

EXHIBIT B TO DECLARATION

BY-LAWS

OF

RIVER OAKS CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

Name and Location

Section 1. Name and Location. The name of the Council of Unit Owners is "River Oaks Condominium Association, Inc." Its principal office and mailing address is located at 10230 New Hampshire Avenue, Suite 300, Silver Spring, Maryland 20903.

ARTICLE II

Definitions

Section 1. Declaration. "Declaration" as used herein means that certain Declaration made the 24 day of April, 2000, pursuant to Title 11, Real Property Article of the Annotated Code of Maryland, as amended, by which certain described premises, including land, are submitted to a condominium property regime, and which Declaration is recorded among the Land Records of Anne Arundel County, Maryland, immediately prior hereto and to which these By-Laws are appended as Exhibit B.

Section 2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in Title 11, Real Property Article of the Annotated Code of Maryland.

ARTICLE III

Membership/Powers

Section 1. Membership. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who are Unit Owners or Unit Co-Owners and are the holders of record title to the fee simple interest to any Condominium Unit, or any common or joint interest therein if such Unit is owned by more than one person or entity, shall be a member of the Corporation; provided, however, that any person, group of persons, corporation, trust or other legal entity or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be a member.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Corporation. These By-Laws and the government of the Corporation pursuant thereto shall be construed by reference to the provisions of the Corporations and Associations Article of

the Annotated Code of Maryland, as amended, pertaining to the government of the Corporation to the extent not inconsistent with the provisions of Title 11, Real Property Article of the Annotated Code of Maryland, the Declaration and these By-Laws.

Section 3. Membership Roster. The Secretary (as hereinafter defined) shall cause to be compiled a membership roster listing the name of each Unit Owner who shall be deemed a member in accordance with Section 1 of this Article III, his address (if different from the address of the Unit), and the name(s) of his mortgagee, as defined in Article XVI, Section 1, hereof. It shall be the duty of each member to notify the Secretary in writing of any change of address of such member or change of mortgagee. Failure to provide this information by any member shall result in that member not being entitled to vote at meetings of the Council of Unit Owners.

Section 4. Powers of the Council of Unit Owners. The Council of Unit Owners shall have all of those powers enumerated in Section 11-109(d) of the Act, as the same may be amended from time to time. All powers residing in the Council of Unit Owners, except for such as in the Act are expressly reserved to the Council of Unit Owners, shall be delegated to and exercised by the Board of Directors and/or the managing agent employed by the Board of Directors on behalf of the Council of Unit Owners.

#### ARTICLE IV

##### Meeting of Members and/or Unit Owners

Section 1. Place of Meeting. Meetings of the members and/or Unit Owners or Unit Co-Owners shall be held at the principal office of the Corporation or at such other location in Anne Arundel County, Maryland, as may be designated by the Board of Directors, or outside Anne Arundel County if convenient to the membership.

Section 2. Annual Meetings. The first annual meeting of the members shall be held within sixty (60) days from the date that fifty percent (50%) of the percentage interests in the Condominium have been conveyed by the Declarant to the initial purchasers of Units. At such meeting, there shall be elected by ballot, the members of a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The members may also transact such other business of the Corporation as may properly come before them. Thereafter, the annual meetings of the members of the Corporation shall be held from time to time upon notice as provided in Section 4 of this Article.

Section 3. Special Meetings. It shall be the duty of the President (as hereinafter defined) to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least twenty-five percent (25%) of the total votes of the project having been presented to the Secretary; provided, however, that no special meeting shall be called prior to the first annual meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No

business shall be transacted at a special meeting except as stated in the notice unless by consent of eighty percent (80%) of the members present either in person or by proxy.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a written notice of each annual or special meeting, stating the purpose thereof as well as the time and place where such meeting is to be held, to each member of record, at his address as it appears on the membership roster of the Corporation, or if no such address appears, at his last known place of address, at least ten (10) days, but not more than ninety (90) days, prior to such meeting. Service may also be accomplished by the delivery of such notice to the member at the address shown on the roster mentioned above. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the membership shall be a waiver of notice to him of the time, place and purpose thereof. Meetings of the members shall be open.

Section 5. Quorum. The presence either in person or by proxy, of members representing at least twenty-five percent (25%) of the total votes of the Condominium as set out in the Declaration, shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members.

Section 6. Voting. At every meeting of the members, each of the members shall have the right to cast the number of votes appurtenant to his Unit, as established in Exhibit "C" of the Declaration. The majority of the members representing more than fifty percent (50%) of the votes of members on the current roster, present in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Declaration or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other Owner of such membership is noted at such meeting. In the event all of the Co-Owners of a membership who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding the question. In the event any Condominium Unit is owned by a corporation, then the vote for such membership appurtenant to such Condominium Unit shall be cast by a person designated in a certificate signed by the president of the corporation or any vice president thereof and attested by the secretary of the corporation prior to the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and unless any objection or protest by any other trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No member shall be eligible to vote or to be elected to the Board of Directors that is shown on the books or management accounts of the Corporation to be more than thirty (30) days delinquent in payment of assessments for common expenses due the Corporation and which has had a Statement of Condominium Lien filed against the Unit of that member.

Section 7. Proxies. A member may appoint any other member or the Declarant as his proxy. In no case may any member, except the Declarant, cast more than one vote by proxy in addition to his own vote. A proxy must be in writing and must be filed with the secretary before the appointed time of each meeting. No proxy shall be effective for a period exceeding one hundred eighty (180) days following its issuance, unless granted to a lessee or a mortgagee. Proxies are subject to the provisions of Section 11-109 of the Maryland Condominium Act, as amended from time to time.

Section 8. Adjourned Meeting. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy may, except as otherwise provided by law, adjourn the meeting to a time not less than ten (10) days from the time the original meeting was called. In the event of any such adjourned meeting, further notice of the new date must be given to all of the members in accordance with Section 11-109 of the Maryland Condominium Act as amended from time to time.

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

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

#### ARTICLE V Directors

Section 1. Number and Qualification. The affairs of the Council of Unit Owners of the Condominium shall be governed by the Board of Directors composed of at least three (3) persons and not more than five (5) all of whom, after the first annual meeting of members, shall be members of the Corporation. Until such time as the Declarant is divested of fifty percent (50%) of its membership interest in the total Condominium, any one director appointed or elected through the Declarant may act on behalf of all of such directors if they are unable to attend any meeting of the Board of Directors.

Section 2. Initial Directors. The initial directors shall be selected by the Declarant and need not be members of the Corporation. The names of the Directors, who shall act as such from the date upon which the Declaration is recorded among the Land Records of Anne Arundel County, Maryland, until the first annual meeting of the members or until

such time as their successors are duly elected and qualified are as follows: Joseph Antonelli, Philip Barber, and Moe H. Jaymand.

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

(a) To provide for the care, upkeep, maintenance of the Condominium and its General Common Elements and services, to require Unit Owners to maintain and repair the Limited Common Elements, and to require Unit Owners to maintain, repair and replace their Units, all in a manner consistent with the Maryland Condominium Act and the provisions of these By-Laws and the Declaration.

(b) The establishment, collection and use of the assessments from the members and for the assessment and/or enforcement of liens therefor in a manner consistent with the Maryland Condominium Act and the provisions of these By-Laws and the Declaration.

