directors. Written notice of the assessment proportion applicable to each unit shall promptly be sent to the unit owners. Failure of the Board of Directors to give such notice shall not release a unit owner from liability for the assessment. No unit owners may exempt himself from liability for assessment by a waiver of the use or enjoyment of any of the common elements or by abandonment of any unit belonging to him.

Section 2. Special Assessments. In addition to the regular assessment authorized by this Article, the Board of Directors may levy special assessments for the purpose of paying, in whole or in part, the cost of capital improvement, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate; provided, however, that unless otherwise provided in these By-Laws any such special assessments shall have the approval of the unit owners representing two-thirds (2/3) of the total votes of the Council of Unit Owners at a special or annual meeting of the Council of Unit Owners. Each special assessment shall specify when it (or its installments, if applicable) shall become due, and written notice thereof shall promptly be sent to the unit owners.

Section 3. Reserve Fund. The Council of Unit Owners shall establish and maintain a reserve fund by the allocation and payment monthly to such reserve fund of amounts designated from time to time by the Board of Directors. Such amounts shall be conclusively deemed to be a common expense and may be raised by the regular assessment or by a special assessment. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of any state or 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, any state or the United States of America. The reserve fund may be expended only for the purpose of effecting the replacement of the common elements and equipment of the condominium and for costs and operating contingencies of a nonrecurring nature. The proportionate interest of any unit owner in any reserve for replacements and any other reserves established by the Council of Unit Owners 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 regular or special 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 Council of Unit Owners to accelerate the balance of the assessment and to claim the amount of such assessment, together with interest thereon, late charges and the actual costs of collection thereof, as a lien on the unit against which it is assessed; provided, however, that such lien shall be effective only after a Statement of Condominium Lien is recorded among the Land Records of Worcester County, Maryland, in the form that is required or permitted by law.

Upon recordation of the Statement of Condominium Lien as aforesaid, the lien shall bind the unit described in the Statement of Condominium Lien in the hands of the unit owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the owners of the unit to pay the assessment shall, however, remain their 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 upon payment of a reasonable fee, not to exceed twenty-five dollars (\$25.00).

Any Assessment levied pursuant to the Declaration or these By-Laws, and any installment thereof, which is not paid when due may, upon resolution of the Board of Directors, subject the unit owner obligated to pay the same to the payment of such penalty or "late charge" as the Board of Directors may fix, and the Council of Unit Owners may bring an action at law against the unit owners personally obligated to pay the same or may, after the recordation of the Statement of Condominium Lien, foreclose the lien against the unit in the same manner, and subject to the same requirements, now or hereafter provided for the foreclosure of mortgages or deeds of trust in the State of Maryland containing a power of sale or an assent to a decree; in either of which events interest at the rate of twelve percent (12%) per annum, and actual costs of collection including the late charge, 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 the lien except after the ten (10) days' written notice to the unit owners given by registered mail – return receipt requested – to the address of the unit owner shown on the roster of unit owners maintained by the Council of Unit Owners.

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 Council of Unit Owners, including any installment thereof which becomes delinquent, in any prominent location within the Condominium.

Section 5. Priority of Lien. The lien established by the recordation of a Statement of Condominium Lien, as in this Article provided, shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

- (a) General and special assessments of ad valorem real estate taxes on the unit; and
- (b) The lien of any bona fide deed of trust or mortgage that has been duly recorded on the unit prior to the recordation of the Statement of Condominium Lien.

The lien established by the recordation of a Statement of Condominium Lien shall be subordinate to the lien of any deed of trust or mortgage that shall have been first recorded on the unit and made in good faith and for value received, provided, however, that such subordination shall apply only to assessments and installments thereof which have become due and payable prior to a sale or transfer of the unit pursuant to a foreclosure of the deed of trust or mortgage or to the making of any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust or mortgage that has been duly recorded on the unit and made in good faith and for value received who comes into possession of the unit pursuant to a foreclosure or any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall

take the unit free of any claims for unpaid assessments levied against the unit which have come due and payable prior to the time such holder comes into possession of the unit or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid assessments resulting from a reallocation of such unpaid assessments among all of the 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 assessments, and installments thereof thereafter becoming due, or from the lien established by the recordation of a Statement of Condominium Lien with respect to any assessments and installments thereof thereafter becoming due.

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

Section 6. Additional Rights of Mortgagees – Notice. The Council of Unit Owners shall promptly notify the holder of the first mortgage on any unit for which any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days and the Council of Unit Owners shall promptly notify the holder of the first mortgage on any unit with respect to which any default in 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, nor shall any such failure render the Council of Unit Owners liable to any such mortgagee.

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 unit which is the subject matter of such suit or proceeding.

This Section shall not apply if a first mortgagee fails to advise the Council of Unit Owners of its identity and status as a first mortgagee and to request that such notices be sent to it at a specific address by writing addressed to the Secretary of the Council of Unit Owners. The Secretary shall keep a list of the holder of the first mortgage on any unit from whom such request is received.

Section 7. Acceleration of Installments. Upon default in the payment of any one or more installments of any assessment levied pursuant to the Declaration or these By-Laws, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 8. Assessment Certificates. The Council of Unit Owners shall, upon demand at any time, furnish to any unit owner (or any other party interested in the same) a certificate in writing signed by an officer or agent of the Council of Unit Owners, setting forth the status of any assessment that has been levied upon the unit. Such certificate shall be conclusive evidence of the payment of any installment of any assessment therein stated to have been paid. A charge not to exceed thirty dollars (\$30.00) may be levied in advance by the Council of Unit Owners for each certificate so delivered, except that no charge

shall be levied against any institutional mortgagee of any unit in the condominium who requests such a certificate.