(c) To provide for the designation, hiring and dismissal of the personnel necessary for the maintenance and operating the condominium project and for the proper care of the General and Limited Common Elements and to provide services for the project in a manner consistent with the law and the provisions of these By-Laws and the Declaration.

(d) To promulgate and enforce such rules and regulations and such restrictions and 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 by the members, all of which shall be consistent with federal, state and local law and the provisions of these By-Laws and the Declaration.

(e) To impose fines, suspend voting or impose other sanctions for violations of rules and regulations in accordance with the procedures set forth in Section 11-113 of the Maryland Condominium Act, as amended from time to time.

(f) 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, all subject to the prior written approval of the Regional Office of the Veterans Administration provided any of the mortgages are insured by the Administrator of Veterans Affairs and according to the provisions of the Maryland Condominium Act, as amended from time to time.

(g) To purchase condominium units in the condominium project and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration.

(h) To enter into agreements whereby the members acquire leaseholds, membership and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the members and to declare expenses incurred in the protection therewith to be Common Expenses of the Corporation.

(i) To purchase insurance on the Condominium in a manner provided for in these By-Laws.

(j) To repair, restore or reconstruct all or any part of the Condominium after any casualty loss in a manner consistent with the law and the provisions of these By-Laws and to otherwise improve the Condominium.

(k) To have unauthorized vehicles removed from Common Elements in accordance with rules adopted by the Council of Unit Owners and posted on the parking lot area or in such other conspicuous location.

(l) To the extent authorized by Article XVII of these Bylaws, to allocate parking spaces within the Condominium to Unit Owners and guests. Only the Declarant or the Board of Directors may assign parking spaces from time to time .

Section 4. Management Agent. Upon the majority vote of the members, the Board of Directors may employ for the Corporation a management agent at a rate of compensation established by the Board of Directors which shall perform duties, including, but not necessarily limited to, the duties set out in Section 3 of this Article. The Corporation shall have the right to self-management by a simple majority vote of the Unit Owners. Any management agreement entered into by the Council of Unit Owners shall provide, inter alia, that such agreement may be terminated without cause or payment of a termination fee upon ninety (90) days written notice thereof, and with cause upon thirty (30) days written notice without payment of a termination fee. The term of such a management agreement shall not exceed one (1) year, but may be renewed by mutual consent of the parties.

Section 5. Election and Term of Office. The term of the Directors named herein and in the Articles of Incorporation shall expire when their successors have been elected at the first annual meeting of members and are duly qualified. The election of Directors shall be by ballot, unless balloting is dispensed with by unanimous consent of the members present at any meeting, in person or by proxy, and shall be elected in accordance with the terms of Section 11-109 of the Maryland Condominium Act. There shall be no cumulative voting. At the first annual meeting of the members the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The terms of office of the Directors receiving the second and third greatest number of votes shall be fixed at two (2) years and the terms of the Directors receiving the fourth and fifth greatest number of votes shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, the successor shall be elected to serve a term of three (3) years.

Directors shall hold office until their successors have been elected and hold their first annual meeting.

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

Section 7. Removal of a Director. At a regular or special meeting duly called for such purpose, any one or more of the Directors may be removed with or without cause by the affirmative vote of the majority of the votes of the members present, in person or by proxy, and voting, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than thirty (30) days delinquent in payment of any assessments and/or carrying charges due the Corporation may be terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article. Directors may be removed from office by the Board if three (3) consecutive meetings are missed or for other appropriate reasons.

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

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the entire Board of Directors shall be present at such meeting.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined by a majority of the Directors, but at least two (2) such meetings shall be held during each year. Unless a certain day and time of each meeting is selected as the meeting day, notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail at his last known address or at the address shown on the roster referred to in Article III, Section 3 of these By-Laws, or by telephone or telegraph or facsimile at least six (6) days prior to the day named for such meeting. If the Directors designate the same day and time of each month for the regular meetings, prior notice need not be given. Meetings shall be held in compliance with Section 11-109.1 of the Maryland Condominium Act, as amended from time to time. Notice of meetings of the Board of Directors shall be mailed to Unit Owners at least annually.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director and to each unit owner (unless the

subject matter is limited to a topic or topics for which a closed meeting may take place under Section 11-109.1 of the Act as amended from time to time), given personally or by mail at the address set out in Section 10 above, or by telephone or by telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting. These provisions are limited to meetings that may be closed pursuant to Section 11-109.1 of the Act, as amended from time to time.

Section 13. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the majority of those present may adjourn the meeting to a later time, and not less than forty-eight (48) hours from the time of the original meeting. At such later meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting except adoption of the budget, (and provided the topics under consideration are those that may be taken at a closed meeting pursuant to Section 11-109.1 of the Act, as amended from time to time), may be taken without a meeting if all of the members of the Board of Directors shall individually and collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors and may be signed in counterparts.

Section 15. Registration of Directors and Officers. Following the first annual meeting of the Condominium, the Council of Unit Owners shall register with the Department of Assessments and Taxation and shall provide the names and addresses of the officers and directors and shall update this information periodically as provided by Maryland corporations law.

## ARTICLE VI Officers

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

assistant treasurer and such other officers as in the Board's judgment may be necessary. The offices of secretary and treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Directors. Nominations and ballots shall be in accordance with Section 11-109 of the Maryland Condominium Act.

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 may be elected at any regular meeting of the Board of Directors, or any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the Chief Executive Officer of the Corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of the Corporation including, but not limited to, the power to appoint committees from among the membership from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Corporation.

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

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

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

Section 8. Compensation. The officers shall serve without compensation.

**ARTICLE VII**  
**Liability and Indemnification of Officers and Directors**

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

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

(a) The fact of the common directorate or interest is disclosed or known to the disinterested directors or an affirmative majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote as above even if the disinterested Directors constitute less than a quorum; or

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote of a majority of the members excluding those who would benefit from the transaction; or

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

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

## ARTICLE VIII Management

Section 1. Management and Common Elements. The Council of Unit Owners and/or the Corporation shall manage, operate and maintain the Common Elements in the Condominium project, shall enforce the provisions hereof and may pay out of the common expense fund herein elsewhere provided for, the following:

(a) The cost of extended liability insurance on the Common Elements and the cost of such other insurance as the Corporation may elect.

(b) The cost of the services of a person or firm to manage the Common Elements to the extent deemed advisable by the Corporation.

(c) In general, the cost of maintaining, replacing, repairing and landscaping the General Common Elements and such other furnishings and equipment for the General Common Elements as the Board of Directors shall determine are necessary and proper, provided, however, that nothing herein contained shall require the Corporation to repair, or otherwise maintain any Condominium Unit, or any fixture, appliances, or equipment located therein.

(d) The cost of any and all other materials, supplies, labor services, maintenance, repairs, taxes, assessments, or the like which the Corporation is required to secure to pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the Common Elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular Condominium Unit or Units, the cost thereof shall be specially assessed to the Owner or Owners thereof in the manner provided in Subsection (e) of Section 1 of this Article.

(e) The cost of the maintenance or repair of any Condominium Unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common Elements or to preserve the appearance or value of the Condominium or is otherwise in the interest of the general welfare of all Owners of the Condominium Units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Owner of the Condominium Unit proposed to be maintained and provided further that the cost thereof shall be assessed against the Condominium Unit on which such maintenance or repair is performed and, when so assessed a statement for the

amount thereof shall be rendered promptly to the then Owner of the Condominium Unit at which time the assessment shall become due and payable and shall constitute a continuing lien and obligation of said Owner and Unit in all respects as provided in Article IX of these By-Laws.

(f) Any amount necessary to discharge any lien or encumbrance levied against the Condominium, or any portion thereof, which may, in the opinion of the Board of Directors constitute a lien against any of the Common Elements rather than the interest of the Owner of any individual Condominium Unit.

Section 2. Management Agent. Upon the majority vote of the members or majority vote of the Board of Directors, the Corporation may delegate any of its duties, powers or functions to a Management Agent. The Corporation and Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated if the Director reasonably believes the Management Agent to be competent.

Any management contract entered into by the Corporation prior to passing of control to the Unit Owners other than the Declarant and/or Developer, shall include a right of termination by the Corporation without cause, at any time after the transfer of control. This right of termination shall not require the payment of any penalty or an advanced notice of more than thirty (30) days.

Section 3. Easements of Utilities, Related Purposes and Other Purposes. The Corporation is authorized and empowered to grant, and shall from time to time grant, such licenses, easements and/or rights-of-way for service lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits, cable TV, and such other purposes related to the provision of public utilities as may be required for providing utility service to the Units and the Common Elements, as well as licenses, easements and rights-of-way for such other purposes deemed appropriate by the Corporation, provided the necessary approvals for such grants are obtained as required by Section 11-125 of the Maryland Condominium Act as amended from time to time.

Section 4. Limitation of Liability. The Corporation shall not be liable for any failure of water supply or other services to be obtained by the Corporation or paid out of the common expense funds, or by any Owner of any Condominium Unit, or any other person. No diminution or abatement of common expense assessments as herein elsewhere provided shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the General Common Elements or from any action taken by the Corporation to comply with the law, ordinance or with the order or directive of any municipal or other governmental authority, except to the extent covered by insurance.

Section 5. Corporation as Attorney-in-Fact. The Corporation is hereby irrevocably appointed as attorney-in-fact for the Owners of all Condominium Units, and for each of

them, to manage, control and deal with the interests of such Owners in the General Common Elements of the Condominium as to permit the Corporation to fulfill all of its powers, functions and duties under the provisions of the Maryland Condominium Act, the Declaration, and the By-Laws, and to exercise all of its rights thereunder. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity to any interest in any Condominium Unit shall constitute an appointment of the Corporation as attorney-in-fact as aforesaid.

Section 6. Duty to Maintain, Repair and Replace. Except for maintenance requirements hereinabove imposed upon the Corporation, the Owner of the Condominium Unit shall, at his own expense, maintain and carry all necessary insurance for the upkeep, repair and replacement of his Unit, (except that the Council of Unit Owners shall maintain the blanket insurance on the Common Elements and Units, exclusive of improvements and betterments as set forth in Article XII, Section 1 below), including, but not limited to and any and all equipment, appliances, fixtures, windows, fireplaces, doors, driveways, stoops and steps and all other parts of the Unit as defined in the Declaration and the Condominium Plats, therein situate, and its other appurtenances. He shall maintain, repair and replace his Unit and shall maintain his Unit in good order, condition, and repair, in a clean and sanitary condition, and shall do all redecorating, painting, and the like which may at any time be necessary to maintain the good appearance of his Condominium Unit, and such appurtenances. In addition to the foregoing, the Owner of any Condominium Unit shall at his own expense, maintain, repair or replace any plumbing and electrical fixtures, heating and air conditioning equipment, whether within or without the Unit so long as it serves his Unit, light fixtures located within the Unit, refrigerators, freezers, dish washers, disposals, range and/or other equipment that may be in or appurtenant to such Condominium Unit. The Owner of the Condominium Unit shall, at his own expense, maintain and repair the Limited Common Elements appurtenant to his/her Unit in a clean, orderly and sanitary condition, including the maintenance of the areas enclosed by privacy fences. Each Unit Owner shall be responsible for the maintenance, repair and replacement of any pipes and drains feeding from fixtures within his Unit to a central collection pipe or drain. All obligations created by or arising out of provisions of this Article VIII, Section 6, shall be personal with the Owners of the Units and, upon the discretion of the Board of Directors, may result in a lien or charge upon any of the Units owned by the violating Owners.

Section 7. Party Walls. (a) Each wall which is built as a part of the original construction of the Units and which is located between two (2) Units shall constitute a party wall.

(b) Each Unit Owner shall be responsible for the maintenance, repair and replacement of his/her portion of any party wall.

(c) In the event of any dispute arising concerning a party wall, or under the provisions of this Section 7, such disputes shall be referred to arbitration. Each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators, and shall be binding upon the parties.

Pursuant to Maryland law, judgment upon the award of the arbitrators may be maintained in any Court with jurisdiction thereupon.

Section 8. Access at Reasonable Times. The Council of Unit Owners, through its Board of Directors or Management Agent, shall have an irrevocable right and easement to enter the Condominium Units for the purpose of making repairs to the General and Limited Common Elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium project. Except in cases involving manifest danger to public safety or property, the Council shall make a reasonable effort to give notice to the Owner of any Condominium Unit to be entered for the purposes of such repairs. No entry by the Council for the purposes specified in this section shall be considered a trespass.

Section 9. Maintenance of Vegetation Within Cul-De-Sac on Millhaven Drive. Upon future installation of a planted island within the cul-de-sac located on Millhaven Drive as shown on the Condominium Plat, the Council of Unit Owners shall maintain the vegetation. Any future plantings are subject to approval by the Anne Arundel County Department of Planning and Code Enforcement prior to installation. This obligation may be eliminated, or shared or otherwise modified, by agreement with Anne Arundel County, or upon the assignment by Anne Arundel County, of the responsibility to a person or entity other than the Council.

#### ARTICLE IX

#### Assessments, Carrying Charges and Annual Budget

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

- (a) The cost of all services furnished, including charges by the Corporation for facilities and maintenance of the Common Elements.
- (b) The estimated cost of necessary management, repairs, maintenance and administration of the Common Elements.
- (c) The amount of all taxes and assessments levied against the Corporation or upon any property which it may own or which it is otherwise required to pay, if any.
- (d) The cost of extended liability insurance on the Common Elements and the cost of such other insurance as the Corporation may incur.

(e) The cost of furnishing water, electricity, heat, and other utilities to the extent furnished by the Corporation, if at all.

(f) The cost of funding contributions to the "Paid-in-Surplus" account and all necessary replacements established by the Corporation, including, when appropriate, general operating allocation and/or replacement disbursements, if required to be so kept by the Corporation.

The Board of Directors shall determine the amount of the assessment annually, but may do so at more frequent intervals should circumstances require. Upon resolution of both the Board of Directors and the members representing more than fifty percent (50%) of the total votes of the Condominium, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinabove provided for. For administrative convenience, when and if the annual assessments are increased in accordance with the procedures set forth herein, the increases shall be rounded off to the next higher dollar amount.