Section 9. Mortgage Default. Any recorded mortgage on a unit in the Condominium may 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) at the option of the mortgagee. Such mortgages may 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 Council of Unit Owners, to cast the votes appurtenant to the unit which is a security for the repayment of the mortgage debt at all meetings of the Council of Unit Owners.

ARTICLE VIII

MORTGAGES – NOTICE AND RIGHTS OF MORTGAGEES

Section 1. Notice to Council of Unit Owners. Any owner of any unit in the Condominium who mortgages such unit shall promptly notify the Council of Unit Owners of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage. The Secretary shall maintain records pertaining to such mortgages.

Section 2. Consents. Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding, neither the Board of Directors nor the Council of Unit Owners shall take any of the following actions without the prior written consent and approval of the holders of all first mortgages of record on any unit;

- (a) abandon or terminate the Condominium except for abandonment or termination provided in the Horizontal Property 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 elements of the Condominium, 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 these By-Laws; or
- (d) partition, subdivide, transfer or otherwise dispose of any of the common elements of the Condominium; or
- (e) resolve to use the proceeds of casualty insurance for any purpose other than the repair or restoration of the Condominium or to pay costs incurred to obtain such proceeds, including attorneys' fees.
- (f) terminate any professional management that the Council of Unit Owners shall employ and thereafter assume self-management of the Condominium (it is noted

that at the time of the adoption of these By-Laws it is intended that there shall be self-management of the Condominium without the employment of any professional management).

Wherever in these By-Laws the consent of a mortgagee shall be required, the same shall be required only where consistent with the Maryland Condominium Act.

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

Section 4. Casualty Losses. In the event of damage or destruction of any unit or any part of the common elements of the Condominium the Board of Directors shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the units as listed in the records of the Condominium or on the pertinent policies of insurance. 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 unit with respect to the distribution to such unit owner of any insurance proceeds.

Section 5. Condemnation or Eminent Domain. In the event that any 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 Council of Unit Owners shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the units as listed in the records of the Condominium. 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 unit with respect to the distribution to such unit owner of any condemnation award or settlement.

Section 7. Definitions. Unless it is plainly evident from the context that a different meaning is intended, the following terms and phrases shall have the following meanings:

- (a) "Mortgage" shall mean a mortgage or deed of trust.
- (b) "Mortgagee" shall mean the holder of a mortgage or the beneficiary of a deed of trust, including but not limited to an institutional mortgagee.
- (c) "First Mortgage" shall mean a mortgage (or deed of trust) that has priority over all other mortgages, if any, on the property and which is not inferior or subordinate to any other mortgage on the property.
- (d) "Institutional Mortgagee" shall mean a mortgagee that is a bank, trust company, insurance company, mortgage insurance company, savings and loan association, building and loan association, mutual savings bank, credit union, pension fund, mortgage company and all similar organizations, all agencies, departments and organizations of the government of the United States or any State, County or City thereof, and the following:
 - I. Federal National Mortgage Association ("FNMA")
 - II. Federal Home Loan Mortgage Corporation ("FHLMC")

ARTICLE IX
FINANCIAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Council of Unit Owners shall begin on the first day of January every year, except for the first fiscal year, which shall begin at the date of recordation of the Declaration among the Land Records of Worcester County, Maryland. The commencement date of the fiscal year shall be subject to change by the Board of Directors.

Section 2. Budget. The Board of Directors shall prepare and adopt a budget for each fiscal year which shall include estimates of the funds required by the Council of Unit Owners to meet common expenses for that period. The budget shall be in a format consistent with the classification of the accounts of the Council of Unit Owners, and shall permit comparison to and analysis of deviations from the reports of the actual results of operations and the actual financial condition of the Council of Unit Owners for prior corresponding periods. Copies of the budget shall be available for examination by the unit owners and by their duly authorized agents and attorneys, and to any institutional mortgagee holding a first mortgage on any unit in the condominium and by their duly authorized agents and attorneys during normal business hours for purposes reasonably related to their respective interests.

All future budgets shall contain line items required by the Maryland Condominium Act. All future budgets shall be adopted by an open meeting of the Board of Directors. All future budgets shall be adopted only after having been submitted to the Unit Owners thirty (30) days prior to the adoption.

At least ten (10) days before it is adopted by the Board of Directors, a copy of the proposed budget and notice of the meeting at which it is adopted by the Board of Directors shall be sent to each unit owner and to any institutional mortgagee holding a first mortgage on any unit who has requested a copy thereof. The unit owners and such institutional mortgagees shall be entitled to attend the meeting of the Board of Directors at which it adopts the budget and to address them with regard to it. As a part of the budget process, the Board of Directors shall make an annual review of insurance, as provided in Section 9(j) of Article XII.

The Board of Directors shall endeavor to give to unit owners notice of any changes or errors in the budget or the funds that will be required to meet common expenses during any fiscal year as soon as any such changes or errors of a substantial nature are known by the Board of Directors.