The Board of Directors shall determine and fix the amount of the assessment annually, and shall submit a copy of the annual proposed budget to the Unit Owners-at least thirty (30) days before its adoption by the Board of Directors at a meeting of the Council of Unit Owners scheduled for that purpose. Assessment shall be made against the Unit Owners in proportion to their percentage interest in the common expenses and common profits. The budget shall be adopted by the Board of Directors at an open meeting of the Council of Unit Owners and shall become effective unless disapproved at the meeting by a vote of at least a majority of the total votes of all Unit Owners eligible to vote.

The annual budget shall provide for at least the following items: (1) income; (2) administration; (3) maintenance; (4) utilities; (5) general expenses; (6) reserves; (7) capital items. In addition, the initial budgets shall include the contributions equal to two (2) months assessments paid by each Unit Owner at the time of the settlement on each Unit between the Declarant and the initial purchaser of each Unit. This sum is not an advance payment of assessments. Until control of the Condominium is transferred from the Declarant, the working capital shall be deposited into a segregated fund without interest to the Condominium. While Declarant is in control of the Council of Unit Owners, the working capital funds shall not be used to defray the Declarant's expenses, reserve contributions, or construction costs or to make up any budget deficits. When unsold units are sold, Declarant may use funds collected to reimburse itself for funds it paid the Corporation for each unsold Unit's share of the working capital fund.

The omission of the Board of Directors, before the expiration of any assessment period, to fix the assessments hereunder for that or the next period, or the rejection of the proposed budget shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any Unit Owners from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period, but

the assessment is fixed at the rate for the current year until the procedure set forth above is complied with. No Unit Owner may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the Common Elements or by abandonment of any Condominium Unit belonging to him. Declarant shall be entitled to deduct from any assessments owed by it for Units it has legal title to, any sums expended by it on account of the budgeted items for which the assessments are being collected.

Section 2. Special Assessments. In addition to the regular assessments authorized by this Article, the Corporation may levy in any assessment year subsequent to the first year, a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement, of a described capital improvement located upon the General Common Elements, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate provided that any such assessment shall have the assent of the members representing a majority of the total of the Council of Unit Owners. A meeting of the members shall be duly called for this purpose, written notice of which shall be sent to all members at least ten (10) days but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting. The Declarant shall not be responsible for, or to pay any special assessment so levied until such time as a Unit to which he retains legal title becomes occupied for residential use, not including use of any Units as a model or demonstrator.

Section 3. Non-Payment of Assessments--Statement of Condominium Lien. Any assessment levied pursuant to the Declaration or these By-Laws, and any installment thereof, which is not paid on the date when due shall be delinquent and shall entitle the Corporation to claim the amount of such assessment, together with interest thereon, late charges as set out below, the actual costs of collection thereof, and reasonable attorney's fees, as a lien on the Condominium Unit against which it is assessed; provided, however, that such lien shall be effective only after a Statement of Condominium Lien is recorded among the Land Records of Anne Arundel County, Maryland, after notice of the amount due and of the Unit Owner's right to a hearing, all pursuant to Subsection 11-110(d) of the Condominium Act, and Subsection 14-201, et. seq., of the Real Property Article of the Annotated Code of Maryland (Maryland Contract Lien Act); both as amended from time to time, and further provided that the Statement of Condominium Lien states the description of the Condominium Unit, the name of the Unit Owner of record, and the amount due. Any such Statement of Condominium Lien shall be in substantially the following form or as may otherwise be required by Title 14, Subtitle 2, Real Property Article of the Annotated Code of Maryland, as amended from time to time.

#### STATEMENT OF CONDOMINIUM LIEN

THIS IS TO CERTIFY that the property described as Unit No. \_\_\_\_\_, in "River Oaks Condominium" is subject to a lien under Title 14, Subtitle 2 of the Real Property

Article, Maryland Annotated Code, in the amount of \$\_\_\_\_\_. The property is owned by \_\_\_\_\_

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

\_\_\_\_\_  
Name of Party Claiming Lien

The Statement of Condominium Lien shall be signed and verified as required in Title 14, Subtitle 2, Real Property Article of the Annotated Code of Maryland, as amended from time to time by any officer of the Council of Unit Owners, or any duly authorized agent, attorney, or other person duly authorized by the Board of Directors of the Council of Unit Owners for such purpose.

Upon recordation of the Statement of Condominium Lien as aforesaid, the Lien shall bind the Condominium Unit described in the Statement of Condominium Lien in the hands of the Unit Owner, his heirs, successors, devisees, personal representatives and assigns. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of the voluntary grant for which a Statement of Condominium Lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. The personal obligation of the Unit Owners to pay the assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, together with actual costs of collection, interest, late charges and reasonable attorney's fees, may be maintained without foreclosure or waiving the lien established by the Statement of Condominium Lien to secure payment of such assessment. In determining the reasonableness of attorney's fees to be awarded, the courts are requested to recognize the many requirements of these documents and Maryland law involved in obtaining a lien and/or judgment; that the costs of collection, including attorney's fees, frequently exceed the amounts of unpaid assessments; and the need of the Council of Unit Owners to recover from the defaulting Unit Owner all of its expenses incurred in attempting to collect the unpaid assessments and other charges. Upon full payment of the amount for which the lien is claimed, including payment of a fee for preparation and recording of the lien or order of satisfaction, the Unit Owner shall be entitled to a recordable satisfaction of the lien.

Any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, which is not paid within fifteen (15) days after it is due, shall be subject to a late charge of Fifteen Dollars (\$15.00), or one-tenth (1/10th) of the total amount of any

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

In the event any proceeding to foreclose the lien for any assessment due the Corporation pursuant to this Article is commenced with respect to any Condominium Unit or Units in the Condominium, then the Owner of such Condominium Unit or Units, upon resolution of the Board of Directors, may be required to pay a reasonable rental for such Unit or Units, and the Corporation shall be entitled to the appointment of a receiver to collect the same.

Section 4. Assessment Certificates. The Corporation shall, upon demand at any time, furnish to any member liable for any assessment levied pursuant to these By-Laws (or any party legitimately interested in the same) a certificate in writing signed by an officer or agent of the Corporation, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Corporation for each certificate so delivered except that no charge shall be levied against any institutional mortgagee of any Condominium Unit in the Condominium which requests such a certificate.

Section 5. Acceleration of Installments. Upon default in the payment of any one or more monthly installments of any annual assessments levied pursuant to the Declaration and/or these By-Laws, or any other installment thereof, the entire balance of said annual assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full, provided the Board of Directors complies with the procedures for acceleration set forth in the Maryland Condominium Act, as amended from time to time.

Section 6. Priority of Lien. The lien established by the Corporation by a Statement of Condominium Lien as hereinbefore provided, shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

a. General and special assessments for real estate taxes on the Condominium Unit, and

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

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

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

Section 7. Additional Rights of Mortgagees--Notice. The Corporation shall promptly notify the holder of the first mortgage on any Condominium Unit for which any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof becomes delinquent for a period in excess of thirty (30) days and the Condominium Unit with respect to which any provisions of the Declaration or these By-Laws remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the priorities established by this Article, the validity of any assessment levied pursuant to the Declaration or these By-Laws or the validity of any lien to secure the same.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration or these By-Laws except after ten (10) days written notice by first class mail, mailed to the holder of the first mortgage on the Condominium Unit which is the subject matter of such suit or proceeding. For the purpose of this Section 7, a notice shall be deemed mailed when it is postmarked and not when it is received.