Section 3. Books and Accounts. Books and accounts of the Council of Unit Owners shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Council of Unit Owners and its administration and shall specify the maintenance and repair expenses of the common elements of the condominium, services provided with respect to the same and any other expenses incurred by the Council of Unit Owners.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Council of Unit Owners shall be audited by an independent Certified Public Accountant whose report shall be prepared

and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such a report, the Council of Unit Owners shall furnish the unit owners and any mortgagee requesting the same with an annual audited financial statement, including the income and disbursements of the Council of Unit Owners, within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Council of Unit Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Council of Unit Owners 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 6. Execution of Checks and Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Council of Unit Owners by either the President or a Vice President, and all checks shall be executed on behalf of the Council of Unit Owners by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

Section 7. Fidelity Bonds. The Board of Directors shall require that all officers, Directors and employees of the Council of Unit Owners regularly handling or otherwise responsible for the funds of the Council of Unit Owners shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty. The premiums on such bonds or insurance shall be paid by the Council of Unit Owners.

ARTICLE X

PHYSICAL MANAGEMENT

Section 1. Alteration of Units. A unit may not be altered or otherwise improved in any manner that impairs the structural integrity or heating, ventilating, air conditioning, plumbing, electrical or other systems of the unit or which lessens the support of any portion of the unit. In addition, no alteration or improvement of a unit that changes the exterior appearance of any portion of the unit may be made without the approval of the Board of Directors, which shall have sole and unfettered discretion to withhold such approval but which may not withdraw such approval once it has been given.

No alteration or improvement of a unit shall be made until at least seven (7) days after notice of the full details thereof has been given to the Board of Directors. Failure of the Board of Directors to object to a proposed alteration or improvement shall not constitute its approval thereof.

Section 2. Maintenance and Repair of Units. Each unit owner shall be responsible for all maintenance, repair and replacement of the unit, all areas reserved or designated for the exclusive use of the unit and its owners or occupants, all equipment and systems that serve only that unit, and all installations, utilities, systems, and improvements within the unit, such as water, electricity and lighting, telephone, CATV, doors, windows, bathroom and kitchen fixtures, (except for systems that serve other

units). The owners of the unit shall maintain all of the above in safe and sound condition and shall promptly perform all maintenance and repairs that are required to do so. In the event of damage to any portion of the Condominium caused by or resulting from any of the above, the owners of the unit shall be liable therefor. The Council of Unit Owners, acting by the Board of Directors, may perform such maintenance and repair of the above as may be reasonably required to assure the safe and sound condition of the above but shall not be required to do so or liable for failure to do so; the cost of such maintenance and repair shall be paid by the owners of the unit, who shall be jointly and severally liable to pay such costs and that it shall pay, together with a reasonable charge for its general and administrative expense in performing such maintenance and repair and its expense, including attorneys' fees, of the collection of such reimbursement.

Section 3. Snow and Ice. The Council of Unit Owners shall not be responsible for the removal of snow and ice from the common elements or any other portion of the Condominium, but, at the election of the Board of Directors, may remove snow and ice from any portion of the Condominium other than the units and treat the cost and expense thereof as a common expense.

Section 4. Windows and Doors. The owners of each unit shall, at their own expense, clean and maintain both the interior and exterior surfaces of all windows and glass entry doors on the unit. The exterior surfaces of all other entry doors shall be cleaned and maintained at common expense in accordance with a schedule determined by the Board of Directors and the interior surfaces thereof shall be cleaned and maintained by and at the expense of the individual unit owners. Notwithstanding the provisions of this Section, the Board of Directors may resolve to clean the exterior in accordance with a schedule to be determined by the Board of Directors.

Section 5. Access at Reasonable Times. The Council of Unit Owners shall have an irrevocable right and an easement to enter condominium units for the purpose of making repairs to the common elements when the repairs reasonable appear necessary for public safety or to prevent damage to other portions of the condominium. Except in cases involving manifest damage to public safety or property, the Council of Unit Owners shall make a reasonable effort to give notice to the owner of any condominium unit to be entered for the purpose of such repairs. No entry by the Council of Unit Owners for the purpose specified in this Section may be considered a trespass.

Section 6. Common Elements. The Council of Unit Owners, acting through its Board of Directors, shall maintain and repair the common elements in safe and sound condition and may maintain them in such greater or more attractive state as they shall desire; all costs of such repair and maintenance shall be a common expense. The officers and directors of the Council of Unit Owners and the Council of Unit Owners itself shall not be liable for any consequence of the failure to maintain the common elements in safe and sound condition.

Section 7. Parking Spaces. The parking spaces located on the common elements shall not be specially allocated or assigned to particular units or unit owners, except as follows:

- (a) An appropriate number of spaces may be specifically assigned for parking of vehicles for transportation of invalids and physically handicapped persons and for temporary parking of service and delivery vehicles.
- (b) Space(s) may be assigned to particular units if all such units are assigned a similar number of spaces.
- (c) Spaces may be assigned as may be designated on the Condominium Plat at the time of its initial recording.

ARTICLE XI

OFFICERS AND DIRECTORS—LIABILITY

INDEMNIFICATION, AND CONFLICT OF INTEREST

Section 1. Liability. Officers and directors of the Council of Unit Owners shall not be liable by reason of their position as an officer or director except for their own willful misconduct or action taken in bad faith. Neither mistakes in judgment nor negligence shall constitute willful misconduct or bad faith. The failure to prevent or abate an act or omission by someone else shall not constitute willful misconduct or bad faith and such acts and omissions shall not be deemed or imputed to be those of an officer or director who fails to prevent or abate their occurrence.

Section 2. Indemnification. The Council of Unit Owners shall indemnify every officer and director of the Council of Unit Owners against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors) to which he may be made a party by reason of being or having been an officer or director of the Council of Unit Owners, whether or not such person is an officer or director at the time such expenses are incurred, provided that no officer or director or former officer or director on the Council of Unit Owners shall be indemnified hereunder in connection with any proceeding arising out of the willful misconduct or bad faith of said officer or director in the performance of his duties as an officer or director. The officers and directors of the Council of Unit Owners shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council of Unit Owners or the Condominium (except to the extent that such officers or directors may also be owners of units) and the Council of Unit Owners shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Council of Unit Owners or former officer or director of the Council of Unit Owners may be entitled.

Section 3. Conflict of Interest. Officers and directors shall exercise their powers and duties in good faith and with a view to the interest of the Council of Unit Owners and the Condominium. No contract or other transaction between the Council of Unit Owners and one or more of its officers or directors, or between the Council of Unit Owners and any corporation, firm or association in which one or more of them exercise their powers and duties in good faith and which officers or directors of the

Council of Unit Owners are directors or officers or are pecuniarily or otherwise interest, is either void or voidable because any such officer or director is 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 her vote is 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 of Directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purposes; or
- (b) the fact of the common directorate or interest is disclosed or known to the unit owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (c) the contract or transaction is commercially reasonable to the Council of Unit Owners at the time it is authorized, ratified, approved or executed.

Common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction, including those with himself or herself to with any corporation, firm or association in which he or she is an officer or director or is pecuniarily or otherwise interested.

ARTICLE XII

INSURANCE

Section 1. Required Property Insurance. The Board of Directors shall obtain and maintain, to the extent reasonably available, property insurance against damage by fire and other hazards on (i) all portions of the Condominium premises that are common elements or which are not contained within the boundaries of the units as set forth in the Declaration and (ii) on all building service equipment and the like and any fixtures or equipment within any condominium unit, in an amount equal to the full replacement value thereof (i.e., 100% of current "replacement cost" exclusive of land, foundations and excavation, without allowance or deduction for depreciation) as determined annually or more frequently by the Board of Directors with the assistance of the insurance company affording such coverage. In addition, the Board of Directors may insure such other portions of the Condominium, including the units, as it shall elect.

The Council of Unit Owners shall procure all insurance which shall from time to time be required by the Maryland Condominium Act.

All such property insurance shall name as insured as trustee for the owners of the units, the Council of Unit Owners or its authorized representative, including any trustee with which the Council of Unit Owners may enter into an Insurance Trust Agreement or any successor

Trustee, each of which shall be referred to as the "Insurance Trustee" in these By-Laws and shall contain or provide for the items set forth in Section 3 of this Article and also each of the following:

- (a) An "agreed amount endorsement" or its equivalent with regard to the full replacement cost.
- (b) An endorsement for "contingent liability from operation of building laws" or its equivalent.
- (c) An "increased cost of construction endorsement" or its equivalent.
- (d) An "earthquake damage endorsement" or its equivalent.
- (e) An "alteration and repair clause" or its equivalent.
- (f) An "other insurance clause" or its equivalent.
- (g) An "extended coverage endorsement" or its equivalent.
- (h) Coverage by endorsement or its equivalent for loss or damage due to vandalism, malicious mischief, sprinkler leakage, debris removal, cost of demolition, and water damage.
- (i) Coverage for such other perils as the Directors may elect, including sonic boom, machinery damage, and damage to glass.
- (j) A "deductible clause" of not more than \$2,500.00.
- (k) A "change of ownership clause" or its equivalent, providing that when an interest in the insured property is transferred the new owner shall be deemed to be insured by the policy without necessity of endorsement or knowledge of the change of ownership by the company.
- (l) A standard mortgage clause (without contribution) in favor of each mortgagee of a unit to the extent of its interest in the insured property, but providing that the proceeds of any loss payable under the policy may be paid to an Insurance Trustee appointed by the Council of Unit Owners in accordance with these By-Laws.
- (m) An endorsement that the insurance company may not exercise its right to elect, take any or all of the property or to restore it in lieu of making a cash settlement for loss or damage without the prior written approval of the Council of Unit Owners or when the exercise of such right would be in conflict with the provisions of any Insurance Trust Agreement to which the Council of Unit Owners may be a party or any requirement of law.
- (n) An endorsement (i) that the insurance company will issue to the owner of each unit coverage for the portions of the condominium premises that constitute the condominium unit and personal property ("contents") of the owner that are located within the unit or elsewhere on the condominium premises upon application and payment of premium thereof by the owner of the unit and (ii) that unless otherwise agreed by the unit owner such coverage shall have the same terms and provisions that are stated above, except for the deductible amount, which shall not exceed the sum of

\$250.00, and the provisions about payment of loss to an Insurance Trustee, and shall cover the cost of any emergency shelter required by the occupants of a unit in the event that the unit shall be rendered uninhabitable by a named or covered peril for a period of at least thirty (30) days.

Section 2. Required Liability Insurance. The Board of Directors shall obtain and maintain, to the extent reasonably obtainable, insurance in the minimum amount of One Million Dollars (\$1,000,000.00) for any single occurrence (or such greater amount as the Board of Directors shall elect) providing coverage against liability for any injury or damage to any person or property as follows: (i) covering the Council of Unit Owners and its officers, directors, employees and agents against liability for any act or occurrence that takes place on the common elements or any other parts or portions of the condominium, including the units, or which arises from or is caused by or incident to the condition or use of the common elements or any other part or portion of the condominium, including the units, and also against any liability for any act or neglect of the Council of Unit Owners or its officers, directors, employees and agents or of any owner or occupant of the units and their guests, employees, agents, tenants, and invitees, wherever occurring, and (ii) covering each unit owner against liability for injury or damage to any person or property caused by the Council of Unit Owners or arising out of the condition, maintenance or repair of the common elements of the condominium or other portions thereof that are not reserved for the exclusive use and occupancy of the particular unit owner or acts or occurrences on the common elements or such other portions of the condominium. Such insurance shall name as insured the Council of Unit Owners, as trustee for the unit owners and as a party insured and shall contain or provide for the items set forth in Section 3 of this Article and also each of the following:

- (a) Protection against liability involving or arising from water damage, legal expense, hired automobile liability, non-owner automobile liability, liability for property of others, sprinkler leakage, and damage caused by machinery.
- (b) A “severability of interest endorsement” or its equivalent, providing that the claim of any part insured under the policy may not be denied because of the negligent acts of any other party insured under the policy.
- (c) A “cross liability endorsement” or its equivalent providing that the rights of a party insured under the policy are not prejudiced by or with respect to his action against another party insured under the policy.