## ARTICLE X Use Restrictions

Section 1. Residential Use. All Condominium Units shall be used for private residential purposes exclusively except for such non-residential uses as may be permitted by the Board of Directors, the applicable zoning ordinance and recorded covenants and restrictions (such as licensed home day care where deemed appropriate). Because of market conditions or for any other reason, the Declarant may lease in lieu of selling any Unit which it owns. Nothing in this Section, or herein elsewhere, shall be construed to prohibit the Declarant from the use of any Condominium Unit which Declarant owns for promotional display purposes as "model Units" or from leasing any Unit or Units which Declarant owns except that Declarant shall nevertheless be bound by the provisions of Section 2 of this Article.

Section 2. Leasing. No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accommodated therein. Any Owner of any Condominium Unit who shall lease such Unit shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Condominium Unit shall be subject to and subordinate in all respects to the provisions of the Declaration and these By-Laws and to such other reasonable rules and regulations relating to the use of the Common Elements or other "house rules", as the Board of Directors may from time to time promulgate. No Unit may be leased or rented for less than thirty (30) days. A copy of the Declaration and these By-Laws and any other "house rules" shall be retained in the leased Condominium Unit. The provisions of this Section shall not apply to any institutional mortgagee of any Condominium Unit who comes into possession of the Unit by reason of any remedies provided by law, in such mortgage, or as a result of a foreclosure or other judicial sale or as a result of any proceeding, arrangement, or deed in lieu of foreclosure.

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

(a) No part of the Property shall be used for other than housing and the related common purposes for which the Property was designed. Each Unit shall be used for residential purposes and for no other purpose, except that a Unit may be used as a professional office or licensed home day care facility, upon the written consent of the Board of Directors provided that such use is consistent with all valid laws, zoning ordinances and

regulations of all governmental agencies having jurisdiction in respect of the Property, and provided further, that as a condition for such consent each such Unit Owner agrees to pay and pays any increase in the rate of insurance for the Property which results from such professional use or licensed home day care. Subject to any limitations established by the Board of Directors and Maryland law, any Owner may use his Unit for licensed home day care or he may use a portion of his Unit for an office or studio provided that the activities therein shall not interfere with the quiet enjoyment or comfort of any other Owner, and further provided that such uses are previously approved by the Board of Directors, and do not violate applicable zoning ordinances or other provisions of law. Notwithstanding the above, in no event shall any part of the Property be used as a school or music studio. Any home day care provider shall notify the Board of Directors in writing a minimum of sixty (60) days before opening a family day care home in a Unit. The use of a Unit for home family day care may, at any time, be permitted or prohibited, (even if previously operating), by a simple majority of the total eligible voters of the Condominium at a special or annual meeting. The Board of Directors may regulate (including the regulation of the total number of Units which may be used at any one time for home family day care), and charge appropriate fees for providers of home day care in Units in accordance with the provisions of Maryland law, as amended from time to time.

(b) No noxious or offensive trade or activity shall be carried on within any Condominium Unit nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other Owners. No nuisances shall be permitted within the Condominium, nor shall any use or practice be permitted which is or becomes a source of annoyance to the members or which interferes with the peaceful use and possession thereof by the members. By way of example and not limitation, examples of nuisances include loud music or noise; loud, frequent and late night parties; use of electrical equipment which interferes with normal television or radio reception.

(c) There shall be no obstruction of any Common Elements. Nothing shall be stored upon any Common Elements, excepting those areas designated for storage of personal property by the Owners of the Condominium Units, without the approval of the Board of Directors. Vehicular parking upon General Common Elements may be regulated by the Board of Directors. Parking spaces and bicycle storage upon the Common Elements may be assigned by the Board of Directors for use by the Owners of particular Condominium Units. Certain parking spaces are designated as Limited Common Elements on the Condominium Plat and amendments thereto.

(d) Nothing shall be done or maintained in a Condominium Unit or upon any Common Elements which will increase the rate of insurance on any of the Common Elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. No waste shall be committed upon any Common Element.

(e) No modification, alteration, construction, addition or removal of any Condominium Unit or Common Elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws.

(f) Except for such use permitted by the Declaration or these By-Laws, and except as expressly permitted by Sub-Section 11-111.3 of the Act, as amended from time to time, no industry, business, trade occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Condominium regime. No Unit Owner may post any advertisement, poster or sign of any kind on the exterior of his Unit or in the windows of his Unit, except (i) as expressly permitted by Sub-Section 11-111.2 of the Act; (ii) permitted by the Board of Directors; (iii) in the event the Board of Directors gives its consent to the professional use of a Unit, a suitable sign may be displayed upon the written consent of the Board of Directors; or (iv) when required by law. The right is reserved by the Declarant or its agents to use any unsold Unit or Units for display purposes and to display "For Sale" or "For Rent" signs for unsold Units.

(g) There shall be no violation of any rules for the use of the Common Elements or other "house rules" which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, and the Board of Directors.

(h) No unlawful use shall be made of any Condominium Unit or any portion of the Common Elements and all laws, zoning and other ordinances, regulations of governmental and other municipal bodies and the like shall be observed at all times.

(i) No recreational vehicles, boats, boat trailers, camping trailers, trucks or motor vehicles of any kind except passenger cars, passenger van-type vehicles, pick-up trucks which do not display commercial lettering or signs, and other vehicles approved by a majority of the Board of Directors shall be parked or stored in or on any Condominium Units or Common Elements except in the area designated for such vehicles and/or boats by the Board of Directors, if any. All approved vehicles must be properly registered, licensed and in operating condition. Nothing herein shall be construed to prevent the Unit Owners from parking such vehicles at the Unit for purposes of servicing, loading or unloading and except as may be permitted by regulations adopted by the Board of Directors. In the event parking spaces are assigned to Unit Owners, visitors parking shall be restricted to those assigned spaces and violating vehicles may be towed away upon the direction of the Board of Directors, provided the Board of Directors is assigned the enforcement authority over parking areas. Repairs or extraordinary maintenance of automobiles or other vehicles is prohibited.

(j) No motorized vehicle may be used or maintained on the yard or sidewalks of any Unit and no unlicensed vehicles are allowed on the Property.

(k) Except as expressly required to be allowed by applicable federal law: (a) no antennas, except those installed by the Declarant, may be erected or maintained; (b) no satellite dishes may be installed on the exteriors of buildings. No transmitting, listening or receiving device may be installed or maintained which may or will interfere with the reception of telephone, television, radio or other similar devices within the Condominium.

(l) The Units and Limited Common Elements, including the areas enclosed by privacy fences so designated a Limited Common Elements on the Condominium Plat, must be kept in an orderly condition so as not to detract from the neat appearance of the community. No motorcycles, no mopeds or other motor driven vehicles may be parked on the patios, balconies, front entrance ways or the yards. No furniture, toys and other structures shall be placed on front or side yards without prior approval. The Board of Directors, in its sole discretion, may determine whether or not Units and Limited Common Elements are orderly. If an owner shall fail to keep his Limited Common Elements orderly, in addition to any other remedy, the Board of Directors may have any objectionable items removed from the Limited Common Elements so as to restore its orderly appearance, without liability therefore, and charge the Unit Owner for any costs and reasonable attorney's fees incurred in the process.

(m) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon any Common Elements, except that this shall not prohibit the keeping of a maximum of two (2) orderly house pets provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the Common Elements except in those areas designated by the Board of Directors, if any. All pets shall be accompanied by an adult and are to be carried or leashed. Any member who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, and each of its members free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Property. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the Property.

(n) No structure of a temporary character, trailer, tent, shack, barn or other out-building, basketball hoop, shall be maintained upon any Common Element or yard or driveway at any time. Permanent outdoor clothes dryers or clothes lines shall not be maintained upon any Common Element at any time. No bird feeders, bird baths, clothing, laundry or the like shall be hung from any part of any Unit or upon any of the Common Elements or from or upon any balcony or patio. Sheds, for storage only, may be permitted upon Limited Common Elements only, but only after submission of complete plans to the Architectural Control Committee and upon its approval, and, provided, the sheds are constructed in the location and manner required by the Architectural Control Committee and maintained, repaired and replaced as required by the Association from time to time. Sheds shall not be converted to living space. Notwithstanding the above, the Board of Directors shall allow such improvements necessary to comply with the laws regarding disabled persons.

**ARTICLE XI**  
**Architectural Control**

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

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

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

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

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

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

Section 6. Rules and Regulations, etc. The Architectural Control Committee shall from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy standards, guidelines, and/or establish such criteria, relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria, or the like shall be construed as a waiver of the provisions of this Article or any other provisions or requirement of these By-Laws. Until such time as the initial rules, regulations and standards for their decision making process are adopted, the Architectural Control Committee shall apply those standards necessary to maintain the physical integrity and aesthetic consistency of the Condominium. The Architectural Control Committee may charge and collect a reasonable fee for the

examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decision of the Architectural Control Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Architectural Control Committee may appeal the decision of the Architectural Control Committee to the Board of Directors of the Corporation, and, upon request of any member, shall be entitled to a hearing, before the Board of Directors. Disapproval by the Architectural Control Committee shall not be arbitrary or capricious.

Section 7. Enforcement. In addition to any other remedies provided by law or the Declaration or these By-Laws, the Council of Unit Owners by resolution of the Board of Directors may commence in any court of law a proceeding necessary to enforce the decision of the Architectural Control Committee including damages, reasonable attorney's fees, and the seeking of injunctive relief compelling the violator to remove any violation of a decision of the said Board and to reconstruct in accordance with any decision of the Board or to a condition in conformity with the original plans for the Condominium.

## ARTICLE XII Insurance

Section 1. Insurance through Board of Directors. The Board of Directors shall obtain and maintain to the extent reasonably available, and pay for with assessments, for the benefit of the respective Owners and the mortgagees as their interest may appear, and shall provide for the issuance of certificates of insurance to the holders of any blanket mortgage on the Condominium or any individual Unit mortgages, and in accordance with the Maryland Condominium Act, Section 11-114, as amended from time to time, insurance to include at least the following:

(a) Property insurance on the Common Elements and Units, exclusive of improvements and betterments installed in Units by Unit Owners, insuring against all risks of direct physical loss commonly insured against, in amounts determined by the Council of Unit Owners. The casualty or physical damage insurance shall be in an amount equal to the full replacement value (i.e., 100% of the replacement cost, exclusive of land, foundation, and excavation) of the Common Elements and Units (including all Unit service equipment and the like) with an "Agreed Amount Endorsement," or its equivalent, a "Condominium Replacement Cost Endorsement," or its equivalent, and a "Increased Cost of Construction Endorsement," or its equivalent, and a "Contingent Liability from Operation of Building Code Endorsement," "Special Condominium Endorsement," or any equivalent for said endorsements without deduction or allowance or depreciation (as determined annually by the Board of Directors and with the assistance of the insurance company or companies affording such coverage), such coverage to afford protection against at least the following:

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

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

(iii) The maximum deductible for the Condominium blanket policy for individual Units shall be the lesser of \$1,000.00, or 1% of the Unit's replacement cost. Funds to cover the deductible amount shall be included in the Corporation's operating reserve account; and

(iv) All policies shall name the Corporation as the named insured, or an Insurance Trustee, if appropriate; and

(v) The insurance policies shall require the insurer to notify in writing the Corporation (or Insurance Trustee, if appropriate) (or FNMA servicer, if appropriate), and each first mortgage holder named in the mortgage clause at least ten (10) days before it cancels or substantially changes the Condominium's coverage.

(b) Comprehensive general public liability insurance including medical payment insurance, in such amounts (but not less than \$500,000.00 with respect to any individual, and \$1,000,000.00 with respect to any one accident or occurrence, and \$100,000.00 with respect to any claim for property damage), and in such forms as may be considered appropriate by the Council of Unit Owners, including, but not limited to, occurrences commonly insured against for water damage, legal liability, hired automobile, non-owned automobile, liability for property of others, death, bodily injury and any and all other liability incident to the ownership, use or maintenance of the Common Elements or any portion thereof including a "severability of interest" provision or a special endorsement precluding the insurer's denial of a Unit Owner's claim because of negligent acts of the Council of Unit Owners or other Unit Owners; and

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

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

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

responsible for the handling of funds of the Corporation. In the alternative, if the Management Agent handles the funds of the Corporation, the Management Agent shall be required to have its own fidelity bond and at its cost, shall provide evidence of the bond to the Board of Directors at least once per year upon any renewal of the bond or more frequently at the request of the Board of Directors. The Council of Unit Owners shall be a named co-insured on the fidelity bond and such written evidence of insurance shall so state. The fidelity bond shall cover the maximum funds that will be in the custody of the Corporation or its management agent, and at a minimum, the fidelity coverage shall at least equal the sum of three (3) months' assessments on all units in the Condominium. Unless financial controls which comply with FNMA are in effect, the bond shall require ten days written notice to the Council of Unit Owners and to each servicer that services a FNMA-owned mortgage in the Condominium before the bond may be cancelled or substantially modified.

(f) Flood insurance, if required, and in the form and amount required by HUD, FNMA, FHLMC or VA, from time to time.

(g) The policy or policies of insurance shall provide for at least ten days written notice to the Council of Unit Owners and to each holder of a first mortgage on an individual Unit in the Condominium before the insurer may cancel or substantially modify the policy or policies.

(h) The Council of Unit Owners is hereby irrevocably appointed agent for each Unit Owner, mortgagee of a Unit, and for each Owner of any other interest in the Condominium to purchase the said policies, adjust all claims arising under insurance policies by the Council of Unit Owners, and to execute and deliver releases upon the payment of claims.

(i) The name of the insured under such policies set forth in Subparagraph (a) through (h) above must be set forth in the policies substantially as follows:

"Council of Unit Owners of River Oaks Condominium Association, Inc." for use and benefit of the individual Unit Owners (designated by name if required by law).

Section 2. Improvements and Betterments. Each Unit Owner shall be responsible to obtain insurance for the protection of the improvements and betterments within his or her Unit and personal contents. Unit Owners may purchase at their own expense excess insurance coverage respecting their own individual Unit for public liability and personal property damage.