Section 3. Contents of All Property and Liability Insurance. Each policy of property or liability insurance that is required hereunder shall contain the following provisions, to the extent that they are reasonably available:

- (a) Waiver by the insurer of its right of subrogation as to any and all claims against the Council of Unit Owners, its officers, directors, employees and agents, the unit owners or their employees, agents, tenants and invitees.
- (b) Waiver of any defenses based upon coinsurance or invalidity arising from the acts of the insured.

- (c) An endorsement that any “no other insurance” clause to which the policy is subject shall not include any other insurance maintained by the owners or mortgagees of the units and that the insurance afforded by the policy shall be primary and not contributing (or brought into contribution) with such other insurance.
- (d) An endorsement that the insurer shall not be relieved from liability on the policy as a result of any act or occurrence that takes place while the hazard is increased, regardless of whether such increased hazard or cause thereof is within the control or knowledge of the Council of Unit Owners, its officers, directors, employees and agents or the owners, mortgagees or tenants of the units.
- (e) An endorsement that the insurance will not be terminated, cancelled, or suspended for any reason, including non-payment of premium, until at least thirty (30) days after the insurance company has given written notice of its intent to terminate, cancel, or suspend the insurance and the reason therefor to the Council of Unit Owners and to each owner and mortgagee of a unit named as such in the policy.
- (f) An endorsement, that the insurance company will not be relieved of liability on the policy by (i) any act or neglect of the Council of Unit Owners or of any owner or occupant of the units of (ii) any failure of the Council of Unit Owners or the owner or occupant of any unit to comply with any warranty or condition.
- (g) A provision that the Council of Unit Owners shall have the authority to negotiate all losses under the policy.

Section 4. Required Indemnity Insurance. If it is reasonably available, the Board of Directors shall obtain and maintain insurance to protect and indemnify the officers and directors of the Council of Unit Owners against any liability asserted against them in or arising out of their position as such and the cost and expense, including attorney’s fees, reasonably incurred to challenge or contest such liability, whether or not it is established. Such insurance shall be in such amount that will provide to each officer or director, a total indemnity for all such liability, costs, and expenses in the amount of at least One Million Dollars (\$1,000,000.00) and shall provide that the indemnification shall apply regardless of whether the Council of Unit Owners itself could lawfully pay such indemnification, but may provide that the indemnification shall not apply unless the liability results from or as a result of actions taken in good faith and without any cause to believe that the action was unlawful. The policy shall state that it applies to liability asserted by any person or entity, including the Council of Unit Owners, the owners, mortgagees, and tenants of the units.

Section 5. Required Workmen’s Compensation Insurance. The Board of Directors shall obtain and maintain workmen’s compensation insurance as required by law for the operations and employees of the Council of Unit Owners.

Section 6. Required Flood Insurance. The Board of Directors shall obtain and maintain the maximum amount of flood insurance on the condominium premises that is available under the National Flood Insurance Program or any successor program of a similar nature. Such flood insurance shall be issued in the same manner as provided above in the case of property insurance.

Section 7. Required Fidelity Bonds. If it is reasonably available, the Board of Directors shall obtain and maintain adequate fidelity coverage to protect against dishonest acts by the officers, directors, employees, and agents of the Council of Unit Owners and all others who are responsible for handling funds of the Council of Unit Owners. Such fidelity coverage shall:

- (a) Name the Council of Unit Owners as an obligee.
- (b) Be written in an amount equal to at least 150 percent (150%) of the current budget of the Council of Unit Owners that is referred to in Section of Article IX.
- (c) Contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expressions.
- (d) Provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior notice to the Council of Unit Owners and to each mortgagee or owner of a unit whose name has been given to the insured.

Section 8. Insurance Trustee. If any loss is payable under the casualty and fire insurance obtained by the Board of Directors, it may appoint as an Insurance Trustee for the purposes herein stated, any bank, trust company, savings and loan association, insurance company, or other institutional lender. If the proceeds of the loss that are paid under such insurance exceed the sum of Fifth Thousand Dollars (\$50,000.00), the Board of Directors shall be required to appoint an Insurance Trustee. In the event that the Board of Directors appoints an Insurance Trustee, all parties beneficially interested in such insurance and the proceeds thereof shall be bound hereby. The terms and conditions of such appointment shall be as follows:

- (a) The Board of Directors shall deposit with the Insurance Trustee a duplicate original of the instrument by which it appointed such Insurance Trustee and of each policy of insurance and all endorsements and certificates issued thereunder, and a listing of the name and address of each owner and mortgagee of each unit as shown on the records of the Council of Unit Owners.
- (b) In order to undertake its appointment, the Insurance Trustee shall acknowledge in writing its acceptance of such appointment and agree in writing that it will act and be liable in accordance with the terms hereof.
- (c) The Insurance Trustee shall not be liable or responsible for the payment of premiums, the renewal of policies, the sufficiency of coverage, the form or contents of policies, proceeds of the insurance or the repair or reconstruction of the condominium, and shall not have any duty or obligation to prosecute any claim for such proceeds or to take any action with regard to the damage.
- (d) The sole duty of the Insurance Trustee shall be to receive such proceeds of the insurance as are paid to it, to hold the proceeds in trust for the benefit of the Council of Unit Owners, the owners, and mortgagees of the units, and to disburse those proceeds in accordance with these By-Laws.
- (e) The fee and expense of the Insurance Trustee, as agreed between it and the Board of Directors, shall be a common expense, unless otherwise designated by the Board

of Directors, and may be paid by it from any proceeds of the insurance that the Insurance Trustee shall receive. The Board of Directors and the Insurance Trustee may make any agreement with regard to the powers and duties of the insurance Trustee that are not inconsistent with the provisions hereof.

- (f) Unless otherwise agreed by the Insurance Trustee, it shall not be liable or responsible for any act or omission made or taken by it in good faith and shall be presumed to have acted in good faith unless the contrary shall be clearly established.

Section 9. Miscellaneous.

- (a) It shall be the responsibility of the unit owners to advise the insurance and bonding companies of their identity and address and of the identity and address of the mortgagee of their units.
- (b) The Council of Unit Owners shall permit the unit owners to examine a copy of all insurance and bonds that it maintains during reasonable business hours and shall provide copies thereof upon payment of a reasonable charge therefor.
- (c) All premiums of the insurance and bonds that the Council of Unit Owners maintain shall be common expenses unless otherwise designated by the Board of Directors.
- (d) All insurance and bonds maintained by the Council of Unit Owners shall be issued by companies that are licensed to issue such coverage in the State of Maryland and which have a rating of "B+" or better in the current edition of Best's Insurance Guide.
- (e) The Council of Unit Owners (and its officers and directors) shall have no duty to obtain or maintain any insurance not required by these By-Laws, including but not limited to insurance coverage for the personal property ("contents") of the units or portions of the premises reserved for his exclusive use or occupancy, such as storage areas, or against liability of a unit owner for damage or injury caused by or arising from the condition or use of the unit or portions of the premises reserved for his exclusive use or occupancy, such as storage areas, or acts and occurrences therein.
- (f) Unit Owners may obtain and maintain such insurance as they desire, provided that all such insurance shall contain a waiver of the right of the insurance company of subrogation as to any and all claims against the Council of Unit Owners, its officers, directors, employees and agents, the owners of other units or their employees, agents, tenants and invitees.
- (g) To the extent that it is possible to do so, the deductible amount of insurance maintained by the Council of Unit Owners shall be applied equally to the portion of a loss that involves the common elements and to the portion of a loss that involves the units for each occurrence in which the deductible amount is applicable, and the deductible amount that is applied to the units shall be divided equally among them. If the insurance proceeds are insufficient to cover the entire loss, the deficiency,

other than that resulting from the deductible amount, shall be born first by the unit owners—that is, the proceeds will be used first to repair and restore the common elements; and the surplus, if any, remaining after payment of all costs of restoring and repairing the common elements shall be applied to the repair and restoration of the units in proportion to their loss. In apportioning a deficiency, whether or not due to the deductible amount, only the costs of repair and restoration that is not covered by other insurance shall be considered.

- (h) The Board of Directors may appoint an insurance advisor, who shall be someone who is actively engaged in the sale or brokerage of insurance or advising with regard to insurance needs; the insurance advisor may be an insurance agent, broker, or salesman who sells or brokers any of the insurance maintained by the Council of Unit Owners. In the event that the insurance advisor appointed by the Board of Directors shall advise it that any coverage or policy provision that is mentioned in these By-Laws is not reasonably available, then the Council of Unit Owners and Board of Directors may elect not to obtain such coverage or policy provision.
- (i) **–NONE--**
- (j) The Board of Directors shall make an annual review of the insurance at the same time as it considers the budget that is referred to in Section 2 of Article IX. It is contemplated that any insurance advisor appointed by the Board of Directors would attend such review and offer a written report with regard to the insurance stating his recommendations and comments thereon and that such report will be sent to each unit owner and to each institutional mortgagee holding a first mortgage on any unit who has requested a copy thereof, together with a copy of the proposed budget.
- (k) The Board of Directors shall not act to reduce the amount or scope of the insurance coverage or to make any substantial change in the policy provisions without first giving at least thirty (30) days written notice of such change to each unit owner and to each first mortgagee of a unit.

ARTICLE XIII

CASUALTY DAMAGE – REPAIR AND RECONSTRUCTION

Section 1. Duty to Restore. In the event of damage to or destruction of parts of the Condominium, the Council of Unit Owners, acting by the Board of Directors, shall promptly undertake to restore it, by repair and reconstruction, in the manner and to the extent provided in these By-Laws or as otherwise required by law. All such restoration shall be in substantial conformity with the plans and specifications.

Section 2. Termination by Partition. If the Condominium is damaged to the extent of two-thirds (2/3) of its then replacement cost, it shall be subject to an action for partition at the suit of any unit owner as if owned in common. If the Condominium is partitioned, it shall be terminated by such partition and the Board of Directors shall wind up the affairs of the Council of Unit Owners and liquidate

it; and the proceeds and other assets, shall be considered as one fund and divided among all unit owners in proportion to their percentage interest in the common elements, The Board of Directors shall have the authority to set a limit on the time by which an action for partition shall be filed, which shall not be less than ten (10) days after the casualty.