## ARTICLE XIII

## Casualty Damage - Reconstruction Or Repair - Condemnation

Section 1. Use of Insurance Proceeds. Except as otherwise provided by the Maryland Condominium Act, in the event of damage or destruction by fire or other casualty of a Unit or of any of the Common Elements, the same shall promptly be repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, if any.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished promptly by the Corporation at its common expense, pursuant and subject to such conditions as defined in Section 4 of this Article, and subject to such controls as the mortgagees may require. The ratable share of the expense of such repairs or reconstruction may be assessed and, in the event any Statement of Condominium Lien is recorded with respect to such assessments, then the lien shall have all the properties provided for in Article IX of these By-Laws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Sub-Section 11-114(d) of the Maryland Condominium Act, then all funds collected from the Unit Owners of the Units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Sub-Section 11-114(d) of the Maryland Condominium Act.

Section 3. Restoration Not Required. In the event more than two-thirds (2/3rds) of the entire project is substantially damaged or destroyed by fire or other casualty and eighty percent (80%) of the Unit Owners and their mortgagees, including all of the Unit Owners and their mortgagees of the Units so destroyed, do not promptly resolve to proceed with repair or reconstruction, then, and in that event the Condominium shall be deemed to be owned in common by the Owners of all the Units in the same proportion as that previously established for ownership of appurtenant undivided interests in the Common Elements and the Condominium shall be subject to an action for partition at the suit of any Unit Owner or the holder of any mortgage thereon, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Corporation or its members in common, shall be considered as one fund and shall be divided among the Owners of all of the Units in the same proportion as that previously established for ownership of appurtenant undivided interests in the Common Elements, after first paying out of the share of the Owner of any Unit, to the extent such share is sufficient for the purpose, all liens upon said Unit in accordance with the priority of interests in each Unit.

Section 4. Reconstruction. Notwithstanding anything contained herein to the contrary, if the improvements constructed upon any Unit are destroyed by fire or other casualty to the extent that such improvements are rendered uninhabitable, the Unit Owner may, at his option, elect to use the insurance proceeds from such loss to replace the improvements of

such Unit with improvements of like quality, subject to the restrictions and limitations set out in these By-Laws. The plans and specifications for the proposed replacement improvements shall be submitted to the Architectural Control Committee established in Article XI of these By-Laws and shall be reviewed and approved in accordance with the restrictions, limitations, and guidelines set out therein.

Section 5. Condemnation. In the event of condemnation or eminent domain of any or all of the Condominium, the provisions of Section 11-112, or any amendments thereto, of the Maryland Condominium Act shall apply. For condemnation of Common Elements the Council of Unit Owners shall represent the Unit Owners in the proceedings or in negotiations, settlements and agreements, with the proceeds of condemnation being payable to the Council of Unit Owners to be held in trust for the Unit Owners, and Unit Owners, by virtue of taking a deed to a Unit, grant a durable power of attorney to the Council of Unit Owners to act for the Unit Owners, which power of attorney shall survive disability.

#### ARTICLE XIV Fiscal Management

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

Section 2. Books and Accounts. Books and accounts of the Corporation shall be kept under the direction of the Treasurer in accordance with sound accounting practices, consistently applied. The same shall include books with detailed account in chronological order, of receipts and of the expenditures affecting the Condominium project and its administration and shall specify the maintenance and repair expenses of the General and Limited Common Elements and service and any other expenses incurred. The amount of any assessment required for payment on any capital expenditures of the Corporation may, in the discretion of the Board of Directors, be credited upon the books of the Corporation to the "Paid-in-Surplus" account as a capital contribution by the members.

Section 3. Inspection of Books. The books and accounts of the Corporation, vouchers accrediting the entries made thereupon and all other records maintained by the Corporation shall be available for examination by the Unit Owners and their duly authorized agents or attorneys, and to the institutional holder or insurer of any first mortgage on any Condominium Unit and its duly authorized agents or attorneys, during normal business hours and after reasonable notice. The most recent annual audited financial statement shall be available to prospective purchasers.

Section 4. Execution of Corporation Documents. With the prior authorization of the Board of Directors, all notes and contract shall be executed on behalf of the Corporation by either the President or Vice-President, and all checks shall be executed on behalf of the Corporation by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

#### ARTICLE XV Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of Unit Owners representing sixty-seven percent (67%), of the total votes of the Council of Unit Owners and/or Corporation at any meeting of the members duly called for such purpose in accordance with the provisions of Title 11, Real Property Article of the Annotated Code of Maryland, effective only upon the recordation among the Land Records of Anne Arundel County, Maryland, together with a certificate in writing of the President and Secretary of the Council of Unit Owners stating that the amendment was approved as aforesaid. Amendments may be proposed by the Board of Directors or by Petition signed by Unit Owners representing at least thirty percent (30%) of the total votes of the Condominium. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

#### ARTICLE XVI Mortgagees

Section 1. Notice to Council of Unit Owners. An Owner who mortgages his Unit shall notify the Council of Unit Owners (through the Management Agent, if any, or the President of the Council of Unit Owners in the event there is no Management Agent) of the name and address of his mortgagee; and the Council of Unit Owners shall maintain such information in a book entitled "Mortgagees of Units." "Mortgagees" as used herein shall be construed to include any lender whose indebtedness is secured by a Deed of Trust or Mortgage recorded among the Land Records of Anne Arundel County, Maryland.

Section 2. Rights of Mortgagees (FHLIC Requirements). In addition to other requirements of the Declaration and By-Laws and except as provided by Statute in case of condemnation or substantial loss to the Units and/or Common Elements of the Condominium regime, unless at least sixty-seven percent (67%) of the first mortgagees (based upon one vote for each first mortgage owned) and owners (other than Developer) of the individual Condominium Units have given their prior written approval, the Council of Unit Owners shall not be entitled to:

- (a) by act or omission seek to abandon or terminate the Condominium regime;
- (b) change the prorata interest or obligations of any individual Condominium Unit (other than contemplated expansion) for the purpose of levying assessments or charges or

allocating distributions of hazard insurance proceeds or condemnation awards or determining the prorata share of ownership of each Condominium Unit in the Common Elements;

(c) partition or subdivide any Condominium Unit;

(d) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium shall not be deemed a transfer within the meaning of this clause.);

(e) use hazard insurance proceeds for losses to any Condominium property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Condominium property.

Section 3. Additional Rights of Mortgagees (FNMA Requirements).

(a) In addition to the above, no amendment of a material nature of the Declaration, Plats, these By-Laws (including any House Rules adopted pursuant to law or these By-Laws or other Condominium Documents) may be made unless approved by at least sixty-seven percent (67%) of the total votes appurtenant to all Units in the Condominium (unless a greater vote is required by law, in which case the greater vote shall be required) and approval is obtained from eligible mortgage holders representing at least fifty-one percent (51%) of the votes of unit estates that are subject to mortgages held by eligible holders. A change to any of the following would be considered as material:

(i) Voting rights;

(ii) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;

(iii) Reduction in reserves for maintenance, repair and replacement of Common Elements;

(iv) Responsibility for maintenance and repairs;

(v) Reallocation of interests in the General or Limited Common Elements, or rights to their use (other than contemplated expansion);

(vi) Redefinition of any Unit boundaries;

(vii) Convertibility of Units into Common Elements or vice versa;

(vii) Expansion (other than the inclusion of additional legal phases), or contraction of the project, or the addition, annexation or withdrawal of property to or from the project;

(ix) Hazard or fidelity insurance requirements;

(x) Imposition of any restrictions on the leasing of Units;

(xi) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(xii) A decision by the Council to establish self management if professional management had been required previously by the project's documents or by an eligible mortgage holder;

(xiii) Restoration or repair of the project (after damage or partial condemnation) in a manner other than that specified in the documents; or

(xiv) Any provisions that expressly benefit mortgage holders, insurers, or guarantors.