Section 3. Insurance Proceeds. If the Condominium is not terminated by partition, in the event of a casualty the Council of Unit Owners shall repair and reconstruct the common elements. To the extent that the insurance proceeds are sufficient to pay the costs thereof, the Council of Unit Owners may also repair and restore the units, provided, however, that the Board of Directors may also pay the owner of any unit such proceeds of insurance as may be applicable to the unit pursuant to Section 9(g) of Article XII, above, by check made payable jointly to each unit owner and mortgagee of the unit that is named as such in the insurance policy or of which the Council of Unit Owners is aware.

Section 4. Deficiencies. In the event that the insurance proceeds are insufficient to repair and reconstruct the common elements, all costs thereof that are not covered by insurance shall be a common expense and may be imposed as a special assessment by the Board of Directors without the approval of the Council of Unit Owners. In the event that the insurance proceeds are insufficient to repair and reconstruct a unit, its owners shall be responsible for the deficiency. In the event that the Board of Directors elects to distribute to the owners and mortgagees of a unit the portion of the insurance proceeds that are applicable to the unit, its owners shall be responsible for all costs of its repair and reconstruction. Owners of each unit damaged by a casualty shall promptly submit to the Board of Directors detailed data on the cost to repair and reconstruct the unit and the proceeds of other insurance that have or will have been received. Such data shall be binding upon them but shall be binding on the Council of Unit Owners only if it is accurate and complete.

Section 5. Loss Adjustment. The Council of Unit Owners shall be entitled to adjust all losses under the insurance that it maintains. Where costs are incurred for adjustment of loss or otherwise to obtain proceeds of insurance, the Council of Unit Owners may offset and retain such costs in regard to a particular unit from the proceeds that are applicable to it. If not recovered from the owners of the units that are affected by the loss, such costs shall be a common expense and may be imposed as a special assessment by the Board of Directors without the approval of the Council of Unit Owners.

Section 6. Surplus Proceeds. If there is any surplus of the proceeds of the insurance remaining after the payment of all sums, as provided above, such surplus shall be paid to the Council of Unit Owners and applied by it in reduction of future assessments for common expenses.

Section 7. Payment of the Insurance Deductible

- (a) If the cause of any damage or destruction of any portion of the Condominium originates within or from a unit, then the owner of said unit shall bear responsibility for payment of the insurance deductible amount due under the terms of the casualty or physical damage insurance policies maintained by the Council, up to the sum of \$1,000.00, without contribution by the Council and/or by any other unit owner.

- (a) If the cause of any damage or destruction of any portion of the Condominium originates from the common elements, then the Council shall bear responsibility for payment of the insurance deductible amount due under the terms of the casualty or physical damage insurance policies maintained by the Council as a common expense.
- (b) If the cause of any damage or destruction of any portion of the Condominium originates from more than one unit or from one or more units and the common elements, the insurance deductible amount under the terms of the casualty or physical damage insurance policies maintained by the Council shall be apportioned between or among the affected unit owners and/or the Council in direct proportion to the cost of repair or replacement attributable to each. A determination as to how the deductible amount shall be apportioned shall be made by the Board, in its sole and absolute discretion; however, any one unit owner's responsibility may not exceed \$1,000.00.
- (c) Any insurance deductible amount attributable to a unit pursuant to this Section shall be assessed to the Unit in the same manner as regular assessments and may be enforced in the same manner as collection of regular annual assessments pursuant to the provisions of these Bylaws. In addition, any unit owner or the Council shall retain any and all rights, which they may have pursuant to law or to the provisions hereof, if any, to obtain damages against a unit owner or occupant whose negligent or intentional acts caused or contributed to the casualty."

[Note: Article XIII was amended on October 12, 2002 by adding Section after Section 6, and is recorded in Liber 3490 Folio 575 and 576 of the Land Records of Worcester County, Maryland]

ARTICLE XIV

RULES OF CONDUCT

Section 1. Adoption. The Board of Directors is authorized to adopt rules of conduct for the Condominium, which shall apply to all persons present thereon. Such rules may be adopted by posting them in a conspicuous place in or about the premises. Once adopted, such rules may be rescinded by a simple majority of the Board of Directors or the Council of Unit Owners.

Section 2. Enforcement. The failure of any unit owner or occupant of the Condominium to comply with the provisions of the Declaration, these By-Laws or rules adopted by the Board of Directors will give rise to a cause of action against such unit owner or occupant by anyone aggrieved or injured by such failure and by the Council of Unit Owners for the recovery of damages or for injunctive relief, or both.

In the event of breach of any of the provisions of the Declaration, these By-Laws or rules adopted by the Board of Directors pursuant thereto by any unit owner or tenant, the Council of Unit Owners through its Board of Directors shall take such action as it shall deem appropriate, including legal action through court proceedings, to cure such breach and cause an abatement thereof. All costs of the Council of Unit Owners in taking such action, including the time of employees in connection therewith, attorneys' fees, and all other costs and expenses incurred in connection therewith shall be a charge against the unit owner who, or whose tenant, causes such breach to be payable to the Council of Unit Owners on an individual assessment basis.

Section 3. Rules Hereby Adopted. In addition to the other restrictions, duties and conditions imposed upon the use and occupancy of the units and the common elements by the Declaration or by these By-Laws, the following rules are adopted and may be rescinded only by amendment of these By-Laws as elsewhere provided herein:

- (a) All leases of units shall be in writing and provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and these By-Laws and that any failure by the lease to comply with the terms of those documents shall be a default under the lease.
- (b) Waste, nuisance, and noxious or offensive activities are prohibited.
- (c) Except as permitted by the Board of Directors, the common elements may not be obstructed and material shall not be stored thereon.
- (d) Except for purposes consistent with the occupancy of the units for residential purposes, no use of the common elements shall be made without the consent of the Board of Directors.
- (e) No conduct, activity or thing shall be permitted that would increase the premium for the insurance maintained by the Council of Unit Owners or cause the cancellation or suspension thereof.
- (f) Neither mobile homes nor trailers that are not customarily towed by automobile shall be placed on the condominium premises or the land or streets adjacent to the condominium premises. Regardless of whether a trailer is customarily towed by automobile, its cooking, bath and toilet facilities and equipment shall not be used or operated when the trailer is located on the condominium premises or streets adjacent to them.
- (g) Junked, abandoned, and inoperative vehicles or other equipment or machinery shall not be placed, stored or kept on the Condominium premises or in the streets adjacent to them.
- (h) Hunting and the discharge of firearms is absolutely prohibited on the condominium premises and the adjacent land and waterways.
- (i) No conduct, activity, device or other thing that constitutes an unreasonable hazard to any person or property on the condominium premises shall be permitted to be placed on the condominium premises. No radioactive, bacteriological, pathological, or disease-bearing compounds, organisms or substances and no chemicals,

explosives or drugs may be placed or used on the condominium premises except in such form and amount as may be commonly and lawfully found in ordinary products intended for usage in residences or for residential purposes and such products shall not be used except in the manner intended for such usage.

- (j) Goods, materials and other personal property may not be displayed for sale (even temporarily or by a “yard sale”) in any unit or on any other portion of the Condominium or the land or streets that are adjacent to them; provided, however, that a bona-fide resident of a unit may sell therein any personal property that has been initially placed in the unit for use for residential purposes and may advertise or declare the availability for sale of such property by newspaper or other means that are not expressly prohibited by these By-Laws.
- (k) No signs or advertisements of any kind may be posted on the Condominium except as authorized by the Board of Directors and except that the Grantor, or its duly authorized agents or representatives, shall have the right to advertise unsold units by placing “For Sale” signs upon any such units and at the Grantor’s discretion, upon the common elements so long as the Grantor shall own any of the units.
- (l) No conduct, activity or thing shall be permitted that unreasonably disturbs any resident of the Condominium.

Section 4. Limitation of Power. No rule that unreasonably interferes with the usage of the Condominium for residential purposes shall be made or enforced.

ARTICLE XV

MISCELLANEOUS

Section 1. Failure of Board of Directors to Insist Upon Strict Performance is No Waiver. The failure of the Board of Directors to insist in any one or more instances upon the strict performance of any of the terms, provisions, conditions or restrictions of the Declaration, these By-Laws or the rules of conduct made hereunder, or to exercise any right or option therein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, provision, restriction, option or right, which shall remain in full force and effect. The receipt by the Council of Unit Owners or its officers or Board of Directors of any payment of assessments from any unit owner with knowledge of the breach of any covenant of the Declaration, these By-Laws or the rules of conduct made hereunder shall not be deemed a waiver of such breach and no waiver of any provision of the Declaration, these By-Laws or the rules of conduct made hereunder shall be deemed to have been made unless expressed in writing and signed by duly authorized officers of the Council of Unit Owners.

Section 2. Captions. Captions used in the By-Laws and its table of contents, if any, are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text of the Declaration or the By-Laws.

Section 3. Gender, Singular, Plural. Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural and any gender shall be deemed to include all genders.

Section 4. Severability. If any provision of the By-Laws or any section, sentence, clause, phrase or word, or the application thereof in any circumstances shall conflict with the laws of Maryland then the said laws shall be deemed controlling; but the validity of the remainder of the By-Laws and the application of any such provisions, section, sentence, clause, phrase or word in other circumstances shall not be affected thereby. If any provision of these by-Laws shall be determined to be void, invalid or unenforceable, such determination shall not render void, invalid or unenforceable any other provisions hereof.

ARTICLE XVI

AMENDMENTS

Section 1. Proposal. Amendments to these By-Laws shall be proposed by either the Board of Directors or by the owners of at least twenty-five percent (25%) of the units. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

Section 2. Vote Required. Except as otherwise provided in the Declaration, the affirmative vote of unit owners or their voting representatives representing seventy-five percent (75%) of the units shall be required to amend these By-Laws. Except for unanimous adoption thereof, the amendment must be adopted at an annual or special meeting of the Council of Unit Owners.

Section 3. Effective Date. All amendments to the By-Laws made as hereinabove provided shall be evidenced by a written instrument, executed and acknowledged by the President and the Secretary, respectively, which shall contain a certification that the amendment was approved in accordance with the provisions of this Article. Such instrument shall be recorded and the amendment to the By-Laws shall become effective on the date upon which such instrument shall have been recorded. Copies of such instrument shall be sent to each unit owner in the manner provided for in the By-Laws for the giving of notices to unit owners, but the same shall not constitute a condition precedent to the effectiveness of such amendment.

Section 4. Approval of Mortgagees. Reference is hereby made to Section 2(a) of Article VIII of these By-Laws.

Plats recorded in Plot Book Liber No. W.C.L. 90, folios 54 thru 56.

1984-June 21st The foregoing Declaration and Plats filed for record and is accordingly recorded among the land records of Worcester County, Md in Liber, W.C.L. No. 990 folios 292 thru 342

(Signed) Clerk