(b) When Unit Owners are considering termination of the legal status of the Condominium regime for reasons other than substantial destruction or condemnation of the property, the eligible mortgage holders representing at least sixty-seven percent (67%) of the votes of the mortgaged Units must agree.

(c) "Eligible mortgage holders" means those holders of a first mortgage on a Unit estate who have requested the Council of Unit Owners to notify them on any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

(d) If any addition or amendment is not considered as a material change -- such as the correction of a technical error or the clarification of a statement -- approval may be assumed when an eligible mortgage holder fails to submit a response to a written proposal for an amendment within thirty (30) days after the proposal is made, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

(e) The holder, insurer or guarantor of the mortgage on any Unit in the project is entitled to timely written notice of:

(i) any condemnation or casualty loss that affects either a material portion of the project or the Unit securing its mortgage;

(ii) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the mortgage;

(iii) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Owner's association; and

(iv) any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

(f) To obtain the information required by paragraph (e) above, the mortgage holder, insurer or guarantor shall send a written request to the Council of Unit Owners, stating both its name and address and the unit number or address of the Unit it has the mortgage on.

(g) Upon written request, the Council of Unit Owners shall provide any holder, insurer or guarantor of any first mortgage with an audited statement of the financial affairs of the Council of Unit Owners prepared by an independent certified public accountant.

Section 4. Unpaid Assessments. The Council of Unit Owners may report to a mortgagee of a Unit any unpaid assessment due from the Owner of the Unit, and take such other steps as it may deem reasonable to give notice of the nonpayment of such assessment. Further, upon the request of any mortgagee of a Unit, the Council of Unit Owners shall give written notification to the mortgagee of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under the Declaration, these By-Laws, and the related Condominium documents, which default is not cured within sixty (60) days.

Section 5. Examination of Books. Owners, first mortgagees, insurers and guarantors of first mortgages of Units shall have the right to examine the books and records of the Council of Unit Owners during normal business hours or under other reasonable circumstances.

Section 6. FHLMC Notice. Upon request, the Council of Unit Owners will give the Federal Home Loan Mortgage Corporation ("FHLMC") notice (care of Servicer or Servicer's address) in writing of any loss to, or taking of, the Common Elements of the Condominium if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00).

Section 7. Conflict. In the event of any conflict in the provisions of this Article XVI, regarding the required votes, the provisions requiring the highest votes of Unit Owners and mortgagees shall apply.

Section 8. Compliance With Law. Whenever in the Declaration or these By-Laws approval of a mortgagee or mortgagees is required, such approval shall be necessary only to the extent it is required by or consistent with the Maryland Condominium Act.

## ARTICLE XVII Parking Spaces

All parking areas within the Condominium regime, except garages, (which are part of the Units) and driveways, (which are part of the Units), shall be considered part of the General Common Elements. Parking on the General Common Elements may be regulated

by the Board of Directors and may initially be assigned by the Declarant and thereafter by the Board of Directors. Parking spaces may be assigned only to Unit Owners who have neither a garage or driveway attached to their Unit. Initially the Declarant and then the Board of Directors shall assign a maximum of 2 parking spaces to each Unit Owner who does not have a garage or driveway. Upon such assignment, no Unit Owner shall make use of any parking space other than that assigned to his Unit by the Declarant/Board of Directors, without the express written consent of both the Unit Owner to whom such space has been assigned and the Board of Directors. Parking space assignments may be changed from time to time by the Declarant/Board of Directors as they determine to be in the best interests of the Association and its Unit Owners.

No Unit Owner shall invite, encourage or permit the use by his guests of parking spaces on the General Common Elements assigned to Units other than his own. Notwithstanding the foregoing, unassigned spaces or spaces designated for general use may be used on a "first come, first serve" basis. No vehicle belonging to any Unit Owner, or to any guest or employee of any Unit Owner, shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any parking space on the General Common Elements assigned to any other Unit Owner, or any Limited Common Element parking area.

Each Unit Owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these By-Laws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Property, and the Board of Directors is hereby, and elsewhere in these By-Laws, authorized to adopt such rules and regulations. The location of any parking space on the General Common Elements assigned to any Unit Owner may be changed by the Board of Directors, at any time and from time to time, upon reasonable notice thereof in writing.

#### ARTICLE XVIII

#### Federal Home Loan Mortgage Corporation And Federal National Mortgage Association And Veterans Administration

It is the intention of the Association that these By-Laws conform to the rules, regulations, guidelines, standards, and procedures, as may from time to time be promulgated by both the Federal Home Loan Mortgage Corporation ("FHLMC"), and the Federal National Mortgage Association ("FNMA"), and the Veterans Administration ("VA") with respect to condominium projects approved by FHLMC, FNMA and VA. Accordingly, to the extent there should exist any inconsistency between these By-Laws and any provision required by FHLMC and/or FNMA and/or VA to be contained herein, then the applicable requirements of FHLMC and/or FNMA and/or VA shall be deemed controlling and a part of these By-Laws.

## ARTICLE XIX

## Compliance - Interpretation - Miscellaneous

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of Title 11, Real Property Article of the Annotated Code of Maryland, as amended.

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

Section 3. Resident Agent. Philip F. Barber, a citizen and resident of the State of Maryland, with an address of 10230 New Hampshire Avenue, Suite 300, Silver Spring, Maryland 20903, shall be designated as the Resident Agent, the person authorized to accept service of process in any action relating to the Council of Unit Owners and/or the Corporation or to the Common Elements.

Section 4. Liability of Unit Owners. Except in proportion to the percentage interest in the Common Elements, no Unit Owner is personally liable (i) for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a percentage interest in the Common Elements; or (ii) for liabilities incurred by the Council of Unit Owners or the Corporation.

Section 5. Remedies for Violations Against Unit Owners and/or Members. If any Unit Owner fails to comply with the Maryland Condominium Act, the Declaration or By-Laws, or such "house rules" as are properly adopted by the Board of Directors from time to time, the Unit Owner may be sued for damages caused by such failure or for injunctive relief, or both, by the Council of Unit Owners and/or the Corporation, its Board of Directors, and by any other Unit Owner. Unit Owners have the reciprocal right to seek enforcement of these By-Laws against the Council of Unit Owners. By acceptance of a deed, the Unit Owners alleged to be in violation shall be responsible for reasonable attorneys' fees and court costs incurred by any party for remedying any violation of the Maryland Condominium Act, the Declaration, these By-Laws, or such "house rules" by such Unit Owner or Owners.

Section 6. Contract Purchasers and Lessees. Nothing in the Declaration and these By-Laws shall be deemed in any way to condition the effectiveness of any action upon consent thereto or joinder therein of the Unit Owner of record.

